



**SARGENT AND GREENLEAF**

## Q1 2020 Financial Review Meeting

April 23<sup>rd</sup>, 2020

# Q1 2020 Financial Review Meeting Agenda

- ➔ Summary
- ➔ Controllershship Matters
- ➔ Financial Matters
- ➔ Special Topics and Executive Session
- ➔ Appendix

## Summary | CFO Hot Buttons

- Working towards completion of 2019 audited consolidated financial statements. Due date is May 26, 2020.
- Assessing NetSuite for Delaney business. First meeting with consultants is scheduled for last week of April.
- ERP Implementation of NetSuites Go Live pushed to 5/03/2020
  - Completed Design and Build Phase – Processing selected parallel and historical data
  - Balance of effort through 05/02 on test, training, and alignment with roles and responsibilities
  - Phase II will include quality, consolidated reporting, and assessment of DP systems to be assessed based on Covid-19 response.
- Consolidated cash and debt paydown planning – **paydown of revolver and additional term loan payments on hold until Covid-19 pandemic is understood**
- Tax efficiency strategy – Q2 evaluation with Crowe – **Evaluation completed by Crowe with no recommendations at this time.**

# Q1 2020 Financial Review Meeting Agenda

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- ➔ Controllershship Matters
- ➔ Financial Matters
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# Auditor Discussion – Audit Status Update

***Steve Jennings – Partner with Crowe LLP***

## **Sargent & Greenleaf:**

- Audit of purchase transaction is complete
- Audit testing as of December 28, 2019 is substantially complete with pending items provided to Bryan Callihan
- Complete income tax provision

## **Delaney/Premier:**

- Warren Averett (WA) has provided purchase transaction accounting and working capital audit procedures and Crowe is to complete with fair value adjustments
- Review of valuation report is in process with questions forwarded to VRC
- Audit testing by WA as of December 28, 2019 is substantially done with pending items provided to Milan Vora and Joe Chisholm
- Crowe to review WA audit procedures and workpapers
- WA to provide final reporting to Crowe and requested memorandums

## **Consolidated:**

- Obtain and audit consolidating trial balances and consolidated financial statements
- Perform completion and reporting activities including understanding COVID-19 implications
- Complete final review process

# Auditor Discussion – Audit Open Items

***Steve Jennings – Partner with Crowe LLP***

## **Sargent & Greenleaf:**

- Management Review of the SOC 1 Report using Crowe provided checklist
- Journal Entry Testing – Mapping and Reconciliation to the trial balance
- Accounts receivable confirmations – We have not received any AR confirmations to date
- Updated Cash Receipt and Deposit Remittance Detail for revenue selections
- Confirmation from Stanley Black and Decker regarding 12/28/2019 payable
- Accrued Expense, debt covenant and inventory inquiries
- Tax provision preparation
- Attorney letter update
- COVID-19 update
- Board minutes
- Equity plans

## **Delaney/Premier:**

- COVID-19 inquiries
- Confirmation of closed debt accounts
- Tax provision inquiries

# Auditor Discussion – Timeline

***Steve Jennings – Partner with Crowe LLP***

<b><u>Week of:</u></b>	<b><u>Description</u></b>
April 20, 2020	Wrap up S&G Open Items with Bryan Callihan and begin review of Warren Averett workpapers
April 27, 2020	Complete Delaney /Premier acquisition consultation and review of Warren Averett workpapers
May 4, 2020	Complete consolidated tax accrual, draft consolidated financial statements, begin audit completion procedures and review Warren Averett audit communications
May 11, 2020	Provide draft financial statements to management, continue completion procedures and begin subsequent event and COVID-19 testing
May 18, 2020	Final review of audit through Crowe national office and provide management with management representation letter and update subsequent event and COVID-19 testing

# Controllershship Matters | Management Governance Report

## **Disclosure Committee:**

- Members include: CEO, CFO, VP Sales, Sr. VP Operations, VP and General Counsel

## **Anonymous Hotline:**

- Navex implemented July 16, 2019
- No activity

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

- Internal Control and Authority Matrix implemented August 1, 2019 for S&G and to be modified for addition of Delaney and Premier.



## Controllershship Matters | Management Governance Report Con't

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

# Q1 2020 Financial Review Meeting Agenda

- ④ Summary
- ④ Controllership Matters
- ④ Financial Matters
- ④ Special Topics and Executive Session
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# Financial Matters | Executive Summary

**March revenues of \$7.1M**, unfavorable to AOP (Budget) (\$1.1M)/(13%), unfavorable to Prior Year(PY) (\$1.2M)/(15%)

- Unfavorable performance at S&G (\$1.1M) vs Plan and down (\$1.2M) vs PY
- Flat performance at Delaney vs Plan and up \$.4M vs PY
- Flat performance at Premier vs Plan and up \$.1M vs PY

**YTD revenues of \$24.2M**, unfavorable to AOP (Budget) (\$0.4M)/(2%), unfavorable to Prior Year(PY) (\$0.2M)/(1%)

- Unfavorable performance at S&G (\$0.9M)/(9%) and down (\$1.8M)/(16%) vs PY
- Favorable performance at Delaney \$0.1M/1% vs Plan and up \$.9M/10% vs PY
- Favorable performance at Premier \$0.3M/8% vs Plan and up \$.6M/14% vs PY

## Hits

- S&G
  - Backlog favorable \$2.9M compared to the Budget and favorable \$2.1M compared to PY
    - Current calendar year convertible runoff favorable \$3.4M compared to equivalent period in PY
    - March backlog contains current year 2020 runoff of \$10.1M compared to PY 2019 runoff of \$6.7M
  - YTD/Q1 bookings favorable to AOP by \$2.6M and favorable to PY by \$2.1M
    - Q1 bookings of \$13.8M exceeded budget and prior year by 23% and 23% , respectively
    - Arya 2020 blanket order of \$2.5M received in March 2020, for March 2020 through January 2021 releases
    - Q1 government bookings favorable \$0.7M compared to PY
- Delaney
  - To date, no measurable drop in shipments
  - LMC Annual Show resulted in record sales of \$305K.
  - Online growth in March up \$119k / 78% and YTD up \$278k / 67% vs PY.
  - Successful onboarding of Ecommerce & Digital Marketing Manager and Lead Generation Manager/Senior Graphic Designer
- Premier
  - The backlog is stable and up YOY
  - Up to date calls with customers reveal business is steady with only moderate reductions to date.
  - Raw inventory and supplies have not been impacted thus far, and a plan is in place to ensure the ability to operate without excessive burden on reserves. Low pricing has been locked in for steel through June and has been broadened for supply blending of foreign and domestic sources which further buttresses our raw availability and pricing position.

# Financial Matters | Executive Summary (continued)

## Misses

- S&G
  - Interruptions and deferments of booked customer shipments due to COVID-19 prompted industry shutdowns globally
    - Q1 revenue slippage of (\$0.7M) bound for India not shipped due to India national shutdown
      - (\$0.5M) Arya
      - (\$0.2M) NCR
  - Q1 revenue slippage in other regions total (\$0.6M)
  - Refresh brand delayed due to trademark search and subsequent government registry queue amidst COVID-19 interruptions
  - New Tier 1 keypad launch slightly delayed due to COVID-19
    - Introduce keypad in July to market and begin production shipments to customers in September
    - Focus on product rationalization and customer focused portfolio solutions
- Delaney
  - Five states with construction industry restricted activities, risk of further states
  - The impact of the Coronavirus on our supply chain has been relatively low. However, beginning to see extended lead times out of Philippines factory.
  - Multi-family Smartlock launch schedule is delayed to late Q4
- Premier
  - Steel mills experiencing COVID-19 cases and reduced demand from automotive, manufacturing, OTCG (Oil Country Tubular Goods), and construction. Blast furnaces being idled to support pricing and service centers are also laying off. Should the country open back up with a better than expected demand for construction products, there could be short term steel supply issues.
  - Current construction projects are increasingly being delayed, paused, or in some cases canceled. New starts are also being pushed back or potentially delayed into 2021. All could have a negative impact to top line and earnings on a go forward basis.

# Consolidated Executive Summary | COVID-19 Response

Mitigate impact of the pandemic and market uncertainty creating revenue declines\*

(\$000's)	Apr-Dec 2020		Apr-Dec 2020		Apr-Dec 2020	
Stepped Changes	Incremental	10%	Incremental	25%	Incremental	50%
Operating Expense Reductions	\$ 2,937	\$ 2,937	\$ 1,604	\$ 4,541	\$ 1,060	\$ 5,601
CAPEX Reductions	\$ 833	\$ 833	\$ -	\$ 833	\$ -	\$ 833
Working Capital	\$ 1,071	\$ 1,071	\$ 2,228	\$ 3,299	\$ 4,532	\$ 7,831
Expense Cash Conservation	\$ 4,841	\$ 4,841	\$ 3,832	\$ 8,673	\$ 5,592	\$ 14,265

Operating Triggers	10% Revenue	25% Revenue	50% Revenue
Hiring Freeze	Except for [S&G CRD, Software Eng., & Quality Mgr.][Prem. Estimator]		All positions
Wage Freeze	Delayed for Hourly and Salary		
Work Hours Reduction	Hourly OT reduced Premier RIF	Hourly OT reduced SG Hourly 1-week furlough per month Delaney warehouse RIF Premier RIF	Hourly OT eliminated SG Hourly positions RIF 25% SG Non-essential furlough D&P RIF
Incentive Program Decline	Reflect sales booking and EBITDA	Floor triggers not met – eliminated Delaney continue marketing incentive	
Wage Reductions			SG Essential Salary Positions
Engineering and Marketing Programs	Social media and promotions Curtail OGx for July through Dec. Curtail tradeshows remainder of year	All UL testing for product development moved to 2021. Scale brand refresh	Marketing materials provided in digital – no print pieces
Travel and Entertainment	Curtail April through June	50 percent cut for Q3 and Q4	

\* Triggers carry forward unless otherwise noted | revenue declines and corresponding cash conservation for nine-month period April – December 2020

# Consolidated Executive Summary | COVID-19 Current State



S&G's cash flow forecast as of 4/13 projects flat cash balance due to ~\$2.85M of operational cashflow offset by ~\$2.25M loan payment and \$0.50M OGC monitoring fee

## Operations Update

### Operational status:

- All divisions deemed essential businesses, and all facilities in operation despite shutdowns in all jurisdictions

### Status of infections:

- 1 infections (Delaney)
- 4 quarantined (1 S&G, 3Delaney)

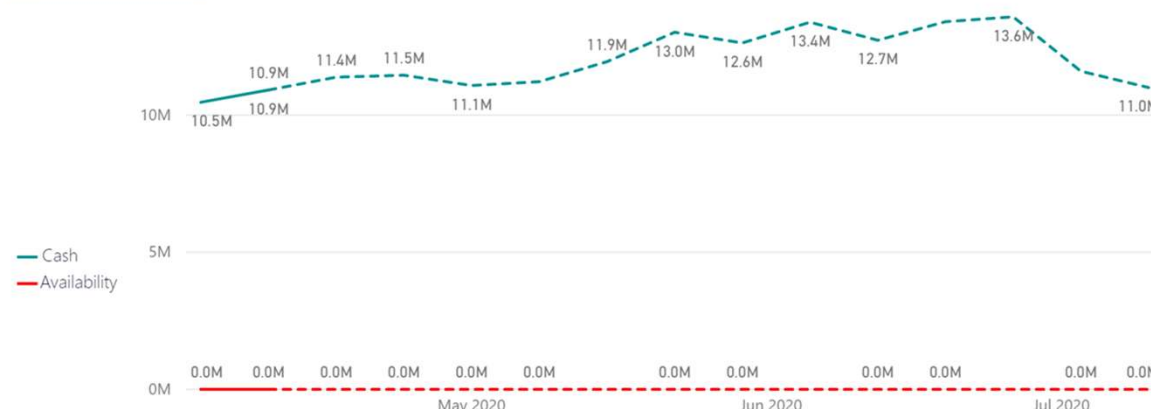
### Commercial developments:

- S&G shipments have reduced approximately 35%; however, booking demand remains at par
- Limited signs of softening at Delaney and Premier

### Key developments:

- Due to an infection at Delaney, facility was shut down on Thu 4/16 at 1pm for sanitation and reopened the morning of Fri 4/17

## Cash and Availability



	3-Apr	10-Apr	17-Apr	24-Apr	1-May	8-May	15-May	22-May	29-May	5-Jun	12-Jun	19-Jun	26-Jun	3-Jul	10-Jul
Cash	10.47M	10.92M	11.39M	11.46M	11.08M	11.22M	11.95M	13.02M	12.63M	13.39M	12.73M	13.41M	13.59M	11.60M	11.01M
Availability	0.00M	0.00M	0.00M	0.00M	0.00M	0.00M	0.00M	0.00M	0.00M	0.00M	0.00M	0.00M	0.00M	0.00M	0.00M
Liquidity	10.47M	10.92M	11.39M	11.46M	11.08M	11.22M	11.95M	13.02M	12.63M	13.39M	12.73M	13.41M	13.59M	11.60M	11.01M

## Main assumptions:

### Revenue

- S&G and Delaney reduced 25% vs. Plan
- Premier at Plan

### Cost Reduction

- \$0.5M S&G cost reductions per month
- Hiring freeze cost savings of ~\$50K/month at Delaney and Premier

