



SARGENT AND GREENLEAF

2019 Monthly Operating Review— November 2019

December 18th, 2019

November 2019 Operating Review Meeting Agenda

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



SARGENT AND GREENLEAF

Executive Summary | Overview

November revenues of \$3.1M, unfavorable to revised Standalone AOP (budget) (\$0.6M)/(15%), favorable to PY \$0.3M/10%

- Favorable, Government padlocks \$0.2M
- Favorable, APAC \$0.3M/18%; TK
- Unfavorable, NA (\$0.7M)/(46%)
 - OEM: Diebold (\$0.1M), Hamilton Safe (\$0.1M), Holocom (\$0.1M), Skilcraft (\$0.1M)
 - Distributors: Southern Lock/Silver Sales (\$0.1M), Anixter (\$0.1M), KDL (\$0.1M)
 - Other: Brinks Canada (\$0.1M)
- Unfavorable, LAG (\$0.2M)/(64%); American Locks (\$0.1M), International Latino American (\$0.1M)
- Unfavorable, EMEA (\$0.2M)/(32%); Sanid (\$0.1M), Badger, MB Safety, Safe & Vault and Bode Panzer for a combined (\$0.1M)

YTD revenues of \$40.4M, unfavorable to budget by (\$4.3M)/(10%), unfavorable to PY (\$0.4M)/(1%)

- Favorable to Budget, APAC by \$0.9M/7%
 - India Favorable to PY \$1.3M/23%, driven by A-Series orders to the ATM market
- Budget met, EMEA
- Unfavorable to Budget, NA by (\$4.8M)/(25.0%)
 - OEM: Liberty (\$0.7M), Diebold (\$0.7M), Genmega (\$0.3M), Global File (\$0.3M), Hamilton Safe (\$0.2M), Fort Knox (\$0.1M)
 - Distributors: Southern Lock/Silver Sales (\$0.5M), Anixter (\$0.4M)
 - CIT: Hitachi (\$0.3M)
 - ATM Deployers: 247 ATM Providers (\$0.1M), Worldwide ATM (\$0.1M)
 - Government: Krieger (\$0.2M), Will Burt (\$0.1M)
- Unfavorable to Budget, LAG by (\$0.6M)/(22.0%) driven by decline in Sales to American Locks (distributor) and Cogar (Cash in Transit)

Executive Summary | Overview (continued)

Hits

- Revenue favorable to PY by \$0.3M
- Favorable Opex by \$0.2M versus November budget related to timing of strategic initiative expense and IT carve-out expense. Full year Opex projected to be \$1.9M favorable to full year budget.
- Design freeze of new network capable modular digital platform with display and keypad
 - Third-party resource providing new product scoping and alternative for reliable manufacturing sourcing
 - Multiple paths for offshore manufacturing and assembly under consideration, contingency plans for sourcing and supply
 - OGx software development for apps and locking management systems on pace

Misses

- (\$0.5M) of orders not shipped in inventory on the dock
 - (\$0.1M) customer payments not received for credit holds – investigate finance solutions to offer customers for locking system assets
 - (\$0.2M) customers defer pick-up logistics out to December – consider change in freight terms to favor S&G arrangements
 - (\$0.1M) component shortages, unable to complete orders
- Backlog decline of (\$0.4M) from previous month
- Bookings unfavorable to PY period (\$0.1M)
- Bookings unfavorable to prior equivalent month on a 4-week period (\$0.5M)



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Executive Summary | Overview (continued)

Key Go-Forward Actions

- Sales: Align expectations and drive performance
 - Assess regional team and individual performances → Deploy on corrective actions → Assess outcomes
 - Replacement in process - EMEA BDM performance assessment and improvement plan outcome results poor
 - Replacement in process - APAC BDM performance assessment and improvement plan outcome results poor
 - Begin NA sales representative performance assessment and improvement plan - current results are poor
 - Recruiting for NA Sales Director
 - Smart Ventures support of pricing strategy and value added product positioning
 - **Execute global sales initiatives – processes to be presented by Matt Williams, VP of Sales, on presentation pages 25 - 29**
- Marketing: Refreshed brand and messaging rollout
 - Brand properties, including logo redesign, introduce to market Q1
 - Brand aspirations and vision statement in final stages of development
 - Keypad design concept and other new products engage in VoC, white paper, social media blasts...etc.
- Engineering: Execute to the defined New Product Development Pipeline and Sustained Projects
 - Develop an configurable (Base – Biometric – Network Enabled) digital product platform
 - Design/sourcing/production → quality/reliability/value), third party contractor to deliver on manufacturing sourcing
 - RFQs to drive sustained engineering opportunities – evaluate on return on investment
- Operations: Leverage capabilities and capacities
 - Fill key positions or engage outside resources: Customer Relationship Director, Marketing Design Specialists, and Trainer and Technical Writer
 - **Product quality & reliability roadmap – early observations to be delivered by Don Cinnamond, Quality Manager, on presentation pages 8 - 11**