### Collections/Receivables

- S&G DSO slowdown of ~15 days (from 45 to 60)
- Delaney collections reduced 5% in next 2 weeks and 10% thereafter
- Premier at Plan

### Payments

- \$2.2M principal & interest payment on term loan week of 6/29
- \$0.5M OGC monitoring fee week of 6/29

Forecast change in liquidity: **0.8%**

## Liquidity update and action plan

### Cash Action Plan:

#### April cost levers:

- \$132K Hiring Freeze
- \$25K Salary Freeze
- \$52K Furloughs
- \$358K Purchasing Reduction
- \$76K Travel Freeze
- \$81K Marketing Spend
- \$87K Professional Fees
- \$155K CAPEX Deferral

### New Loans/Financing:

- None

# Financial Matters | Consolidated Summary P&L - MTD

\$'000	MTD		Variance		PY MTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
<b>Net Revenue</b>	<b>7,079</b>	<b>8,168</b>	<b>(1,089)</b>	<b>(13.3%)</b>	<b>8,299</b>	<b>(1,220)</b>	<b>(14.7%)</b>	
Material	3,067	3,514	(447)	(12.7%)	3,402	(335)	(9.8%)	
Labor	902	979	(77)	(7.8%)	906	(4)	(0.5%)	
Other COGS	611	456	155	33.9%	437	174	39.8%	
<b>Total COGS</b>	<b>4,580</b>	<b>4,949</b>	<b>(369)</b>	<b>(7.5%)</b>	<b>4,746</b>	<b>(165)</b>	<b>(3.5%)</b>	
<b>Gross Margin</b>	<b>2,499</b>	<b>3,219</b>	<b>(720)</b>	<b>(22.4%)</b>	<b>3,554</b>	<b>(1,055)</b>	<b>(29.7%)</b>	
<i>Gross Margin %</i>	35.3%	39.4%			42.8%			
R&D	79	210	(131)	(62.4%)	103	(24)	(23.3%)	
Sales & Marketing	707	850	(144)	(16.9%)	708	(2)	(0.3%)	
Administrative	753	788	(35)	(4.4%)	781	(28)	(3.6%)	
Other Opex	—	—	—	N/A	—	—	N/A	
<b>Total Opex</b>	<b>1,538</b>	<b>1,848</b>	<b>(309)</b>	<b>(16.7%)</b>	<b>1,592</b>	<b>(54)</b>	<b>(3.4%)</b>	
<b>EBITDA</b>	<b>960</b>	<b>1,371</b>	<b>(411)</b>	<b>(30.0%)</b>	<b>1,961</b>	<b>(1,001)</b>	<b>(51.0%)</b>	
<i>EBITDA %</i>	13.6%	16.8%			23.6%			
<b>Adj. EBITDA</b>	<b>1,158</b>	<b>1,601</b>	<b>(444)</b>	<b>(27.7%)</b>	<b>1,961</b>	<b>(804)</b>	<b>(41.0%)</b>	
<i>Adj. EBITDA %</i>	16.4%	19.6%			23.6%			
<b>Net Income (Loss)</b>	<b>\$ (645)</b>	<b>\$ 82</b>	<b>\$ (727)</b>	<b>(884.8%)</b>	<b>\$ 1,411</b>	<b>\$ (2,056)</b>	<b>(145.7%)</b>	
Unincurred Standalone Costs	30	—	30	N/A				
<b>PF Adj EBITDA</b>	<b>\$ 1,127</b>	<b>\$ 1,601</b>	<b>\$ (474)</b>	<b>-29.6%</b>				
<i>PF Adj. EBITDA %</i>	15.9%	19.6%						

## Management Discussion

### Budget

- March Revenue unfavorable (\$1.1M) vs AOP and unfavorable variance of (\$1.2M) vs PY
  - Unfavorable performance at S&G (\$1.1M)
  - Flat performance at Delaney
  - Flat performance at Premier
- March Adjusted EBITDA unfavorable to AOP (0.4M)
  - Unfavorable performance at S&G (\$0.6M)
  - Flat performance at Delaney
  - Favorable variance at Premier \$0.1M
- Opex is favorable \$0.3M
  - Favorable variance at S&G \$0.3M
  - Flat to AOP at Delaney
  - Flat to AOP at Premier

### PY

- March Adjusted EBITDA unfavorable (\$0.8M) vs PY.
  - Unfavorable variance at S&G (\$1.1M)
  - Favorable variance at Delaney \$0.2M
  - Favorable variance at Premier \$0.1M
- Opex is favorable \$0.1M compared to PY
  - Flat to PY at S&G
  - Favorable variance at Delaney (\$0.1M)
  - Flat to PY at Premier

# Financial Matters | Consolidated Summary P&L - YTD

\$'000	YTD		Var		PY YTD	Variance	
	Act	Bud	\$	%	Act	\$	%
<b>Net Revenue</b>	<b>24,191</b>	<b>24,569</b>	<b>(378)</b>	<b>(1.5%)</b>	<b>24,421</b>	<b>(230)</b>	<b>(0.9%)</b>
Material	10,527	10,491	35	0.3%	10,260	267	2.6%
Labor	2,920	3,024	(105)	(3.5%)	2,864	56	2.0%
Other COGS	1,538	1,330	208	15.6%	1,316	222	16.9%
<b>Total COGS</b>	<b>14,984</b>	<b>14,846</b>	<b>138</b>	<b>0.9%</b>	<b>14,440</b>	<b>544</b>	<b>3.8%</b>
<b>Gross Margin</b>	<b>9,207</b>	<b>9,723</b>	<b>(516)</b>	<b>(5.3%)</b>	<b>9,982</b>	<b>(775)</b>	<b>(7.8%)</b>
<i>Gross Margin %</i>	<i>38.1%</i>	<i>39.6%</i>			<i>40.9%</i>		
R&D	493	758	(266)	(35.0%)	348	144	41.4%
Sales & Marketing	2,330	2,873	(543)	(18.9%)	2,113	216	10.2%
Administrative	2,451	2,453	(1)	(0.1%)	2,429	22	0.9%
Other Opex	—	—	—	N/A	—	—	N/A
<b>Total Opex</b>	<b>5,274</b>	<b>6,084</b>	<b>(810)</b>	<b>(13.3%)</b>	<b>4,891</b>	<b>383</b>	<b>7.8%</b>
<b>EBITDA</b>	<b>3,933</b>	<b>3,639</b>	<b>294</b>	<b>8.1%</b>	<b>5,091</b>	<b>(1,158)</b>	<b>(22.7%)</b>
<i>EBITDA %</i>	<i>16.3%</i>	<i>14.8%</i>			<i>20.8%</i>		
<b>Adj. EBITDA</b>	<b>4,617</b>	<b>4,694</b>	<b>(78)</b>	<b>(1.7%)</b>	<b>5,091</b>	<b>(474)</b>	<b>(9.3%)</b>
<i>Adj. EBITDA %</i>	<i>19.1%</i>	<i>19.1%</i>			<i>20.8%</i>		
<b>Net Income (Loss)</b>	<b>\$ (435)</b>	<b>\$ (334)</b>	<b>\$ (101)</b>	<b>30.4%</b>	<b>\$ 3,411</b>	<b>\$ (3,846)</b>	<b>(112.8%)</b>
Unincurred Standalone Costs	90	20	70	350.0%			
<b>PF Adj EBITDA</b>	<b>\$ 4,527</b>	<b>\$ 4,674</b>	<b>\$ (148)</b>	<b>-3.2%</b>			
<i>PF Adj. EBITDA %</i>	<i>18.7%</i>	<i>19.0%</i>					

## Management Discussion

### Budget

- YTD Revenue unfavorable (\$0.4M) vs AOP and favorable variance of (\$0.2M) vs PY
  - Unfavorable performance at S&G (\$0.9M)
  - Favorable performance at Delaney \$0.1M
  - Favorable performance at Premier \$0.3M
- YTD Adjusted EBITDA flat to AOP.
  - Flat at S&G
  - Favorable variance at Delaney \$0.1M
  - Favorable variance at Premier \$0.3M
- Opex is favorable \$0.8M
  - Favorable variance at S&G \$0.8M
  - Flat to AOP at Delaney
  - Flat to AOP at Premier

### PY

- YTD Adjusted EBITDA unfavorable (\$0.5M) vs PY.
  - Unfavorable variance at S&G (\$1.3M)
  - Favorable variance at Delaney \$0.4M
  - Favorable variance at Premier \$0.4M
- Opex is unfavorable (\$0.4M) compared to PY
  - Unfavorable variance at S&G (\$0.2M)
  - Unfavorable variance at Delaney (\$0.1M)
  - Unfavorable variance at Premier (\$0.1M)



# Financial Matters| Consolidated CoGS by Component

\$'000	MTD		Var		YTD		Var	
	Act	Bud	\$	%	Act	Bud	\$	%
<b>Material</b>								
Material costs at standard	\$ 2,978	\$ 3,527	\$ (549)	(15.6%)	\$ 10,195	\$ 10,454	\$ (259)	(2.5%)
Materials FX loss / (gain)	0	–	0	N/A	0	–	0	N/A
Purchase price variance	4	(123)	127	(103.5%)	(47)	(265)	218	(82.3%)
Freight in	93	84	9	10.5%	265	225	40	17.9%
Cost revision	15	25	(10)	(40.0%)	47	75	(28)	(37.9%)
Scrap costs	3	(6)	9	(150.0%)	41	(21)	62	(294.2%)
Consumables	(26)	7	(34)	(457.2%)	26	24	2	8.5%
<b>Total Material COGS</b>	<b>\$ 3,067</b>	<b>\$ 3,514</b>	<b>\$ (447)</b>	<b>(12.7%)</b>	<b>\$ 10,527</b>	<b>\$ 10,491</b>	<b>\$ 35</b>	<b>0.3%</b>
<b>Labor</b>								
Direct labor	\$ 400	\$ 424	\$ (24)	(5.8%)	\$ 1,306	\$ 1,309	\$ (2)	(0.2%)
Direct labor - bonus	4	–	4	N/A	11	–	11	N/A
Direct labor - overtime	30	55	(25)	(45.2%)	132	182	(50)	(27.6%)
Direct labor - benefits	69	115	(47)	(40.4%)	219	359	(140)	(39.0%)
Indirect labor	298	251	47	18.8%	934	764	171	22.3%
Indirect labor – bonus	6	–	6	N/A	19	–	19	N/A
Indirect labor - overtime	11	11	0	0.0%	32	34	(2)	(5.9%)
Indirect labor – benefits	83	122	(38)	(31.3%)	267	378	(111)	(29.4%)
<b>Total Labor COGS</b>	<b>\$ 902</b>	<b>\$ 979</b>	<b>\$ (77)</b>	<b>(7.8%)</b>	<b>\$ 2,920</b>	<b>\$ 3,024</b>	<b>\$ (105)</b>	<b>(3.5%)</b>
<b>Other</b>								
Repairs and maintenance	\$ 26	\$ 28	\$ (2)	(7.4%)	\$ 129	\$ 87	\$ 43	49.2%
Absorption	(199)	(157)	(42)	27.1%	(618)	(470)	(148)	31.5%
Freight out	123	127	(4)	(3.1%)	340	346	(7)	(1.9%)
Rent / facilities	332	168	164	97.7%	772	520	252	48.4%
Utilities	46	49	(3)	(6.4%)	142	156	(14)	(9.1%)
Other cost of sales	283	241	42	17.6%	773	691	82	11.9%
<b>Total Other COGS</b>	<b>\$ 611</b>	<b>\$ 456</b>	<b>\$ 155</b>	<b>33.9%</b>	<b>\$ 1,538</b>	<b>\$ 1,330</b>	<b>\$ 208</b>	<b>15.6%</b>
<b>Total COGS</b>	<b>\$ 4,580</b>	<b>\$ 4,949</b>	<b>\$ (369)</b>	<b>13.4%</b>	<b>\$ 14,984</b>	<b>\$ 14,846</b>	<b>\$ 138</b>	<b>12.5%</b>

# Financial Matters | Consolidated Balance Sheet

\$'000	Dec-19	Dec-19	Jan-20	Feb-20	Mar-20		Variance	
	Act	Act	Act	Act	Act	Bud	\$	%
<b>Current Assets</b>								
Cash and cash equivalents	\$ 2,585	\$ 2,585	\$ 1,777	\$ 2,718	\$ 13,532	\$ 800	\$ 12,732	1590.6%
Accounts receivable, gross	10,675	10,675	12,292	13,268	12,007	12,663	(656)	(5.2%)
Accounts receivable, reserves	(234)	(234)	(237)	(240)	(243)	(129)	(114)	88.6%
Accounts receivable, net	10,441	10,441	12,055	13,028	11,764	12,534	(770)	(6.1%)
Inventory, gross	21,759	21,759	22,422	21,868	21,300	22,004	(704)	(3.2%)
Inventory, reserves	(2,029)	(2,029)	(2,720)	(2,283)	(2,270)	(2,626)	356	(13.6%)
Inventory, net	19,730	19,730	19,702	19,585	19,031	19,378	(348)	(1.8%)
Prepaid expenses and other current assets	213	213	187	155	49	204	(155)	(76.0%)
Other current assets	49,912	49,912	50,032	49,067	49,067	49,912	(846)	(1.7%)
<b>Total Current Assets</b>	<b>82,881</b>	<b>82,881</b>	<b>83,753</b>	<b>84,553</b>	<b>93,442</b>	<b>82,830</b>	<b>10,613</b>	<b>12.8%</b>
<b>Non-Current Assets</b>								
Property, plant & equipment, gross	14,326	14,326	14,380	14,451	14,464	14,844	(380)	(2.6%)
Accumulated depreciation	(1,779)	(1,779)	(1,920)	(2,059)	(2,313)	(2,298)	(15)	0.7%
Property, plant & equipment, net	12,548	12,548	12,460	12,392	12,151	12,546	(395)	(3.2%)
Goodwill	66,756	66,756	66,839	66,607	66,375	65,872	502	0.8%
Identifiable intangible assets, gross	15,100	15,100	15,100	15,100	15,100	15,100	–	0.0%
Accumulated amortization	(690)	(690)	(789)	(1,233)	(1,678)	(1,686)	8	(0.5%)
Identifiable intangible assets, net	14,410	14,410	14,311	13,867	13,422	13,414	8	0.1%
Deferred financing cost	2,759	2,759	2,759	2,759	2,759	2,678	81	3.0%
Deferred tax asset	644	644	644	644	644	672	(27)	(4.1%)
Other non-current assets	131	131	2	2	2	131	(129)	(98.2%)
<b>Total Non-Current Assets</b>	<b>97,248</b>	<b>97,248</b>	<b>97,016</b>	<b>96,271</b>	<b>95,353</b>	<b>95,313</b>	<b>40</b>	<b>0.0%</b>
<b>Total Assets</b>	<b>\$ 180,129</b>	<b>\$ 180,129</b>	<b>\$ 180,769</b>	<b>\$ 180,824</b>	<b>\$ 188,796</b>	<b>\$ 178,143</b>	<b>\$ 10,653</b>	<b>6.0%</b>
<b>Current Liabilities</b>								
Current portion of long-term debt	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ –	0.0%
Notes payable	–	–	1,250	1,250	10,000	–	10,000	N/A
Accounts payable	3,690	3,690	3,375	4,151	3,570	5,249	(1,679)	(32.0%)
Accrued liabilities	3,361	3,361	3,472	3,197	3,814	3,107	707	22.8%
Accrued compensation	81	81	(498)	(362)	(425)	638	(1,062)	(166.6%)
Income taxes payable	998	998	998	998	997	762	236	31.0%
Short-term unearned revenue	45	45	33	30	34	45	(11)	(23.7%)
Other current liabilities	–	–	–	–	–	–	–	N/A
<b>Total Current Liabilities</b>	<b>10,025</b>	<b>10,025</b>	<b>10,479</b>	<b>11,114</b>	<b>19,841</b>	<b>11,650</b>	<b>8,191</b>	<b>70.3%</b>
<b>Long-term liabilities</b>								
Long-term debt less current maturities	90,658	90,658	90,658	90,658	90,658	90,435	223	0.2%
Capital lease	71	71	67	64	60	–	60	N/A
Deferred income taxes	(1,081)	(1,081)	(1,081)	(1,081)	(1,081)	(831)	(250)	30.1%
Other non-current liabilities	36,470	36,470	36,867	35,867	35,859	33,761	2,098	6.2%
<b>Total Long-Term Liabilities</b>	<b>126,117</b>	<b>126,117</b>	<b>126,510</b>	<b>125,507</b>	<b>125,495</b>	<b>123,365</b>	<b>2,131</b>	<b>1.7%</b>
<b>Total Liabilities</b>	<b>136,143</b>	<b>136,143</b>	<b>136,990</b>	<b>136,621</b>	<b>145,336</b>	<b>135,015</b>	<b>10,321</b>	<b>7.6%</b>
<b>Shareholders' Equity</b>								
Common stock	29,631	29,631	29,631	29,631	29,631	40,228	(10,597)	(26.3%)
Retained earnings	2,388	2,388	2,293	2,718	1,966	1,529	436	28.5%
Accumulated other comprehensive income	1,370	1,370	1,258	1,256	1,265	1,370	(105)	(7.6%)
Other equity transactions	10,598	10,598	10,598	10,598	10,598	1	10,597	1137400.1%
<b>Total Shareholders' Equity</b>	<b>43,986</b>	<b>43,986</b>	<b>43,779</b>	<b>44,203</b>	<b>43,459</b>	<b>43,128</b>	<b>331</b>	<b>0.8%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 180,129</b>	<b>\$ 180,129</b>	<b>\$ 180,769</b>	<b>\$ 180,824</b>	<b>\$ 188,796</b>	<b>\$ 178,143</b>	<b>\$ 10,653</b>	<b>6.0%</b>

# Financial Matters | Consolidated Cash Flow Statement

\$'000	MTD		Variance		YTD		Variance	
	Act	Bud	\$	%	Act	Bud	\$	%
<b>Cash flow from operations</b>								
Net Income (Loss)	\$ (645)	\$ 82	\$ (727)	(884.8%)	\$ (435)	\$ (334)	\$ (101)	30.4%
Depreciation, amortization and other	931	802	129	16.1%	1,904	2,399	(495)	(20.6%)
<i>Change in operating assets and liabilities:</i>								
Accounts receivable	1,264	(408)	1,673	(409.6%)	(1,323)	(2,093)	770	(36.8%)
Inventory	554	(388)	942	(242.8%)	699	351	348	99.0%
Prepaid expenses and other current assets	106	—	106	N/A	164	8	155	1829.3%
Accounts payable	(581)	693	(1,274)	(183.9%)	(121)	1,559	(1,679)	(107.7%)
Accrued expenses	617	(389)	1,006	(258.7%)	453	(254)	707	(277.9%)
Accrued income taxes	(0)	—	(0)	N/A	(0)	(236)	236	(99.9%)
Other changes in operating assets and liabilities	(70)	(278)	208	(74.8%)	(164)	(2,000)	1,837	(91.8%)
Other cash flow from operations	—	—	—	N/A	—	—	—	N/A
<b>Total Cash Flow from Operations</b>	<b>\$ 2,176</b>	<b>\$ 113</b>	<b>\$ 2,062</b>	<b>1819.3%</b>	<b>\$ 1,177</b>	<b>\$ (600)</b>	<b>\$ 1,777</b>	<b>(296.0%)</b>
<b>Cash flow from investing</b>								
Additions to property, plant and equipment	\$ (13)	\$ (215)	\$ 202	(93.9%)	\$ (138)	\$ (518)	\$ 380	(73.3%)
Investment in intangibles	—	—	—	N/A	—	—	—	N/A
<b>Total Cash Flow from Investing</b>	<b>\$ (13)</b>	<b>\$ (215)</b>	<b>\$ 202</b>	<b>(93.9%)</b>	<b>\$ (138)</b>	<b>\$ (518)</b>	<b>\$ 380</b>	<b>(73.3%)</b>
<b>Cash flow from financing</b>								
Proceeds from the issuance (repayment) of short-term debt	\$ 8,750	\$ —	\$ 8,750	N/A	\$ 10,000	\$ —	\$ 10,000	N/A
Common stock issued (repurchased)	—	—	—	N/A	—	10,597	(10,597)	(100.0%)
Other cash flow from financing costs	(99)	27	(126)	N/A	(91)	(11,040)	10,949	(99.2%)
<b>Total Cash Flow from Financing</b>	<b>\$ 8,651</b>	<b>\$ (196)</b>	<b>\$ 8,847</b>	<b>N/A</b>	<b>\$ 9,909</b>	<b>\$ (666)</b>	<b>\$ 10,575</b>	<b>(1587.1%)</b>
	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>N/A</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>N/A</b>
<b>Net change in cash</b>	<b>\$ 10,814</b>	<b>-298</b>	<b>\$ 11,112</b>	<b>&lt;-1000%</b>	<b>\$ 10,947</b>	<b>\$ (1,785)</b>	<b>\$ 12,732</b>	<b>(713.4%)</b>
Beginning cash	2,718	1,098	1,620	147.5%	2,585	2,585	—	0.0%
Change in cash	10,814	(298)	11,112	<-1000%	10,947	(1,785)	12,732	(713.4%)
<b>Ending cash</b>	<b>\$ 13,532</b>	<b>\$ 800</b>	<b>\$ 12,732</b>	<b>1590.6%</b>	<b>\$ 13,532</b>	<b>\$ 800</b>	<b>\$ 12,732</b>	<b>1590.6%</b>

# Financial Matters | Consolidated 13-Week Cash Flow Projection

In US\$	Forecast 4/20	Forecast 4/27	Forecast 5/4	Forecast 5/11	Forecast 5/18	Forecast 5/25	Forecast 6/1	Forecast 6/8	Forecast 6/15	Forecast 6/22	Forecast 6/29	Forecast 7/6	Forecast 7/13
<b>Cash Inflows - Operational</b>													
Collections from customers (Actual)	-	-	-	-	-	-	-	-	-	-	-	-	-
Collections from customers based on projected aging (Forecast)	1,479	1,443	1,479	2,057	601	772	528	307	291	133	149	152	106
Collections from new forecasted sales	-	-	-	369	1,041	843	1,161	761	1,619	1,696	1,540	788	1,058
<b>Total AR Collections</b>	1,479	1,443	1,479	2,425	1,642	1,615	1,689	1,067	1,910	1,829	1,689	940	1,164
Other non-AR inflows	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Inflows - Operational</b>	1,479	1,443	1,479	2,425	1,642	1,615	1,689	1,067	1,910	1,829	1,689	940	1,164
<b>Cash Outflows - Operational</b>													
Product inventory	(1,670)	(855)	(1,104)	(674)	(636)	(708)	(762)	(965)	(886)	(410)	(598)	(720)	(877)
Payroll	(215)	(295)	(425)	(250)	(240)	(295)	(398)	(195)	(300)	(255)	(458)	(265)	(285)
Commissions	-	-	-	(155)	-	-	-	-	(215)	-	-	-	(155)
Bonus	-	-	-	-	-	-	-	-	-	-	-	-	-
Facilities & other (Freight)	(270)	(110)	(77)	(185)	(70)	(270)	(110)	(170)	(70)	(270)	(110)	(77)	(163)
Professional services	(41)	(125)	(38)	(38)	(158)	(78)	(45)	(65)	(103)	(78)	(78)	(78)	(108)
Marketing	-	-	-	-	-	-	-	-	-	-	-	-	-
Recruiter fees	-	-	-	-	(30)	-	-	-	-	-	-	-	-
Other expenses (Insurance, TSA, CC)	-	(82)	-	(62)	-	(98)	-	(32)	-	(210)	-	-	-
<b>Total Cash Outflows - Operational</b>	(2,195)	(1,467)	(1,644)	(1,364)	(1,134)	(1,449)	(1,315)	(1,427)	(1,574)	(1,223)	(1,244)	(1,140)	(1,587)
<b>Cashflows - Financial and Other</b>													
Revolving Loan Draw (Paydown)	-	-	-	-	-	-	-	-	-	-	-	-	-
Term Loan paydowns	-	-	-	-	-	-	-	-	-	-	(463)	-	-
Interest and financial amortization	-	-	-	-	-	-	-	-	-	-	(1,785)	-	-
Other financial income/expense (e.g. fx, hedging)	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial income/expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Estimated Tax Payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Monitoring fees (including travel expenses)	-	-	-	-	-	-	-	-	-	-	(500)	-	-
Non-recurring items	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Outflows - Financial and Other</b>	-	-	-	-	-	-	-	-	-	-	(2,748)	-	-
<b>TOTAL CASH FLOW</b>	(716)	(23)	(165)	1,061	508	166	374	(359)	336	605	(2,303)	(200)	(423)
<b>Cash Rollforward</b>													
Beginning cash balance	11,804	11,088	11,064	10,899	11,961	12,468	12,634	13,008	12,649	12,985	13,590	11,287	11,087
Cash activity	(716)	(23)	(165)	1,061	508	166	374	(359)	336	605	(2,303)	(200)	(423)
<b>ENDING CASH BALANCE</b>	11,088	11,064	10,899	11,961	12,468	12,634	13,008	12,649	12,985	13,590	11,287	11,087	10,664
<b>Debt Summary</b>													
Rolled debt	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Credit facility	92,508	92,508	92,508	92,508	92,508	92,508	92,508	92,508	92,508	92,508	92,045	92,045	92,045
<b>TOTAL DEBT</b>	102,508	102,508	102,508	102,508	102,508	102,508	102,508	102,508	102,508	102,508	102,045	102,045	102,045
<b>TOTAL NET DEBT</b>	91,420	91,444	91,609	90,547	90,040	89,874	89,500	89,859	89,523	88,918	90,758	90,958	91,381
<b>AVAILABILITY</b>	-	-	-	-	-	-	-	-	-	-	-	-	-