Executive Summary | Overview (continued)

Opportunities

Description	Potential Impact	Plan to Address
<ul style="list-style-type: none"> EMEA: Partnership with (OEM) Diebold Nixdorf sales team 	<ul style="list-style-type: none"> 1,000 ATMs to Privatbank contract scheduled to the year 2020 Negotiation on 850 ATMs project for UkrSibbank to be supplied with ASWD locks 2 potential projects in Kazakhstan Gradual swap of Cencon locks in Halyk bank Kazakhstan 	<ul style="list-style-type: none"> Approach DN partners with opportunity to select ASWD lock with the new ATM configuration Joint marketing activities Meeting DN sales team in the region to approach new customers
<ul style="list-style-type: none"> EMEA: Penetrating the German market with ASWD 	<ul style="list-style-type: none"> \$700K+ 	<ul style="list-style-type: none"> Postbank lock specification for whole Germany in progress Participation on Cashcon on Jan 3029-202 has been added to DN portfolio DN DACH sales have been informed about the CEN IV lock
<ul style="list-style-type: none"> LAG/EMEA: Prosegur (CIT) security breach 	<ul style="list-style-type: none"> Could partner globally for one lock solution for all their ATM's and Cash Machine applications worldwide \$20K- Atlas should be receiving 50 ATMs from Prosegur and they will be using ASWDs on these ATMs. \$15K- Proval/Prosegur needs 40 locks for Honduras operation 	<ul style="list-style-type: none"> Visiting Madrid HQ and introducing ASWD Follow up with head of global purchasing Proyel has quoted the product to Atlas. All ASWD testes performed and LMS has been upgraded to latest version.
<ul style="list-style-type: none"> LAG: GSI individual CIT business units might be given the task of ordering S&G locks directly. 	<ul style="list-style-type: none"> \$2.5 M in a period of 5 years 	<ul style="list-style-type: none"> We would prefer to deal with Cogar and not the individual CITs. A presentation has been given to GSI about the value that Cogar brings to the entire logistics process. (import, warranties, credit, etc.)
<ul style="list-style-type: none"> LAG: Hermes/Brinks Peru agreed to testing the ASWD. They purchased 500 A Series 15 years ago and due to keypad problems decided to move back to Cencon. 	<ul style="list-style-type: none"> ASWD - \$68 K 	<ul style="list-style-type: none"> Pilot scheduled for January Request ASWD samples after Hermes defines the lock model needed. Soft Landing will receive training during my visit in January
<ul style="list-style-type: none"> NA: MegaMet, OEM, 2890 Door Package 	<ul style="list-style-type: none"> \$50k Initial Stocking package Q1 '20 	<ul style="list-style-type: none"> Meeting with MegaMet President and leadership. Internal discussion and approval to move forward. Drive initial stocking package with MegaMet.