# Financial Matters | Covenant Analysis -Consolidated

## Fixed Charge Coverage Ratio

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Fixed Charges:												
Interest paid (net of interest received)	8,243	7,736	7,842	7,488	7,596	7,671	7,487	7,556	7,611	7,487	7,537	7,581
Plus:												
Principal payments with respect to all debt	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850
<b>Fixed Charges</b>	<b>10,093</b>	<b>9,587</b>	<b>9,692</b>	<b>9,338</b>	<b>9,446</b>	<b>9,521</b>	<b>9,337</b>	<b>9,406</b>	<b>9,461</b>	<b>9,337</b>	<b>9,388</b>	<b>9,431</b>
EBITDA for defined Period	22,358	22,172	21,368	21,572	21,600	20,633	20,851	20,919	21,495	21,609	21,912	22,938
Less:												
Unfinanced Capital Expenditures	1,133	1,159	1,178	1,336	1,376	1,605	1,705	2,152	2,149	2,063	2,339	2,181
Fees and expenses paid/incurred under the Management Agreement	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Any federal, state, local or other income and franchise taxes paid or payable in cash net of any cash tax credits or other cash tax benefits	200	200	200	313	449	324	490	713	810	1,161	1,269	1,464
<b>Operating Cash Flow</b>	<b>19,025</b>	<b>18,813</b>	<b>17,990</b>	<b>17,923</b>	<b>17,776</b>	<b>16,703</b>	<b>16,655</b>	<b>16,054</b>	<b>16,536</b>	<b>16,385</b>	<b>16,304</b>	<b>17,293</b>
Fixed Charge Coverage Ratio	1.88	1.96	1.86	1.92	1.88	1.75	1.78	1.71	1.75	1.75	1.74	1.83
Minimum Ratio	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
In Compliance	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
TTM Minimum Operating Cash Flow	11,102	10,545	10,661	10,272	10,390	10,474	10,271	10,347	10,408	10,271	10,326	10,374
TTM Operating Cash Flow Cushion	7,922	8,268	7,328	7,650	7,385	6,230	6,384	5,708	6,129	6,115	5,978	6,919

Amounts for January 2019 through October 2019 defined per credit agreement

## Assumptions

- 2020 EBITDA reflects Q1 actuals + AOP for Q2-Q4

# Financial Matters | Covenant Analysis - Consolidated

## Total Debt to EBITDA

000's	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Total Debt:												
Revolver Balance	1,250	1,250	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Plus: Term Loan Balance	92,508	92,508	92,045	92,045	92,045	91,583	91,583	91,583	91,120	91,120	91,120	90,658
Plus: Other Debt	-	-	-	-	-	-	-	-	-	-	-	-
Less: Qualified Cash	1,777	2,718	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
<b>Total Debt</b>	<b>91,981</b>	<b>91,040</b>	<b>97,045</b>	<b>97,045</b>	<b>97,045</b>	<b>96,583</b>	<b>96,583</b>	<b>96,583</b>	<b>96,120</b>	<b>96,120</b>	<b>96,120</b>	<b>95,658</b>
EBITDA for the Defined Period (calculated in the manner required by Section 6.1 of the Compliance Certificate)	22,358	22,172	21,368	21,572	21,600	20,633	20,851	20,919	21,495	21,609	21,912	22,938
<b>TTM Adjusted EBITDA</b>	<b>22,358</b>	<b>22,172</b>	<b>21,368</b>	<b>21,572</b>	<b>21,600</b>	<b>20,633</b>	<b>20,851</b>	<b>20,919</b>	<b>21,495</b>	<b>21,609</b>	<b>21,912</b>	<b>22,938</b>
Total Debt to EBITDA Ratio (ratio of Total Debt to Adjusted EBITDA for the Defined Period)	4.11	4.11	4.54	4.50	4.49	4.68	4.63	4.62	4.47	4.45	4.39	4.17
Maximum Permitted Total Debt to EBITDA Ratio for the Defined Period	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.50
In Compliance	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Minimum TTM EBITDA required	15,997	15,833	16,877	16,877	16,877	16,797	16,797	16,797	16,717	16,717	16,717	17,392
TTM EBITDA Cushion	6,361	6,339	4,491	4,694	4,723	3,836	4,054	4,122	4,779	4,893	5,196	5,545

Amounts for January 2019 through October 2019 defined per credit agreement

## Assumptions

- 2020 EBITDA reflects Q1 actuals + AOP for Q2-Q4
- \$5.0 maximum qualified cash



# Financial Matters | S&G Summary P&L - MTD

\$'000	MTD		Variance		PY MTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
<b>Net Revenue</b>	<b>7,079</b>	<b>8,168</b>	<b>(1,089)</b>	<b>(13.3%)</b>	<b>8,299</b>	<b>(1,220)</b>	<b>(14.7%)</b>	
Material	3,067	3,514	(447)	(12.7%)	3,402	(335)	(9.8%)	
Labor	902	979	(77)	(7.8%)	906	(4)	(0.5%)	
Other COGS	611	456	155	33.9%	437	174	39.8%	
<b>Total COGS</b>	<b>4,580</b>	<b>4,949</b>	<b>(369)</b>	<b>(7.5%)</b>	<b>4,746</b>	<b>(165)</b>	<b>(3.5%)</b>	
<b>Gross Margin</b>	<b>2,499</b>	<b>3,219</b>	<b>(720)</b>	<b>(22.4%)</b>	<b>3,554</b>	<b>(1,055)</b>	<b>(29.7%)</b>	
<i>Gross Margin %</i>	<i>35.3%</i>	<i>39.4%</i>			<i>42.8%</i>			
R&D	79	210	(131)	(62.4%)	103	(24)	(23.3%)	
Sales & Marketing	707	850	(144)	(16.9%)	708	(2)	(0.3%)	
Administrative	753	788	(35)	(4.4%)	781	(28)	(3.6%)	
Other Opex	–	–	–	N/A	–	–	N/A	
<b>Total Opex</b>	<b>1,538</b>	<b>1,848</b>	<b>(309)</b>	<b>(16.7%)</b>	<b>1,592</b>	<b>(54)</b>	<b>(3.4%)</b>	
<b>EBITDA</b>	<b>960</b>	<b>1,371</b>	<b>(411)</b>	<b>(30.0%)</b>	<b>1,961</b>	<b>(1,001)</b>	<b>(51.0%)</b>	
<i>EBITDA %</i>	<i>13.6%</i>	<i>16.8%</i>			<i>23.6%</i>			
<b>Adj. EBITDA</b>	<b>1,158</b>	<b>1,601</b>	<b>(444)</b>	<b>(27.7%)</b>	<b>1,961</b>	<b>(804)</b>	<b>(41.0%)</b>	
<i>Adj. EBITDA %</i>	<i>16.4%</i>	<i>19.6%</i>			<i>23.6%</i>			
<b>Net Income (Loss)</b>	<b>\$ (645)</b>	<b>\$ 82</b>	<b>\$ (727)</b>	<b>(884.8%)</b>	<b>\$ 1,411</b>	<b>\$ (2,056)</b>	<b>(145.7%)</b>	
Unincurred Standalone Costs	30	–	30	N/A				
<b>PF Adj EBITDA</b>	<b>\$ 1,127</b>	<b>\$ 1,601</b>	<b>\$ (474)</b>	<b>-29.6%</b>				
<i>PF Adj. EBITDA %</i>	<i>15.9%</i>	<i>19.6%</i>						

## Management Discussion

### Budget

- March Revenue unfavorable (\$1.1M) vs AOP and unfavorable variance of (\$1.8M) vs PY
  - Unfavorable performance to AOP in Government (\$0.6M)
  - Unfavorable performance to AOP in India (\$0.3M)
  - Unfavorable performance to AOP in LAG (\$0.2M)
  - Flat performance in North America, EMEA and APAC less India
- March Adjusted EBITDA unfavorable (\$0.6M) to AOP. Gross margin is unfavorable (\$0.8M) with volume impact of (\$0.5M) and other impacts of approximately (\$0.3M) from material cost, period warranty cost, and quality consulting and supply chain consulting
- Opex is favorable \$0.3M vs AOP related to timing spend on strategic initiatives and spending controls
  - Actual 1x charges were \$0.2M versus Budget of \$0.2M
  - Rebranding and new keypad spending pushed to Q2
  - Recruitment and training timing pushed and on hold

### PY

- March Adjusted EBITDA unfavorable (\$1.1M) vs PY. Gross margin is unfavorable (\$1.3M) with a volume impact of (\$0.8M) and other impact of (\$0.5M).
- Opex is Flat compared to PY
  - Actual 1x adjustments were \$0.2M versus PY of \$0



# Financial Matters | S&G Summary P&L - YTD

\$'000	YTD		Var		PY YTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
<b>Net Revenue</b>	<b>9,552</b>	<b>10,474</b>	<b>(922)</b>	<b>(8.8%)</b>	<b>11,342</b>	<b>(1,790)</b>	<b>(15.8%)</b>	
Material	3,537	3,708	(171)	(4.6%)	3,778	(242)	(6.4%)	
Labor	1,661	1,725	(64)	(3.7%)	1,710	(49)	(2.9%)	
Other COGS	941	647	294	45.4%	737	204	27.7%	
<b>Total COGS</b>	<b>6,139</b>	<b>6,080</b>	<b>59</b>	<b>1.0%</b>	<b>6,226</b>	<b>(87)</b>	<b>(1.4%)</b>	
<b>Gross Margin</b>	<b>3,413</b>	<b>4,393</b>	<b>(980)</b>	<b>(22.3%)</b>	<b>5,116</b>	<b>(1,703)</b>	<b>(33.3%)</b>	
<i>Gross Margin %</i>	<i>35.7%</i>	<i>41.9%</i>			<i>45.1%</i>			
R&D	493	758	(266)	(35.0%)	348	144	41.4%	
Sales & Marketing	1,128	1,691	(563)	(33.3%)	1,025	102	10.0%	
Administrative	1,006	975	30	3.1%	1,050	(44)	(4.2%)	
Other Opex	–	–	–	N/A	–	–	N/A	
<b>Total Opex</b>	<b>2,626</b>	<b>3,425</b>	<b>(799)</b>	<b>(23.3%)</b>	<b>2,423</b>	<b>202</b>	<b>8.3%</b>	
<b>EBITDA</b>	<b>787</b>	<b>968</b>	<b>(181)</b>	<b>(18.7%)</b>	<b>2,693</b>	<b>(1,905)</b>	<b>(70.8%)</b>	
<i>EBITDA %</i>	<i>8.2%</i>	<i>9.2%</i>			<i>23.7%</i>			
<b>Adj. EBITDA</b>	<b>1,441</b>	<b>2,023</b>	<b>(583)</b>	<b>(28.8%)</b>	<b>2,693</b>	<b>(1,252)</b>	<b>(46.5%)</b>	
<i>Adj. EBITDA %</i>	<i>15.1%</i>	<i>19.3%</i>			<i>23.7%</i>			
<b>Net Income (Loss)</b>	<b>\$ (2,970)</b>	<b>\$ (1,573)</b>	<b>\$ (1,397)</b>	<b>88.8%</b>	<b>\$ 2,377</b>	<b>\$ (5,347)</b>	<b>(224.9%)</b>	
Unincurred Standalone Costs	90	20	70	350.0%				
<b>PF Adj EBITDA</b>	<b>\$ 1,351</b>	<b>\$ 2,003</b>	<b>\$ (653)</b>	<b>-32.6%</b>				
<i>PF Adj. EBITDA %</i>	<i>14.1%</i>	<i>19.1%</i>						

## Management Discussion

### Budget

- YTD Revenue unfavorable (\$0.9M) vs AOP and unfavorable (\$1.8M) vs PY
  - Unfavorable performance to AOP in LAG (\$0.6M)
  - Unfavorable performance to AOP in APAC less India (\$0.3M)
  - Unfavorable performance to AOP in EMEA (\$0.3M)
  - Favorable performance to AOP NA \$0.3M
  - Flat performance in Government and India
- YTD Adjusted EBITDA unfavorable (\$0.6M) vs AOP. Gross margin is unfavorable (\$1.0M) with a volume impact of (\$0.4M) and other impacts of approximately (\$0.6M) from material cost, warranty cost and, quality consulting and supply chain consulting
- Opex is favorable \$0.8M vs AOP related timing spend on strategic initiatives and spending controls
  - Actual 1x charges were \$0.7M versus Budget of \$1.1M
  - Rebranding and new keypad spending pushed to 2Q
  - Recruitment and training timing on hold

### PY

- YTD Adjusted EBITDA unfavorable (\$1.3M) vs PY. Gross margin is unfavorable (\$1.7M) with (\$0.8M) volume impact, material cost (\$0.2M) and other impact of (\$0.7M).
- Opex is unfavorable (\$0.2M) compared to PY
  - Actual 1x adjustments were \$0.7M versus PY of \$0