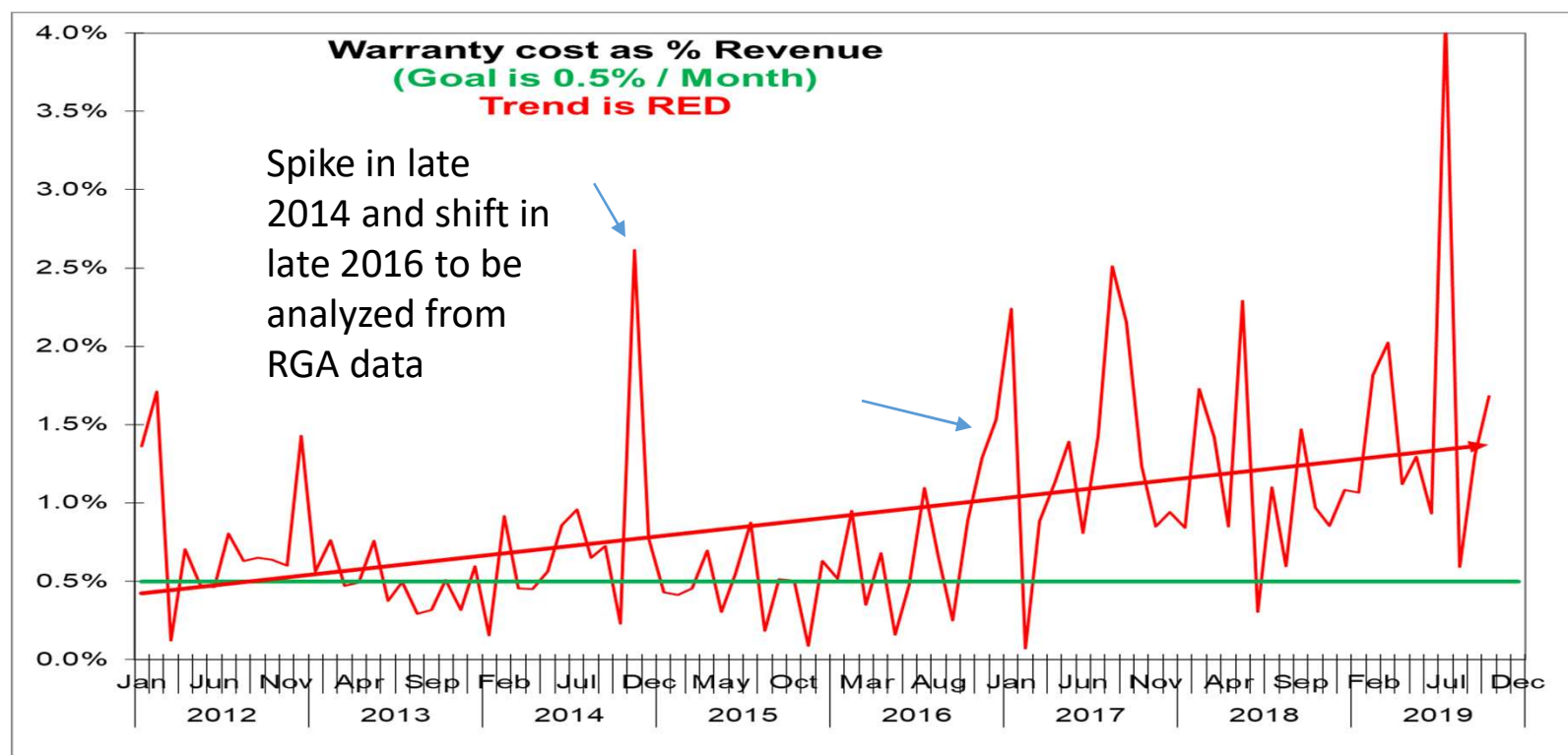
Executive Summary | Overview (continued)

Risks

Description	Potential Impact	Plan to Address
<ul style="list-style-type: none"> EMEA: Continuous quality issues on multiple product range and lack of rigorous RGA analysis and actions communicated back to sales/customer on the root cause and problem resolution. i.e. Polital (8550/8560), Format (FAS), Gunnebo (ASWD), Assa (AL2.0), Alan Redd (Titan) Global: Software support is insufficient 	<ul style="list-style-type: none"> Erosion of the brand Potential loss of margin, drilling and other cost reimbursements, further price negotiation for new business Potential loss of customers Customers who purchased our LMS solution are often struggling to get software support 	<ul style="list-style-type: none"> Need Nicholasville to communicate on RGA analysis to BDM-s in a structured way Open and preferably proactive communication on potential quality problems 24hr action plan creation on priority items Need a more formalized/accountable approach to addressing customer support for software
<ul style="list-style-type: none"> APAC: Trade War affecting China gun safe manufacturing with shift in production to Vietnam 	<ul style="list-style-type: none"> Expecting potential (\$0.5M) to (\$1M) impact from TSI, ProSteel, Tiger-King and Apiu 	<ul style="list-style-type: none"> Address new channels for Vietnam market so the production shift is not lost NA:
<ul style="list-style-type: none"> NA: MPP Locks Quality Concerns continue to be a problem with locks delivered after rework solutions and engineering changes. Locks from recent production Rhino reports they are still seeing defects 	<ul style="list-style-type: none"> The loss of the electronic business has impacted our sales performance The client is currently using competitive SecuRam 	<ul style="list-style-type: none"> Move this client to the Spartan Lock we will have to address some cost concerns the SecuRam product is priced below our Spartan package. Potential 2000 / 3000 Locks & Keypads in 2020
<ul style="list-style-type: none"> LAG: GSI individual CIT business units might be given the task of ordering S&G locks directly. 	<ul style="list-style-type: none"> \$2.5 M in a period of 5 years 	<ul style="list-style-type: none"> We would prefer to deal with Cogar and not the individual CITs. A presentation has been given to GSI about the value that Cogar brings to the entire logistics process. (import, warranties, credit, etc.)