# Financial Matters | S&G CoGS by Component

\$'000	MTD		Var		YTD		Var	
	Act	Bud	\$	%	Act	Bud	\$	%
<b>Material</b>								
Material costs at standard	\$ 630	\$ 1,169	\$ (539)	(46.1%)	\$ 3,373	\$ 3,763	\$ (391)	(10.4%)
Purchase price variance	4	(123)	127	(103.5%)	(47)	(265)	218	(82.3%)
Freight in	69	71	(2)	(3.1%)	190	186	5	2.6%
Cost revision	–	10	(10)	(100.0%)	–	30	(30)	(100.0%)
Scrap costs	(12)	(9)	(3)	31.6%	(6)	(30)	24	(80.2%)
Consumables	(26)	7	(34)	(457.2%)	26	24	2	8.5%
<b>Total Material COGS</b>	<b>\$ 665</b>	<b>\$ 1,125</b>	<b>\$ (461)</b>	<b>(40.9%)</b>	<b>\$ 3,537</b>	<b>\$ 3,708</b>	<b>\$ (171)</b>	<b>(4.6%)</b>
<b>Labor</b>								
Direct labor	\$ 209	\$ 226	\$ (17)	(7.7%)	\$ 711	\$ 733	\$ (23)	(3.1%)
Direct labor - overtime	5	25	(20)	(79.3%)	35	81	(46)	(57.4%)
Direct labor - benefits	69	115	(47)	(40.4%)	219	359	(140)	(39.0%)
Direct labor - overtime	5	25	(20)	(79.3%)	35	81	(46)	(57.4%)
Indirect labor	147	139	8	6.0%	493	450	43	9.5%
Indirect labor – benefits	62	28	34	122.3%	205	102	103	100.4%
<b>Total Labor COGS</b>	<b>\$ 492</b>	<b>\$ 533</b>	<b>\$ (41)</b>	<b>(7.7%)</b>	<b>\$ 1,661</b>	<b>\$ 1,725</b>	<b>\$ (64)</b>	<b>(3.7%)</b>
<b>Other</b>								
Repairs and maintenance	\$ 21	\$ 17	\$ 4	25.6%	\$ 66	\$ 54	\$ 12	22.2%
Rent / facilities	251	93	158	168.9%	544	297	247	83.1%
Utilities	22	23	(2)	(6.4%)	66	75	(9)	(12.0%)
Other cost of sales	109	83	25	30.5%	265	221	44	19.9%
<b>Total Other COGS</b>	<b>\$ 403</b>	<b>\$ 217</b>	<b>\$ 186</b>	<b>85.7%</b>	<b>\$ 941</b>	<b>\$ 647</b>	<b>\$ 294</b>	<b>45.4%</b>
<b>Total COGS</b>	<b>\$ 1,560</b>	<b>\$ 1,875</b>	<b>\$ (316)</b>	<b>37.1%</b>	<b>\$ 6,139</b>	<b>\$ 6,080</b>	<b>\$ 59</b>	<b>37.1%</b>

## Management Discussion

### March

- (\$446k) Volume decrease Material Costs (472K) Mix (67k) Decrease PPV \$127k on lower volume, favorable cycle count (34k)
- (147k) Other Cost of Sales-\$56k in Quality consulting, \$72K Smart Ventures Supply Chain consulting, \$19k in warranty expense

### YTD

- (\$289k) Material costs – Volume decrease (\$420k) and higher mix of lower margin mechanical locks, (\$0.9M) @ 30.5% in Government 951 padlocks
- Unfavorable Purchase Price Variance from open market purchases at premium on obsolete processors for the 6120, 6123, 6124 and 6125 keypads (\$9K), 951 case pins(\$10K), 2740 PCB (\$6k) and brass rods(\$4K) reduced purchase volume
- Rent/Facilities Unfavorable from increased insurance for Delaney (\$17K), Professional fees (\$85K) for testing UL \$8K , VDS \$14K, CNPP \$7K, Quality Consulting \$116k, Smart Ventures Supply Chain \$72k
- Other cost of sales includes (\$109K) from unfavorable warranty returns of ASWD from EMEA customers



# Financial Matters | S&G Balance Sheet

\$'000	Dec-19	Dec-19	Jan-20	Feb-20	Mar-20		Variance	
	Act	Act	Act	Act	Act	Bud	\$	%
<b>Current Assets</b>								
Cash and cash equivalents	\$ 1,606	\$ 1,606	\$ 880	\$ 1,922	\$ 11,054	\$ 0	\$ 11,054	2679536.4%
Accounts receivable, gross	4,956	4,956	5,944	6,754	5,856	6,451	(596)	(9.2%)
Accounts receivable, reserves	(220)	(220)	(220)	(220)	(221)	(129)	(92)	71.0%
Accounts receivable, net	4,736	4,736	5,724	6,534	5,635	6,322	(687)	(10.9%)
Inventory, gross	7,497	7,497	7,479	7,223	7,256	7,654	(399)	(5.2%)
Inventory, reserves	(474)	(474)	(625)	(697)	(669)	(501)	(168)	33.6%
Inventory, net	7,023	7,023	6,855	6,526	6,586	7,153	(567)	(7.9%)
Prepaid expenses and other current assets	(24)	(24)	(52)	(98)	(188)	(24)	(164)	681.1%
Other current assets	49,912	49,912	50,032	49,067	49,067	49,912	(846)	(1.7%)
<b>Total Current Assets</b>	<b>63,253</b>	<b>63,253</b>	<b>63,439</b>	<b>63,950</b>	<b>72,154</b>	<b>63,364</b>	<b>8,790</b>	<b>13.9%</b>
<b>Non-Current Assets</b>								
Property, plant & equipment, gross	11,683	11,683	11,714	11,731	11,731	12,013	(281)	(2.3%)
Accumulated depreciation	(917)	(917)	(1,011)	(1,102)	(1,309)	(1,288)	(20)	1.6%
Property, plant & equipment, net	10,765	10,765	10,703	10,629	10,423	10,724	(302)	(2.8%)
Goodwill	42,050	42,050	42,133	42,133	42,133	42,050	83	0.2%
Identifiable intangible assets, gross	15,100	15,100	15,100	15,100	15,100	15,100	—	0.0%
Accumulated amortization	(690)	(690)	(789)	(1,233)	(1,678)	(1,686)	8	(0.5%)
Identifiable intangible assets, net	14,410	14,410	14,311	13,867	13,422	13,414	8	0.1%
Deferred financing cost	2,759	2,759	2,759	2,759	2,759	2,678	81	3.0%
Other non-current assets	131	131	2	2	2	131	(129)	(98.2%)
<b>Total Non-Current Assets</b>	<b>70,115</b>	<b>70,115</b>	<b>69,908</b>	<b>69,390</b>	<b>68,739</b>	<b>68,997</b>	<b>(258)</b>	<b>(0.4%)</b>
<b>Total Assets</b>	<b>\$ 133,369</b>	<b>\$ 133,369</b>	<b>\$ 133,347</b>	<b>\$ 133,340</b>	<b>\$ 140,893</b>	<b>\$ 132,362</b>	<b>\$ 8,532</b>	<b>6.4%</b>
<b>Current Liabilities</b>								
Current portion of long-term debt	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	—	0.0%
Notes payable	—	—	1,250	1,250	10,000	—	10,000	N/A
Accounts payable	2,788	2,788	2,515	2,746	2,610	3,577	(967)	(27.0%)
Accrued liabilities	1,975	1,975	1,558	2,189	2,653	1,975	677	34.3%
Accrued compensation	125	125	249	286	309	125	185	147.8%
Income taxes payable	128	128	128	128	128	128	(0)	(0.3%)
Short-term unearned revenue	45	45	33	30	34	45	(11)	(23.7%)
<b>Total Current Liabilities</b>	<b>6,912</b>	<b>6,912</b>	<b>7,583</b>	<b>8,479</b>	<b>17,584</b>	<b>7,701</b>	<b>9,884</b>	<b>128.4%</b>
<b>Long-term liabilities</b>								
Long-term debt less current maturities	90,658	90,658	90,658	90,658	90,658	90,435	223	0.2%
Deferred income taxes	(831)	(831)	(831)	(831)	(831)	(831)	—	0.0%
Other non-current liabilities	87	87	—	—	—	87	(87)	(100.0%)
<b>Total Long-Term Liabilities</b>	<b>89,914</b>	<b>89,914</b>	<b>89,827</b>	<b>89,827</b>	<b>89,827</b>	<b>89,691</b>	<b>136</b>	<b>0.2%</b>
<b>Total Liabilities</b>	<b>96,825</b>	<b>96,825</b>	<b>97,410</b>	<b>98,306</b>	<b>107,411</b>	<b>97,391</b>	<b>10,020</b>	<b>10.3%</b>
<b>Shareholders' Equity</b>								
Common stock	40,228	40,228	40,228	40,228	40,228	40,228	—	0.0%
Retained earnings	(5,055)	(5,055)	(5,550)	(6,450)	(8,012)	(6,628)	(1,384)	20.9%
Accumulated other comprehensive income	1,370	1,370	1,258	1,256	1,265	1,370	(105)	(7.6%)
Other equity transactions	1	1	1	1	1	1	—	0.0%
<b>Total Shareholders' Equity</b>	<b>36,543</b>	<b>36,543</b>	<b>35,937</b>	<b>35,035</b>	<b>33,482</b>	<b>34,970</b>	<b>(1,489)</b>	<b>(4.3%)</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 133,369</b>	<b>\$ 133,369</b>	<b>\$ 133,347</b>	<b>\$ 133,340</b>	<b>\$ 140,893</b>	<b>\$ 132,362</b>	<b>\$ 8,532</b>	<b>6.4%</b>

## Management Discussion

- Lower Accounts Receivable by \$0.7M compared to Budget due to soft revenue, payments received from DFAS \$560k, NCR India \$200k, MBA \$100k
- Slow pay A/R > than 16 days DFAS-Government \$231k, Arya \$217k, PT Wirantanu Persad \$127k
- Accounts Payable lower by (\$1.0M) compared to Budget due to lower Capex spend and purchasing controls
- Favorable inventory position \$0.6M



## Financial Matters | S&G Cash Flow Statement

\$'000	YTD		Variance	
	Act	Bud	\$	%
<b>Cash flow from operations</b>				
Net Income (Loss)	\$ (2,970)	\$ (1,573)	\$ (1,397)	88.8%
Depreciation, amortization and other	1,296	1,367	(71)	(5.2%)
<i>Change in operating assets and liabilities:</i>				
Accounts receivable	(899)	(1,586)	687	(43.3%)
Inventory	437	(130)	567	(434.8%)
Prepaid expenses and other current assets	164	—	164	N/A
Accounts payable	(178)	789	(967)	(122.6%)
Accrued expenses	677	—	677	N/A
Accrued income taxes	(0)	—	(0)	N/A
Other changes in operating assets and liabilities	1,062	—	1,062	N/A
<b>Total Cash Flow from Operations</b>	<b>\$ (412)</b>	<b>\$ (1,134)</b>	<b>\$ 722</b>	<b>(63.7%)</b>
<b>Cash flow from investing</b>				
Additions to property, plant and equipment	\$ (49)	\$ (330)	\$ 281	(85.2%)
<b>Total Cash Flow from Investing</b>	<b>\$ (49)</b>	<b>\$ (330)</b>	<b>\$ 281</b>	<b>(85.2%)</b>
<b>Cash flow from financing</b>				
Proceeds from the issuance (repayment) of short-term det	\$ 10,000	\$ —	\$ 10,000	N/A
Other cash flow from financing costs	(91)	81	(172)	(212.9%)
<b>Total Cash Flow from Financing</b>	<b>\$ 9,909</b>	<b>\$ (142)</b>	<b>\$ 10,051</b>	<b>(7077.9%)</b>
	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>N/A</b>
<b>Net change in cash</b>	<b>\$ 9,448</b>	<b>\$ (1,606)</b>	<b>\$ 11,054</b>	<b>(688.3%)</b>
Beginning cash	1,606	1,606	—	0.0%
Change in cash	9,448	(1,606)	11,054	(688.3%)
<b>Ending cash</b>	<b>\$ 11,054</b>	<b>\$ 0</b>	<b>\$ 11,054</b>	<b>2679517.1%</b>



# Financial Matters | S&G 13-Week Cash Flow Projection

In US\$	Forecast 4/20	Forecast 4/27	Forecast 5/4	Forecast 5/11	Forecast 5/18	Forecast 5/25	Forecast 6/1	Forecast 6/8	Forecast 6/15	Forecast 6/22	Forecast 6/29	Forecast 7/6	Forecast 7/13
<b>Cash Inflows - Operational</b>													
Collections from customers (Actual)													
Collections from customers based on projected aging (Forecast)	951	824	854	558	383	430	318	183	288	133	149	152	106
Collections from new forecasted sales	-	-	-	-	-	315	455	180	435	560	870	140	530
<b>Total AR Collections</b>	951	824	854	558	383	745	773	363	723	693	1,019	292	636
Other non-AR inflows													
<b>Total Cash Inflows - Operational</b>	951	824	854	558	383	745	773	363	723	693	1,019	292	636
<b>Cash Outflows - Operational</b>													
Product inventory (SAP AP)	(1,069)	(401)	(414)	(300)	(277)	(193)	(202)	(327)	(211)	(226)	(240)	(266)	(269)
Payroll	(55)	(210)	(198)	(165)	(80)	(210)	(198)	(165)	(85)	(225)	(203)	(235)	(70)
Commissions									(60)				
Bonus													
Facilities & other (Freight)	(20)	(20)	(20)	(135)	(20)	(20)	(20)	(113)	(20)	(20)	(20)	(20)	(113)
Professional services	(36)	(122)	(35)	(35)	(155)	(75)	(42)	(62)	(100)	(75)	(75)	(75)	(105)
Marketing													
Recruiter fees					(30)								
Other expenses (Insurance, TSA, CC)	-	(65)	-	(62)	-	(80)	-	(32)	-	(210)	-	-	-
<b>Total Cash Outflows - Operational</b>	(1,180)	(818)	(667)	(698)	(562)	(578)	(462)	(698)	(476)	(756)	(538)	(596)	(557)
<b>Cashflows - Financial and Other</b>													
Revolving Loan Draw (Paydown)													
Term Loan paydowns											(463)		
Interest and financial amortization											(1,785)		
Other financial income/expense (e.g. fx, hedging)													
Non-financial income/expense													
Estimated Tax Payments													
Monitoring fees (including travel expenses)											(500)		
Non-recurring items													
<b>Total Cash Outflows - Financial and Other</b>	-	-	-	-	-	-	-	-	-	-	(2,748)	-	-
<b>TOTAL CASH FLOW</b>	(229)	5	187	(140)	(179)	167	310	(335)	247	(63)	(2,267)	(305)	80
<b>Cash Rollforward</b>													
Beginning cash balance	8,202	7,973	7,979	8,166	8,026	7,848	8,015	8,325	7,990	8,237	8,173	5,907	5,602
Cash activity	(229)	5	187	(140)	(179)	167	310	(335)	247	(63)	(2,267)	(305)	80
<b>ENDING CASH BALANCE</b>	7,973	7,979	8,166	8,026	7,848	8,015	8,325	7,990	8,237	8,173	5,907	5,602	5,681
<b>Debt Summary</b>													
Rolled debt	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Credit facility	92,508	92,508	92,508	92,508	92,508	92,508	92,508	92,508	92,508	92,508	92,045	92,045	92,045
<b>TOTAL DEBT</b>	102,508	102,508	102,508	102,508	102,508	102,508	102,508	102,508	102,508	102,508	102,045	102,045	102,045
<b>TOTAL NET DEBT</b>	94,535	94,529	94,342	94,482	94,660	94,493	94,183	94,518	94,271	94,335	96,138	96,443	96,364
<b>AVAILABILITY</b>	-	-	-	-	-	-	-	-	-	-	-	-	-

NCR has requested payment terms increase from 60 days to 90 days

# Financial Matters | Delaney Summary P&L - MTD

\$'000	MTD		Variance		PY MTD	Variance	
	Act	Bud	\$	%	Act	\$	%
<b>Net Revenue</b>	<b>3,508</b>	<b>3,531</b>	<b>(23)</b>	<b>(0.7%)</b>	<b>3,071</b>	<b>437</b>	<b>14.2%</b>
Material	1,893	1,832	61	3.3%	1,634	259	15.8%
Labor	84	101	(18)	(17.4%)	65	18	27.9%
Other COGS	191	206	(15)	(7.2%)	159	32	20.1%
<b>Total COGS</b>	<b>2,168</b>	<b>2,140</b>	<b>28</b>	<b>1.3%</b>	<b>1,859</b>	<b>309</b>	<b>16.6%</b>
<b>Gross Margin</b>	<b>1,340</b>	<b>1,392</b>	<b>(51)</b>	<b>(3.7%)</b>	<b>1,213</b>	<b>128</b>	<b>10.5%</b>
<i>Gross Margin %</i>	<i>38.2%</i>	<i>39.4%</i>			<i>39.5%</i>		
Sales & Marketing	295	338	(43)	(12.6%)	330	(35)	(10.6%)
Administrative	356	354	2	0.6%	381	(25)	(6.7%)
<b>Total Opex</b>	<b>651</b>	<b>691</b>	<b>(40)</b>	<b>(5.9%)</b>	<b>711</b>	<b>(61)</b>	<b>(8.5%)</b>
<b>EBITDA</b>	<b>690</b>	<b>700</b>	<b>(11)</b>	<b>(1.5%)</b>	<b>501</b>	<b>188</b>	<b>37.6%</b>
<i>EBITDA %</i>	<i>19.7%</i>	<i>19.8%</i>			<i>16.3%</i>		
<b>Adj. EBITDA</b>	<b>696</b>	<b>700</b>	<b>(4)</b>	<b>(0.6%)</b>	<b>501</b>	<b>195</b>	<b>38.9%</b>
<i>Adj. EBITDA %</i>	<i>19.8%</i>	<i>19.8%</i>			<i>16.3%</i>		
<b>Net Income (Loss)</b>	<b>\$ 418</b>	<b>\$ 336</b>	<b>\$ 82</b>	<b>24.4%</b>	<b>\$ 116</b>	<b>\$ 302</b>	<b>260.9%</b>

## Management Discussion

- March net revenue miss of (\$23k) to AOP but up \$437k to PY. Versus AOP: Single Family down (\$212k), Multi-Family down (\$12k), Bravura down (\$51k), partially offset by Hollow Metal \$139k and Online up \$66k. In addition revenue reductions were favorable \$45k, driven by favorable returns of \$32k. Versus PY: Hollow Metal up \$190k, Online up \$119k, Single Family up \$101k, partially offset by Multi Family (\$7k), and Bravura (\$22k). In addition, revenue reductions were favorable by \$53k, largely due to tariff surcharge.
- Margin down to AOP as percent of sales due to two factors:
  - Markdowns/promotional activity at LMC show
  - Mix – higher Hollow Metal sales.
- OPEX favorable by \$40k to AOP primarily driven by marketing.
- Adjusted EBITDA flat to AOP and up \$195k to PY largely due to volume.

## Financial Matters | Delaney Summary P&L - YTD

\$'000	YTD		Var		PY YTD	Variance	
	Act	Bud	\$	%	Act	\$	%
<b>Net Revenue</b>	<b>10,117</b>	<b>9,979</b>	<b>138</b>	<b>1.4%</b>	<b>9,172</b>	<b>945</b>	<b>10.3%</b>
Material	5,446	5,298	147	2.8%	5,037	409	8.1%
Labor	234	280	(46)	(16.3%)	222	12	5.5%
Other COGS	571	584	(13)	(2.2%)	480	91	19.1%
<b>Total COGS</b>	<b>6,251</b>	<b>6,163</b>	<b>89</b>	<b>1.4%</b>	<b>5,738</b>	<b>513</b>	<b>8.9%</b>
<b>Gross Margin</b>	<b>3,865</b>	<b>3,816</b>	<b>49</b>	<b>1.3%</b>	<b>3,433</b>	<b>432</b>	<b>12.6%</b>
<i>Gross Margin %</i>	<i>38.2%</i>	<i>38.2%</i>			<i>37.4%</i>		
Sales & Marketing	963	1,025	(62)	(6.1%)	896	67	7.5%
Administrative	1,064	1,052	12	1.1%	1,053	10	1.0%
<b>Total Opex</b>	<b>2,027</b>	<b>2,077</b>	<b>(50)</b>	<b>(2.4%)</b>	<b>1,950</b>	<b>77</b>	<b>4.0%</b>
<b>EBITDA</b>	<b>1,839</b>	<b>1,739</b>	<b>100</b>	<b>5.7%</b>	<b>1,484</b>	<b>355</b>	<b>23.9%</b>
<i>EBITDA %</i>	<i>18.2%</i>	<i>17.4%</i>			<i>16.2%</i>		
<b>Adj. EBITDA</b>	<b>1,866</b>	<b>1,739</b>	<b>127</b>	<b>7.3%</b>	<b>1,484</b>	<b>382</b>	<b>25.7%</b>
<i>Adj. EBITDA %</i>	<i>18.4%</i>	<i>17.4%</i>			<i>16.2%</i>		
<b>Net Income (Loss)</b>	<b>\$ 1,264</b>	<b>\$ 727</b>	<b>\$ 537</b>	<b>73.8%</b>	<b>\$ 331</b>	<b>\$ 933</b>	<b>282.0%</b>

### Management Discussion

- YTD March net revenue up \$138k vs AOP and \$945k to PY. Versus AOP: Hollow Metal up \$237k, Online up \$115k, Multi-Family up \$11k, partially offset by Single family down (\$248k), and Bravura (\$59k). In addition, revenue reductions were favorable \$80k, partially driven by favorable returns of \$35k, and tariff surcharge of \$20k. Versus PY: Single family up \$479k, Multi-Family up \$62k, Online up \$263k, Hollow Metal up \$13k, Interco Sales to Premier up \$63k, partially offset by Bravura down (\$102k) which is driven by projects that occurred last year.
- OPEX favorable by \$50k to AOP primarily driven by marketing, and T&E
- Adjusted EBITDA up AOP and up \$127k to PY largely due to volume.

# Financial Matters | Delaney CoGS by Component

\$'000	MTD		Var		YTD		Var	
	Act	Bud	\$	%	Act	Bud	\$	%
<b><u>Material</u></b>								
Material costs at standard	\$ 1,863	\$ 1,801	\$ 62	3.4%	\$ 5,341	\$ 5,205	\$ 135	2.6%
Purchase price variance	(0)	–	(0)	N/A	(0)	–	(0)	N/A
Freight in	11	13	(2)	(13.6%)	49	39	10	24.9%
Cost revision	15	15	–	0.0%	47	45	2	3.5%
Scrap costs	4	3	1	20.0%	10	9	1	5.7%
<b>Total Material COGS</b>	<b>\$ 1,893</b>	<b>\$ 1,832</b>	<b>\$ 61</b>	<b>3.3%</b>	<b>\$ 5,446</b>	<b>\$ 5,298</b>	<b>\$ 147</b>	<b>2.8%</b>
<b><u>Labor</u></b>								
Direct labor	\$ –	\$ –	\$ –	N/A	\$ (4)	\$ –	\$ (4)	N/A
Indirect labor	66	84	(18)	(21.2%)	189	231	(41)	(17.8%)
Indirect labor - overtime	9	8	1	7.4%	22	24	(2)	(6.9%)
Indirect labor – benefits	9	9	(0)	(4.4%)	26	25	1	2.7%
<b>Total Labor COGS</b>	<b>\$ 84</b>	<b>\$ 101</b>	<b>\$ (18)</b>	<b>(17.4%)</b>	<b>\$ 234</b>	<b>\$ 280</b>	<b>\$ (46)</b>	<b>(16.3%)</b>
<b><u>Other</u></b>								
Repairs and maintenance	\$ –	\$ 1	\$ (1)	(100.0%)	\$ 0	\$ 3	\$ (3)	(88.9%)
Freight out	137	145	(8)	(5.2%)	398	400	(2)	(0.6%)
Rent / facilities	42	41	1	2.3%	123	123	0	0.2%
Utilities	5	6	(0)	(1.4%)	18	20	(1)	(6.5%)
Other cost of sales	7	14	(7)	(52.3%)	31	38	(7)	(18.1%)
<b>Total Other COGS</b>	<b>\$ 191</b>	<b>\$ 206</b>	<b>\$ (15)</b>	<b>(7.2%)</b>	<b>\$ 571</b>	<b>\$ 584</b>	<b>\$ (13)</b>	<b>(2.2%)</b>
<b>Total COGS</b>	<b>\$ 2,168</b>	<b>\$ 2,140</b>	<b>\$ 28</b>	<b>(21.3%)</b>	<b>\$ 6,251</b>	<b>\$ 6,163</b>	<b>\$ 89</b>	<b>(15.7%)</b>

# Financial Matters | Delaney Balance Sheet

\$'000	Dec-19	Dec-19	Jan-20	Feb-20	Mar-20		Variance	
	Act	Act	Act	Act	Act	Bud	\$	%
<b>Current Assets</b>								
Cash and cash equivalents	\$ 669	\$ 669	\$ 415	\$ 810	\$ 1,848	\$ 500	\$ 1,348	269.5%
Accounts receivable, gross	3,988	3,988	4,379	4,551	4,805	—	4,805	N/A
Accounts receivable, reserves	(14)	(14)	(17)	(20)	(23)	—	(23)	N/A
Accounts receivable, net	3,974	3,974	4,363	4,531	4,782	4,489	293	6.5%
Inventory, gross	11,202	11,202	11,712	11,286	10,612	11,040	(428)	(3.9%)
Inventory, reserves	(1,378)	(1,378)	(1,918)	(1,408)	(1,423)	(1,948)	524	(26.9%)
Inventory, net	9,823	9,823	9,795	9,877	9,189	9,092	96	1.1%
Prepaid expenses and other current assets	193	193	115	163	140	184	(45)	(24.2%)
<b>Total Current Assets</b>	<b>14,660</b>	<b>14,660</b>	<b>14,687</b>	<b>15,381</b>	<b>15,958</b>	<b>14,266</b>	<b>1,693</b>	<b>11.9%</b>
<b>Non-Current Assets</b>								
Property, plant & equipment, gross	1,634	1,634	1,656	1,666	1,679	1,709	(30)	(1.8%)
Accumulated depreciation	(673)	(673)	(708)	(744)	(779)	(783)	4	(0.5%)
Property, plant & equipment, net	961	961	948	922	900	926	(26)	(2.8%)
Goodwill	18,846	18,846	18,846	18,614	18,382	18,150	232	1.3%
Deferred tax asset	644	644	644	644	644	672	(27)	(4.1%)
<b>Total Non-Current Assets</b>	<b>20,452</b>	<b>20,452</b>	<b>20,439</b>	<b>20,181</b>	<b>19,926</b>	<b>19,747</b>	<b>179</b>	<b>0.9%</b>
<b>Total Assets</b>	<b>\$ 35,111</b>	<b>\$ 35,111</b>	<b>\$ 35,126</b>	<b>\$ 35,561</b>	<b>\$ 35,884</b>	<b>\$ 34,013</b>	<b>\$ 1,871</b>	<b>5.5%</b>
<b>Current Liabilities</b>								
Accounts payable	558	558	760	725	436	915	(479)	(52.4%)
Accrued liabilities	1,117	1,117	1,199	853	997	858	139	16.2%
Accrued compensation	(410)	(410)	(872)	(820)	(863)	416	(1,280)	(307.3%)
Income taxes payable	(8)	(8)	(8)	(8)	(8)	7	(14)	(216.1%)
<b>Total Current Liabilities</b>	<b>1,257</b>	<b>1,257</b>	<b>1,080</b>	<b>750</b>	<b>562</b>	<b>2,196</b>	<b>(1,634)</b>	<b>(74.4%)</b>
<b>Long-term liabilities</b>								
Other non-current liabilities	9,761	9,761	10,000	9,872	9,965	7,521	2,444	32.5%
<b>Total Long-Term Liabilities</b>	<b>9,761</b>	<b>9,761</b>	<b>10,000</b>	<b>9,872</b>	<b>9,965</b>	<b>7,521</b>	<b>2,444</b>	<b>32.5%</b>
<b>Total Liabilities</b>	<b>11,018</b>	<b>11,018</b>	<b>11,080</b>	<b>10,622</b>	<b>10,527</b>	<b>9,717</b>	<b>810</b>	<b>8.3%</b>
<b>Shareholders' Equity</b>								
Common stock	21,900	21,900	21,900	21,900	21,900	21,900	—	0.0%
Retained earnings	2,193	2,193	2,146	3,039	3,457	2,396	1,061	44.3%
<b>Total Shareholders' Equity</b>	<b>24,093</b>	<b>24,093</b>	<b>24,046</b>	<b>24,939</b>	<b>25,357</b>	<b>24,296</b>	<b>1,061</b>	<b>4.4%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 35,111</b>	<b>\$ 35,111</b>	<b>\$ 35,126</b>	<b>\$ 35,561</b>	<b>\$ 35,884</b>	<b>\$ 34,013</b>	<b>\$ 1,871</b>	<b>5.5%</b>