Executive Summary | Quality Metrics (Nov notes below)



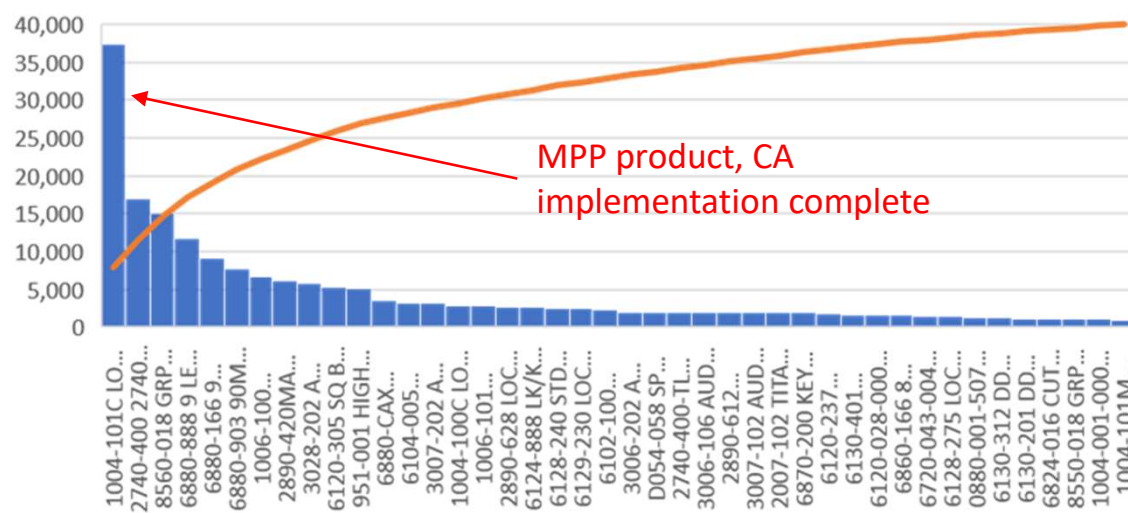
- Manufacturing disruption, from scheduling nonstandard build requirements to meet month-end revenue targets, generated conditions for poor quality. Revenue declines had put pressure on meeting targets at end of month on repetitive cycles.
 - Level load production for on-time and improved quality results
 - Eliminate cut-ins for pull ahead orders based on demand deficits
- Impact of supplier defects increases need for receiving inspection. S&G to gage and mandate improved quality processes at vendor manufacturing sites.
- Digital platform (3000 series) in current design is subject to battery drain as a result of registry errors in the firmware
 - New firmware has been developed and is in testing
 - Test fixtures redesigned to replicate field condition faults as recognized
 - Specialization of firmware per customer specific orders creates conditions requiring specific test equipment/plans



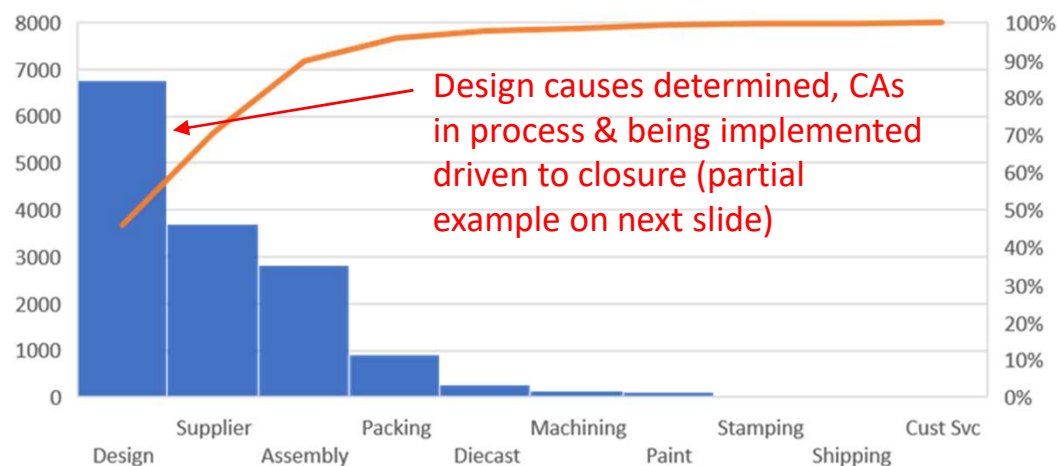
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Executive Summary | Quality Metrics

Direct Cost by Part Number 2019 YTD



Defect Piece Qty by Process 2019 YTD



Executive Summary | Driving Open Issues of Legacy Products



Legacy Quality Issues									
Complaint / Failure Mode	Product / Part #	Root cause	Feature	Function	Process	Corrective Action	Current Owner	Actions	Complete Date
Intermittent Operation	MPP / 1004	Design of lock case did not consider different orientations	Bolt movement	Bolt failed to move	Inspection did not include bolt down	A) Modified Lock Case - COMPLETE B) Will end of life this product, Continue testing to prepare for alternative offerings	Devon Ratliff	A) Lock case modification - COMPLETE B) Perform another design review to prepare for alternative offering	8/30/19 01/10/20
Premature battery drain	Digital Platform 2006, 3028, 6120	Design did not consider transaction time (milliseconds) for components to relay information	Operation	Lock failed to operate	Firmware original design testing	A) Firmware modification (being qualified, duplication of the defect was accomplished) B) Customer Service testing C) Release for shipping D) Perform CA and validate other digital products	Devon Ratliff Sean Stewart	A) Firmware change & test validation - COMPLETE B) Testing to duplicate error C) ASWD to begin shipping D) Other digital products testing and released for shipping as orders occur	11/22/19 12/04/19 12/06/19 Mult dates as orders occur
Lock loses date / time									
Battery Holder separates from PCB	2740	Design - holder for coin size battery not a good size	Operation	Lock failed to operate	Mechanical fit/forces original design testing	A) Battery holder redesign B) Submit for Gov't approval	Devon Ratliff	A) Redesign proposal selected B) Send proposal to Gov't C) Implement approved redesign	11/22/19 1/6/20 Depends on gov't approval
Bolt will not retract due to cross threading	Spring Bolt	Design - plastic nut gets cross threaded	Bolt movement	Bolt failed to move	Mechanical fit/forces original design testing	A) Design new version of the drive nut B) validation and qualification testing C) Launch new design	Devon Ratliff Patrick C	A) Complete new design lock which incorporates the improved drive nut - COMPLETE B) Determine cost/timing of new product launch (and obsolete the product with faulty	11/15/19 2/3/2020 (or launch earlier)
Plastic wheel warpage dragging in operation	8560	Design / Mfg.	Lock Opening	Lock fails to open	Supplier Injection Molding process	New plastic injection molding tools to eliminate "molded in" stress	D Cinnamon Greg Lainhart J Thompson	A) Check dims of other plastic part in the tool B) Improve the print to new data C) Submit RFQ (& gain approval) D) Modify the tool	12/5/19 12/11/19 12/19/19 2/14/2020
Asymmetrical cuts so only 1 orientation works	6880 keys	CNC fixturing not robust enough to handle changes in Supplied material	Key function to operate the lock	Key operates only 1 of 2 orientation	Key Cutting & Supplier Blank Forming (Changed from hot to cold forming)	A) Modified S&G fixture, B) Supplier to provide new key shaft tolerancing from changes made	Creag Sutton	A) Modify fixture for CNC cutting B) Improved drawing sent to Supplier Conf call to explain technical issues	12/11/19 12/11/19
Blue Dot Reader Will not read Dallas key	A-series Digital / Analog)	Spring Coil installed upside down at Supplier	Operation	Electronics will not operate	1) Supplier assembly 2) S&G Inspection	A) Supplier Development B) Implemented electronic test fixture - COMPLETE	Don Cinnamon	A) Send samples to supplier for CA	12/13/19
Domes collapse on the flat keypad	6120 - Analog Keypads	Undetermined	Operation	Electronics will not operate	Supplier assembly	Discuss with dome producer and ask for their expertise / help	Mike Rose	A) Contact Supplier to request expertise - COMPLETE B) Evaluate response from supplier and formulate a path or some ideas	12/6/19 12/13/19

Plan for Breakthrough Manufacturing Quality Improvement

ENGINEERING & NEW PRODUCTS:

- Complete the design improvements of legacy products already identified
- Develop & Improve the design FMEA, new product testing and new product manufacturing processes

EXISTING PRODUCTS & MANUFACTURING:

- Primary Focus (will initially reduce some production efficiencies as FG quality is increased) :
- Improve the First piece inspection process & tie it in together with the Stop-Call-Wait process and the correction of Inspection & Routings processes / documents
- Improve the Last piece inspection process including testing the product as the customer would use it
- Develop a final Inspection test procedure in QA to release lots of FG after being tested as they will be used by the customer

- Resources and timing needed to reduce warranty costs by 50%
 - No new resources would take 12 – 24 months
 - 4 additional engineers / technicians would take 6 – 12 months
 - 8 additional engineers / technicians would take 3 – 6 months



- Consistent regular review of Manufacturing data collected & Warranty data / trended with actions tracked; Plan-do-check-act cycle
- Dashboard the results of all projects implemented / Hold regular reviews with actions tracked; Plan-do-check-act cycle



Executive Summary | Key Wins and Losses

Key Wins

APAC

- Falcon – Malaysia – 1400 Combination Locks and 200 Audit2 in same month – net \$90K same month – 300% growth from 2018 YTD
- TK – Japan – 2k pieces 6128 for delivery to OKI in India market - \$440k
- Continued further business with NCR in the India market

EMEA

- Alfa Bank Belarus – 50 x 6128 locks for special deposit safes (2 locks per one safe).
- SLS Kazakhstan – distribution business started to grow in Kazakhstan. Second order came in this year.