# Financial Matters | Delaney Cash Flow Statement



\$'000	YTD		Variance		PY YTD	Variance	
	Act	Bud	\$	%	Act	\$	%
<b>Cash flow from operations</b>							
Net Income (Loss)	\$ 1,264	\$ 727	\$ 537	73.8%	\$ 331	\$ 933	282.0%
Depreciation, amortization and other	571	807	(236)	(29.2%)	779	(208)	(26.7%)
<i>Change in operating assets and liabilities:</i>							
Accounts receivable	(808)	(515)	(293)	56.9%	(626)	(182)	29.1%
Inventory	635	731	(96)	(13.2%)	(281)	916	(326.0%)
Prepaid expenses and other current assets	53	8	45	525.3%	(20)	73	(367.5%)
Accounts payable	(122)	357	(479)	(134.2%)	(336)	214	(63.6%)
Accrued expenses	(120)	(259)	139	(53.7%)	(67)	(53)	78.1%
Accrued income taxes	—	14	(14)	(100.0%)	(8)	8	(100.0%)
Other changes in operating assets and liabilities	(249)	(1,441)	1,192	(82.7%)	(17)	(232)	1338.7%
<b>Total Cash Flow from Operations</b>	<b>\$ 1,224</b>	<b>\$ 430</b>	<b>\$ 794</b>	<b>184.6%</b>	<b>\$ (245)</b>	<b>\$ 1,469</b>	<b>(599.2%)</b>
<b>Cash flow from investing</b>							
Additions to property, plant and equipment	\$ (45)	\$ (75)	\$ 30	(39.9%)	\$ (97)	\$ 52	(53.7%)
<b>Total Cash Flow from Investing</b>	<b>\$ (45)</b>	<b>\$ (75)</b>	<b>\$ 30</b>	<b>(39.9%)</b>	<b>\$ (97)</b>	<b>\$ 52</b>	<b>(53.7%)</b>
<b>Cash flow from financing</b>							
Common stock issued (repurchased)	—	—	—	N/A	—	—	N/A
Other cash flow from financing costs	(0)	(524)	524	(100.0%)	194	(194)	(100.0%)
<b>Total Cash Flow from Financing</b>	<b>\$ (0)</b>	<b>\$ (524)</b>	<b>\$ 524</b>	<b>(100.0%)</b>	<b>\$ 194</b>	<b>\$ (194)</b>	<b>(100.0%)</b>
<b>Net change in cash</b>	<b>\$ 1,178</b>	<b>\$ (169)</b>	<b>\$ 1,348</b>	<b>(796.0%)</b>	<b>\$ (149)</b>	<b>\$ 1,327</b>	<b>(891.0%)</b>
Beginning cash	669	669	—	0.0%	325	344	106.0%
Change in cash	1,178	(169)	1,348	(796.0%)	(149)	1,327	(891.0%)
<b>Ending cash</b>	<b>\$ 1,848</b>	<b>\$ 500</b>	<b>\$ 1,348</b>	<b>269.5%</b>	<b>\$ 176</b>	<b>\$ 1,672</b>	<b>950.5%</b>



# Financial Matters | Delaney 13-Week Cash Flow Projection **DELANEY®**

In US\$	Forecast 4/20	Forecast 4/27	Forecast 5/4	Forecast 5/11	Forecast 5/18	Forecast 5/25	Forecast 6/1	Forecast 6/8	Forecast 6/15	Forecast 6/22	Forecast 6/29	Forecast 7/6	Forecast 7/13
<b>Cash Inflows - Operational</b>													
Collections from customers (Actual)													
Collections from customers based on projected aging (Forecast)	187	232	206	1,273	218	342	211	123	3	-	-	-	-
Collections from new forecasted sales	-	-	-	369	688	246	246	121	724	676	241	241	121
<b>Total AR Collections</b>	187	232	206	1,642	906	588	456	244	727	676	241	241	121
Other non-AR inflows													
<b>Total Cash Inflows - Operational</b>	187	232	206	1,642	906	588	456	244	727	676	241	241	121
<b>Cash Outflows - Operational</b>													
Product inventory (SAP AP)	(381)	(453)	(341)	(373)	(10)	(516)	(210)	(638)	(325)	(184)	(8)	(454)	(258)
Payroll	(130)	-	(197)	-	(130)	-	(170)	-	(130)	-	(170)	-	(130)
Commissions	-	-	-	(155)	-	-	-	-	(155)	-	-	-	(155)
Bonus													
Facilities & other (Freight)	(250)	(90)	(57)	(50)	(50)	(250)	(90)	(57)	(50)	(250)	(90)	(57)	(50)
Professional services	(5)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Marketing													
Recruiter fees													
Other expenses (Insurance, TSA, CC)	-	(17)	-	-	-	(18)	-	-	-	-	-	-	-
<b>Total Cash Outflows - Operational</b>	(765)	(563)	(598)	(581)	(193)	(787)	(473)	(698)	(663)	(437)	(271)	(514)	(596)
<b>Cashflows - Financial and Other</b>													
Revolving Loan Draw (Paydown)													
Term Loan paydowns													
Interest and financial amortization													
Other financial income/expense (e.g. fx, hedging)													
Non-financial income/expense													
Estimated Tax Payments													
Monitoring fees (including travel expenses)													
Non-recurring items													
<b>Total Cash Outflows - Financial and Other</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL CASH FLOW</b>	(578)	(331)	(392)	1,061	713	(199)	(17)	(454)	64	238	(29)	(273)	(475)
<b>Cash Rollforward</b>													
Beginning cash balance	2,822	2,244	1,913	1,521	2,581	3,294	3,096	3,079	2,625	2,689	2,927	2,897	2,625
Cash activity	(578)	(331)	(392)	1,061	713	(199)	(17)	(454)	64	238	(29)	(273)	(475)
<b>ENDING CASH BALANCE</b>	2,244	1,913	1,521	2,581	3,294	3,096	3,079	2,625	2,689	2,927	2,897	2,625	2,150
<b>Debt Summary</b>													
Rolled debt													
Credit facility													
<b>TOTAL DEBT</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL NET DEBT</b>	(2,244)	(1,913)	(1,521)	(2,581)	(3,294)	(3,096)	(3,079)	(2,625)	(2,689)	(2,927)	(2,897)	(2,625)	(2,150)
<b>AVAILABILITY</b>													

# Financial Matters| Premier Summary P&L - MTD



\$'000	MTD		Variance		PY MTD	Variance	
	Act	Bud	\$	%	Act	\$	%
<b>Net Revenue</b>	<b>1,560</b>	<b>1,509</b>	<b>52</b>	<b>3.4%</b>	<b>1,430</b>	<b>130</b>	<b>9.1%</b>
Material	614	654	(40)	(6.2%)	619	(5)	(0.8%)
Labor	326	344	(18)	(5.2%)	302	24	8.1%
Other COGS	17	33	(16)	(48.2%)	24	(6)	(26.8%)
<b>Total COGS</b>	<b>957</b>	<b>1,032</b>	<b>(74)</b>	<b>(7.2%)</b>	<b>944</b>	<b>13</b>	<b>1.4%</b>
<b>Gross Margin</b>	<b>603</b>	<b>477</b>	<b>126</b>	<b>26.4%</b>	<b>486</b>	<b>117</b>	<b>24.1%</b>
<i>Gross Margin %</i>	<i>38.6%</i>	<i>31.6%</i>			<i>34.0%</i>		
Sales & Marketing	78	52	26	50.2%	63	15	23.7%
Administrative	122	147	(25)	(17.2%)	103	19	18.3%
<b>Total Opex</b>	<b>200</b>	<b>199</b>	<b>1</b>	<b>0.4%</b>	<b>166</b>	<b>34</b>	<b>20.4%</b>
<b>EBITDA</b>	<b>403</b>	<b>278</b>	<b>125</b>	<b>45.0%</b>	<b>320</b>	<b>83</b>	<b>26.0%</b>
<i>EBITDA %</i>	<i>25.8%</i>	<i>18.4%</i>			<i>22.4%</i>		
<b>Adj. EBITDA</b>	<b>403</b>	<b>278</b>	<b>125</b>	<b>45.0%</b>	<b>320</b>	<b>83</b>	<b>26.0%</b>
<i>Adj. EBITDA %</i>	<i>25.8%</i>	<i>18.4%</i>			<i>22.4%</i>		
<b>Net Income (Loss)</b>	<b>\$ 391</b>	<b>\$ 118</b>	<b>\$ 273</b>	<b>230.6%</b>	<b>\$ 249</b>	<b>\$ 141</b>	<b>56.7%</b>

## Management Discussion

- March net revenue up \$52k to AOP and \$130k to PY. Versus AOP: Distributor up \$86k, Cash up \$4k, OEM down \$19k, and Pre-Assembled down (\$16k). Versus PY: Distributor up \$174k, OEM up \$7k, Cash down (\$9k), and Pre-Assembled down (\$37k).
- Gross Margins favorable to AOP and PY as percent of sales largely favorable steel pricing but also labor efficiency and productivity.
- OpEx flat to AOP and up \$34k to PY driven by payroll/merit increases.
- Adjusted EBITDA up \$125k to AOP and up \$83k to PY

# Financial Matters| Premier Summary P&L - YTD



\$'000	YTD		Var		PY YTD	Variance	
	Act	Bud	\$	%	Act	\$	%
<b>Net Revenue</b>	<b>4,990</b>	<b>4,642</b>	<b>348</b>	<b>7.5%</b>	<b>4,396</b>	<b>594</b>	<b>13.5%</b>
Material	2,012	2,011	1	0.1%	1,951	61	3.1%
Labor	1,024	1,019	5	0.5%	931	93	10.0%
Other COGS	25	99	(73)	(74.3%)	99	(73)	(74.3%)
<b>Total COGS</b>	<b>3,062</b>	<b>3,129</b>	<b>(67)</b>	<b>(2.1%)</b>	<b>2,981</b>	<b>81</b>	<b>2.7%</b>
<b>Gross Margin</b>	<b>1,928</b>	<b>1,513</b>	<b>415</b>	<b>27.4%</b>	<b>1,415</b>	<b>514</b>	<b>36.3%</b>
<i>Gross Margin %</i>	<i>38.6%</i>	<i>32.6%</i>			<i>32.2%</i>		
Sales & Marketing	239	156	83	53.1%	192	47	24.7%
Administrative	382	425	(43)	(10.2%)	326	56	17.1%
<b>Total Opex</b>	<b>621</b>	<b>581</b>	<b>40</b>	<b>6.8%</b>	<b>518</b>	<b>103</b>	<b>19.9%</b>
<b>EBITDA</b>	<b>1,307</b>	<b>932</b>	<b>375</b>	<b>40.3%</b>	<b>897</b>	<b>410</b>	<b>45.8%</b>
<i>EBITDA %</i>	<i>26.2%</i>	<i>20.1%</i>			<i>20.4%</i>		
<b>Adj. EBITDA</b>	<b>1,310</b>	<b>932</b>	<b>378</b>	<b>40.6%</b>	<b>897</b>	<b>413</b>	<b>46.1%</b>
<i>Adj. EBITDA %</i>	<i>26.3%</i>	<i>20.1%</i>			<i>20.4%</i>		
<b>Net Income (Loss)</b>	<b>\$ 1,271</b>	<b>\$ 512</b>	<b>\$ 759</b>	<b>148.3%</b>	<b>\$ 686</b>	<b>\$ 585</b>	<b>85.3%</b>

## Management Discussion

### Budget

- YTD March net revenue up \$348k to AOP and \$594k to PY. Versus AOP: Distributor up \$57k, Cash up \$12k, OEM up \$287k, and Pre-Assembled down (\$6k). Versus PY: Distributor up \$366k, OEM up \$271k, Cash down (\$10k), and Pre-Assembled down (\$30k).
- Gross Margins favorable to AOP and PY as percent of sales largely favorable steel pricing but also labor efficiency and productivity.
- OpEx up \$40k to AOP and up \$103k to PY driven by payroll/merit increases.
- Adjusted EBITDA up \$378k to AOP and up \$413k to PY