LAG

- Cogar – Mexico (Dist) – 6128 order of \$430K – Organic CIT order
- Proyel (Dist) – ASWD sale to Atlas - \$20K
- American Locks (Dist) - Audit 2.0 for Western Union – (\$40K)

NA

- Lockmasters (Dist): \$179,366. Mostly 1,000 Qty government padlocks – 8077-102. Also, 6120, 6740, etc stocking orders.
- Prosteel (OEM): \$25,072. 6741, 1006 Spartans, 6120.
- Stanley Hydraulics (OEM) – 881, 883 stocking orders of \$65,843. They are a direct customer effective 06 2019 with S&G acquisition to Open Gate.
- Genmega (OEM) – 6128-247 order of \$46,000. Additional stocking order, still in overall decrease position from 2018 YTD due to two large purchases of 5,000 units each of the 2006-110 before price increase effective 04/18/18.

Key Losses

APAC

- Hanson – Korea (Dist) – Due to decline in Hyosung business held off \$100K order of Titan's
- PT Pacific – Indonesia (Dist) – Due to customer budget issues - \$85K
- Qingdao shift to use Securam due to poor performance by MPP

EMEA

- Privatbank Ukraine – due to quality problems with ASWD the 1000 locks order was postponed
- FUIB Ukraine – ASWD lock was blocked in the ATM during the pilot stage. Safe needs to be drilled. Pilot was put on pause. 850 locks project postponed

LAG




- American Locks- Argentina- (Dist) – \$50K E- lock business at Oliva won by Intergard. Pricing is the main reason. Intergard benefits from Mercosur

NA

- DLA Troop Support - \$30k, unable to flip LKM spec.



Executive Summary | 2019 Key Initiatives

Initiative	Status	Recent Progress	Next Steps	Risks
Establish globally consistent pricing strategy		<ul style="list-style-type: none"> • Transactional data, segmentation, mapping tables pulled and provided to Open Gate • Data evaluation being conducted internally and with Open Gate for normalizing pricing model • Review any further needs of 3rd party partners at smaller levels to meet initiative needs 	<ul style="list-style-type: none"> • Meeting week of 12/16 to determine next steps in regards to internal data analysis • Determine current view on need of 3rd party assistance partners and if needed, identify partners 	<ul style="list-style-type: none"> • Potential for instances of margin loss when applying a unified pricing model ➢ Anticipate aggregate upside ➢ Offset with premium list price and targeted discount
Launch refreshed brand and digital marketing presence (i.e. website)		<ul style="list-style-type: none"> • Logo updated to reduce risk in key markets (US, India, China) • Legal feedback received for top three markets; risk appears to be “manageable” • Website home page and subpage templates approved • Brand Rollout Strategy defined • Lifestyle photography strategy finalized 	<ul style="list-style-type: none"> • Webpages are being built based on approved concepts • Finalize website copy • Align products to newly identified verticals and incorporate into website • Review brand refresh timeline to determine optimal launch date that minimizes risk and optimizes return 	<ul style="list-style-type: none"> • Achieve objective while managing potential for scope creep and diminishing returns ➢ Prioritize on core and growth Market, Product & Region
Develop new industrial design aesthetic for existing and new products		<ul style="list-style-type: none"> • PQD International engaged as potential development and manufacturing partner • Mechanical design complete and tooling quotes received • Testing underway of fully functional demo user app. • PCBA schematic complete 	<ul style="list-style-type: none"> • Finalize scope and schedule for PQD design and manufacturing efforts • Kick-off tooling • Long lead-time component orders 	<ul style="list-style-type: none"> • Bandwidth to apply new design across new product pipeline and core product (i.e. Titan, Spartan) ➢ Consider contractor for application across core product



Complete



On-Schedule







At Risk



Behind



Executive Summary | 2019 Key Initiatives (continued)

Initiative	Status	Recent Progress	Next Steps	Risks
Improve instructions for electronic lock products		<ul style="list-style-type: none"> • Created rules for examination of instructions • Gathered instructions (10 sets) and started evaluation of content for quick start guides, consolidation opportunities 	<ul style="list-style-type: none"> • Verify content changes with Customer Service • Submit to Marketing for layout with Oornj • Add QR codes to new items for new keypad screen additions 	<ul style="list-style-type: none"> • Instructions are still hardcopies ➤ If lost, QR codes also lost
Modularize core product lines		<ul style="list-style-type: none"> • Requirements for integration of Digital Platform features / functions to new keypad in development • Architecture definition for modular locking mechanism in development 	<ul style="list-style-type: none"> • Define phase-out plan for historical keypad and locking mechanism SKU's • Define requirements for Tier 4 product offering to complement modular keypad & lock platform 	<ul style="list-style-type: none"> • Ensure modular design does not compromise performance and quality ➤ Leverage core product (Titan / Spartan) for modular platform
Develop new core products		<ul style="list-style-type: none"> • Business Case (ROC) models for 2020 products complete • Product development pipeline prioritized through 2020 • 2020 Product Roadmap updated to reflect product priority 	<ul style="list-style-type: none"> • Review emerging technology trends with assistance from OGx • Generate 2021 and beyond NPD Pipeline with ROC's and establish priorities 	<ul style="list-style-type: none"> • Effectual deployment of design resources including contract (i.e. biometric & network connect) ➤ Leverage OGx to identify firmware/software design partner(s)
Develop SIOP process using historical data analytics		<ul style="list-style-type: none"> • High level forecast accuracy has been added to visuals • First SIOP Meeting w/ Sales Team will be held in December 	<ul style="list-style-type: none"> • Review feedback from Sales Team after initial call and make necessary changes to Slide Deck 	<ul style="list-style-type: none"> • Low risk compared to previous SIOP tool.



Complete



On-Schedule



At Risk



Behind



Project	Description	Market Segment	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
ASWD (No Key Authentication) <i>Badger-S. Africa</i>	Custom Solution to provide "One Time Code" openings without use of Touch Key	ATM / Cash Management			Prototype, wk 45	Launch, wk 51				
ASWD (1 Keypad/2 Locks) <i>Gennebo-EU</i>	"One Time Code" lock with the ability to operate 2 locks with 1 keypad.	ATM / Cash Management			Prototype, wk 45	Launch, wk 50				
Spring Bolt <i>Fireking</i>	New Lock Body for both digital and analog locks - Auto locks when door is closed"Package Lockers"	Commercial		Tooling					Launch, wk 5	
Pedestrian Door Lock <i>US Government</i>	New Specification to C for 2890 Pedestrian Door Lock (PDL)	Government		Government Submission (Complete)					Launch, wk 7	
Keypad App for electronic controls* / Web-based code generator <i>SBER Bank-Russia</i>	New App and AWS software. Thin client Lock Management Software (LMS) - generate swap codes for service and bank modes	ATM / Cash Management/ Residential Safe		Requirements, wk 39						
Multi-function / platform Keypad/Display* <i>OEM. Distributor.</i>	Modular keypad, display, wi-fi & biometrics - Common HW with SW differentiation and app design	ATM / Cash Management / Residential Safe w/ pivot locks								

Discovery
 Business Case
 Design

Validation
 Launch

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Executive Summary | New Product Pipeline