# Financial Matters | Premier CoGS by Component



\$'000	MTD		Var		YTD		Var	
	Act	Bud	\$	%	Act	Bud	\$	%
<b>Material</b>								
Material costs at standard	\$ 590	\$ 654	\$ (65)	(9.9%)	\$ 1,949	\$ 2,011	\$ (61)	(3.1%)
Freight in	13	–	13	N/A	26	–	26	N/A
Scrap costs	12	–	12	N/A	37	–	37	N/A
<b>Total Material COGS</b>	<b>\$ 614</b>	<b>\$ 654</b>	<b>\$ (40)</b>	<b>(6.2%)</b>	<b>\$ 2,012</b>	<b>\$ 2,011</b>	<b>\$ 1</b>	<b>0.1%</b>
<b>Labor</b>								
Direct labor	\$ 191	\$ 198	\$ (7)	(3.5%)	\$ 599	\$ 575	\$ 24	4.2%
Direct labor - bonus	4	–	4	N/A	11	–	11	N/A
Direct labor - overtime	25	30	(5)	(17.0%)	97	101	(4)	(3.6%)
Indirect labor	85	29	57	198.3%	252	83	169	203.6%
Indirect labor – bonus	6	–	6	N/A	19	–	19	N/A
Indirect labor - overtime	3	3	(1)	(17.2%)	9	10	(0)	(3.7%)
Indirect labor – benefits	12	84	(72)	(85.5%)	36	251	(214)	(85.6%)
<b>Total Labor COGS</b>	<b>\$ 326</b>	<b>\$ 344</b>	<b>\$ (18)</b>	<b>(5.2%)</b>	<b>\$ 1,024</b>	<b>\$ 1,019</b>	<b>\$ 5</b>	<b>0.5%</b>
<b>Other</b>								
Repairs and maintenance	\$ 4	\$ 10	\$ (5)	(54.8%)	\$ 63	\$ 30	\$ 33	112.5%
Absorption	(199)	(157)	(42)	27.1%	(618)	(470)	(148)	31.5%
Freight out	(14)	(18)	4	(20.7%)	(58)	(54)	(4)	8.0%
Rent / facilities	39	34	5	15.9%	106	101	5	4.9%
Utilities	19	20	(2)	(7.6%)	57	61	(4)	(6.5%)
Other cost of sales	168	144	24	16.9%	476	431	45	10.4%
<b>Total Other COGS</b>	<b>\$ 17</b>	<b>\$ 33</b>	<b>\$ (16)</b>	<b>(48.2%)</b>	<b>\$ 25</b>	<b>\$ 99</b>	<b>\$ (73)</b>	<b>(74.3%)</b>
<b>Total COGS</b>	<b>\$ 957</b>	<b>\$ 1,032</b>	<b>\$ (74)</b>	<b>(59.6%)</b>	<b>\$ 3,062</b>	<b>\$ 3,129</b>	<b>\$ (67)</b>	<b>(73.8%)</b>

# Financial Matters | Premier Balance Sheet

\$'000	Dec-19	Dec-19	Jan-20	Feb-20	Mar-20		Variance	
	Act	Act	Act	Act	Act	Bud	\$	%
<b>Current Assets</b>								
Cash and cash equivalents	\$ 309	\$ 309	\$ 482	\$ (14)	\$ 630	\$ 300	\$ 330	110.1%
Accounts receivable, net	1,731	1,731	1,969	1,963	1,346	1,723	(376)	(21.8%)
Inventory, gross	3,060	3,060	3,230	3,359	3,433	3,310	123	3.7%
Inventory, reserves	(177)	(177)	(177)	(177)	(177)	(177)	—	0.0%
Inventory, net	2,883	2,883	3,053	3,182	3,256	3,133	123	3.9%
Prepaid expenses and other current assets	44	44	124	90	98	44	53	120.4%
<b>Total Current Assets</b>	<b>4,968</b>	<b>4,968</b>	<b>5,628</b>	<b>5,222</b>	<b>5,330</b>	<b>5,200</b>	<b>130</b>	<b>2.5%</b>
<b>Non-Current Assets</b>								
Property, plant & equipment, gross	1,010	1,010	1,010	1,054	1,054	1,123	(69)	(6.1%)
Accumulated depreciation	(189)	(189)	(201)	(213)	(226)	(227)	1	(0.6%)
Property, plant & equipment, net	821	821	809	841	829	896	(67)	(7.5%)
Goodwill	5,860	5,860	5,860	5,860	5,860	5,673	187	3.3%
<b>Total Non-Current Assets</b>	<b>6,681</b>	<b>6,681</b>	<b>6,669</b>	<b>6,701</b>	<b>6,688</b>	<b>6,569</b>	<b>120</b>	<b>1.8%</b>
<b>Total Assets</b>	<b>\$ 11,649</b>	<b>\$ 11,649</b>	<b>\$ 12,296</b>	<b>\$ 11,923</b>	<b>\$ 12,018</b>	<b>\$ 11,768</b>	<b>\$ 250</b>	<b>2.1%</b>
<b>Current Liabilities</b>								
Accounts payable	345	345	100	681	524	758	(233)	(30.8%)
Accrued liabilities	268	268	715	155	164	273	(109)	(40.0%)
Accrued compensation	366	366	125	173	129	96	33	34.1%
Income taxes payable	877	877	877	877	877	627	250	40.0%
<b>Total Current Liabilities</b>	<b>1,856</b>	<b>1,856</b>	<b>1,817</b>	<b>1,885</b>	<b>1,695</b>	<b>1,754</b>	<b>(59)</b>	<b>(3.4%)</b>
<b>Long-term liabilities</b>								
Capital lease	71	71	67	64	60	—	60	N/A
Deferred income taxes	(250)	(250)	(250)	(250)	(250)	—	(250)	N/A
Other non-current liabilities	(5,874)	(5,874)	(5,630)	(6,502)	(6,603)	(6,344)	(259)	4.1%
<b>Total Long-Term Liabilities</b>	<b>(6,054)</b>	<b>(6,054)</b>	<b>(5,814)</b>	<b>(6,689)</b>	<b>(6,794)</b>	<b>(6,344)</b>	<b>(450)</b>	<b>7.1%</b>
<b>Total Liabilities</b>	<b>(4,198)</b>	<b>(4,198)</b>	<b>(3,997)</b>	<b>(4,804)</b>	<b>(5,099)</b>	<b>(4,590)</b>	<b>(509)</b>	<b>11.1%</b>
<b>Shareholders' Equity</b>								
Common stock	—	—	—	—	—	10,597	(10,597)	(100.0%)
Retained earnings	5,250	5,250	5,696	6,130	6,521	5,762	759	13.2%
Other equity transactions	10,597	10,597	10,597	10,597	10,597	—	10,597	N/A
<b>Total Shareholders' Equity</b>	<b>15,847</b>	<b>15,847</b>	<b>16,293</b>	<b>16,727</b>	<b>17,118</b>	<b>16,359</b>	<b>759</b>	<b>4.6%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 11,649</b>	<b>\$ 11,649</b>	<b>\$ 12,296</b>	<b>\$ 11,923</b>	<b>\$ 12,018</b>	<b>\$ 11,768</b>	<b>\$ 250</b>	<b>2.1%</b>

# Financial Matters | Premier Cash Flow Statement



\$'000	YTD		Variance		PY YTD	Variance	
	Act	Bud	\$	%	Act	\$	%
<b>Cash flow from operations</b>							
Net Income (Loss)	\$ 1,271	\$ 512	\$ 759	148.3%	\$ 686	\$ 585	85.3%
Depreciation, amortization and other	37	225	(188)	(83.6%)	211	(174)	(82.5%)
<i>Change in operating assets and liabilities:</i>							
Accounts receivable	385	9	376	4295.7%	(179)	564	(314.6%)
Inventory	(373)	(250)	(123)	49.3%	(164)	(209)	127.4%
Prepaid expenses and other current assets	(53)	(0)	(53)	267269800.1%	(78)	24	(31.4%)
Accounts payable	180	413	(233)	(56.5%)	584	(405)	(69.3%)
Accrued expenses	(105)	5	(109)	(2312.6%)	(92)	(13)	14.3%
Accrued income taxes	—	(250)	250	(100.0%)	—	—	N/A
Other changes in operating assets and liabilities	(976)	(560)	(417)	74.5%	(842)	(134)	15.9%
<b>Total Cash Flow from Operations</b>	<b>\$ 365</b>	<b>\$ 104</b>	<b>\$ 262</b>	<b>252.5%</b>	<b>\$ 126</b>	<b>\$ 239</b>	<b>190.5%</b>
<b>Cash flow from investing</b>							
Additions to property, plant and equipment	\$ (44)	\$ (113)	\$ 69	(60.8%)	\$ (51)	\$ 6	(12.4%)
<b>Total Cash Flow from Investing</b>	<b>\$ (44)</b>	<b>\$ (113)</b>	<b>\$ 69</b>	<b>(60.8%)</b>	<b>\$ (51)</b>	<b>\$ 6</b>	<b>(12.4%)</b>
<b>Cash flow from financing</b>							
Common stock issued (repurchased)	—	10,597	(10,597)	(100.0%)	—	—	N/A
Other cash flow from financing costs	(0)	(10,597)	10,597	(100.0%)	(68)	68	(100.0%)
<b>Total Cash Flow from Financing</b>	<b>\$ (0)</b>	<b>\$ (0)</b>	<b>\$ 0</b>	<b>(100.0%)</b>	<b>\$ (68)</b>	<b>\$ 68</b>	<b>(100.0%)</b>
<b>Net change in cash</b>	<b>\$ 321</b>	<b>\$ (9)</b>	<b>\$ 330</b>	<b>(3499.6%)</b>	<b>\$ 7</b>	<b>\$ 314</b>	<b>4707.4%</b>
Beginning cash	309	309	—	0.0%	11	298	2719.7%
Change in cash	321	(9)	330	(3499.6%)	7	314	4707.4%
<b>Ending cash</b>	<b>\$ 630</b>	<b>\$ 300</b>	<b>\$ 330</b>	<b>110.1%</b>	<b>\$ 18</b>	<b>\$ 613</b>	<b>3471.4%</b>

# Financial Matters | Premier 13-Week Cash Flow Projection



In US\$	Forecast 4/20	Forecast 4/27	Forecast 5/4	Forecast 5/11	Forecast 5/18	Forecast 5/25	Forecast 6/1	Forecast 6/8	Forecast 6/15	Forecast 6/22	Forecast 6/29	Forecast 7/6	Forecast 7/13
<b>Cash Inflows - Operational</b>													
Collections from customers (Actual)													
Collections from customers based on projected aging (Forecast)	340	388	419	226	-	-	-	-	-	-	-	-	-
Collections from new forecasted sales	-	-	-	-	353	283	460	460	460	460	428	407	407
<b>Total AR Collections</b>	340	388	419	226	353	283	460	460	460	460	428	407	407
Other non-AR inflows													
<b>Total Cash Inflows - Operational</b>	340	388	419	226	353	283	460	460	460	460	428	407	407
<b>Cash Outflows - Operational</b>													
Product inventory (SAP AP)	(220)	-	(350)	-	(350)	-	(350)	-	(350)	-	(350)	-	(350)
Payroll	(30)	(85)	(30)	(85)	(30)	(85)	(30)	(30)	(85)	(30)	(85)	(30)	(85)
Commissions													
Bonus													
Facilities & other (Freight)	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional services	-	-	-	-	-	-	-	-	-	-	-	-	-
Marketing													
Recruiter fees													
Other expenses (Insurance, TSA, CC)	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Outflows - Operational</b>	(250)	(85)	(380)	(85)	(380)	(85)	(380)	(30)	(435)	(30)	(435)	(30)	(435)
<b>Cashflows - Financial and Other</b>													
Revolving Loan Draw (Paydown)													
Term Loan paydowns													
Interest and financial amortization													
Other financial income/expense (e.g. fx, hedging)													
Non-financial income/expense													
Estimated Tax Payments													
Monitoring fees (including travel expenses)													
Non-recurring items													
<b>Total Cash Outflows - Financial and Other</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL CASH FLOW</b>	90	303	39	141	(27)	198	80	430	25	430	(7)	377	(28)
<b>Cash Rollforward</b>													
Beginning cash balance	780	870	1,173	1,212	1,353	1,326	1,524	1,604	2,035	2,060	2,490	2,483	2,860
Cash activity	90	303	39	141	(27)	198	80	430	25	430	(7)	377	(28)
<b>ENDING CASH BALANCE</b>	870	1,173	1,212	1,353	1,326	1,524	1,604	2,035	2,060	2,490	2,483	2,860	2,832
<b>Debt Summary</b>													
Rolled debt													
Credit facility													
<b>TOTAL DEBT</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL NET DEBT</b>	(870)	(1,173)	(1,212)	(1,353)	(1,326)	(1,524)	(1,604)	(2,035)	(2,060)	(2,490)	(2,483)	(2,860)	(2,832)
<b>AVAILABILITY</b>													



# Q1 2020 Financial Review Meeting Agenda

- ④ Summary
- ④ Controllership Matters
- ④ Financial Matters
- ④ Special Topics and Executive Session
- ④ Appendix

## Special Topics and Executive Session

**Nothing to Report at this Time**

# Q1 2020 Financial Review Meeting Agenda

- ➔ Summary
- ➔ Controllershship Matters
- ➔ Financial Matters
- ➔ Special Topics and Executive Session
- ➔ Appendix