Executive Summary | Key Performance Indicators

In \$(000)s		Full Month - Nov			Full Quarter Projection - 4Q		
		Actual	QR	VQR	Actual	QR	VQR
Safety	# of Recordables	0.0	0.0	0.0	1.0	0.0	1.0
	TRIR	1.5	1.6	(0.1)	0.0	1.6	(1.6)
	LTIR	0.0	0.0	0.0	0.0	0.0	0.0
	Roadmap	0.5	0.6	(0.1)	0.5	0.6	(0.1)
Delivery	Fill Rate	94.9%	98.0%	-3.1%	95.4%	98.0%	-2.6%
	Past Due	100.0	100.0	-	100.0	100.0	-
	Oldest Order	15.0	30.0	(15.0)	30.0	30.0	-
Quality	EOLA	822.3	800.0	22.3	1,326.4	800.0	526.4
	Customer Complaints #	17	32	(15)	73	104	(31)
	Warranty \$	\$ 41.0	\$ 34.6	\$ 6.4	\$ 129.6	\$ 112.5	\$ 17.1
	Scrap %	0.9%	1.3%	-0.4%	1.1%	1.3%	-0.2%
Supply Chain	Inventory \$	\$ 6,387.2	\$ 4,690.5	\$ 1,696.7	\$ 6,495.8	\$ 4,491.6	\$ 2,004.2
	DSI	100.6	70.3	30.4	90.5	67.2	23.3
	Plant Turns	3.6	5.2	(1.6)	4.0	5.4	(1.4)
	E&O \$	\$ 1,577.5	\$ 737.0	\$ 840.5	\$ 1,248.0	\$ 712.0	\$ 536.0
	E&O %	24.7%	15.7%	9.0%	19.2%	15.9%	3.4%
Mtl Cost	Material COS @ STD	\$ 1,379.0	\$ 1,480.9	\$ (101.9)	\$ 4,057.7	\$ 4,225.9	\$ (168.2)
	Mat'l PPV	\$ (72.0)	\$ 12.7	\$ (84.7)	\$ (186.3)	\$ 41.3	\$ (227.6)
	Other Mat'l Variances	\$ 69.0	\$ (62.0)	\$ 131.0	\$ 40.4	\$ (184.3)	\$ 224.8
	Subtotal	\$ 1,376.0	\$ 1,431.7	\$ (55.7)	\$ 3,911.8	\$ 4,082.9	\$ (171.0)
Labor & Conv	Labor (Comp & Ben)	\$ 317.0	\$ 344.7	\$ (27.7)	\$ 1,086.9	\$ 1,111.2	\$ (24.3)
	OT Premium	\$ 11.0	\$ 15.1	\$ (4.1)	\$ 52.2	\$ 44.0	\$ 8.2
	Conversion	\$ 115.0	\$ 123.4	\$ (8.4)	\$ 392.4	\$ 401.0	\$ (8.6)
	Base	\$ 332.0	\$ 291.2	\$ 40.8	\$ 939.1	\$ 881.2	\$ 57.8
	Subtotal	\$ 775.0	\$ 774.4	\$ 0.6	\$ 2,470.5	\$ 2,437.5	\$ 33.1
	Liquidations	\$ (483.0)	\$ (793.6)	\$ 310.6	\$ (2,004.2)	\$ (2,307.8)	\$ 303.6
Variance to Standard		\$ 292.0	\$ (19.3)	\$ 311.3	\$ 466.3	\$ 129.7	\$ 336.7
Total 4-wall Cost		\$ 2,151.0	\$ 2,206.0	\$ (55.0)	\$ 6,382.4	\$ 6,520.3	\$ (138.0)
Total Variances		\$ 289.0	\$ (68.6)	\$ 357.6	\$ 320.5	\$ (13.4)	\$ 333.9
% of Standard COS		16%	-3%	19%	5%	0%	5%

Management Discussion

Safety

- 2,111 days or 5.8 years of 1.6M worked hours without a lost time

Delivery

- 8550 Locks delayed due aesthetics issue with lock case from E-coat supplier.

Supply Chain

- (\$275k) FAS mechanical key lock inventory purchased from ASSA at 25%-35% discount in Oct. 2018 – greater than 6-months stock on-hand
- (\$150K) finished goods on dock due to delayed pickup – shipping terms controlled by customer and delivered in Nov.
- Initiative to disposition excess and obsolescence stock in 4Q

Material Cost – Variance to Standard

- (\$75k) shipped 5,000 6651 locks to Shanghai Bestandard at deep discount for business continuation
- (\$28k) higher shipment mix from Swiss location
- (\$131k) November conversion costs incurred not absorbed by liquidated standard costs for current month completions of inventories

November 2019 Operating Review Meeting Agenda

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



Financial Review | Summary P&L - MTD

\$'000	MTD		Variance		PY MTD	Variance	
	Act	Bud	\$	%	Act	\$	%
Net Revenue	3,055	3,601	(546)	(15.2%)	2,783	272	9.8%
Material	1,376	1,166	210	18.0%	865	511	59.0%
Labor	515	523	(8)	(1.5%)	451	63	14.0%
Other COGS	38	245	(206)	(84.3%)	109	(71)	(65.0%)
Total COGS	1,929	1,934	(5)	(0.2%)	1,426	503	35.3%
Gross Margin	1,126	1,668	(541)	(32.5%)	1,357	(231)	(17.0%)
<i>Gross Margin %</i>	<i>36.9%</i>	<i>46.3%</i>			<i>48.8%</i>		
R&D	54	276	(222)	(80.6%)	146	(92)	(63.3%)
Sales & Marketing	281	474	(193)	(40.7%)	296	(15)	(5.1%)
Administrative	623	381	242	63.4%	367	256	69.8%
Other Opex	—	—	—	N/A	—	—	N/A
Total Opex	958	1,131	(174)	(15.3%)	809	149	18.4%
EBITDA	169	536	(368)	(68.6%)	548	(379)	(69.2%)
<i>EBITDA %</i>	<i>5.5%</i>	<i>14.9%</i>			<i>19.7%</i>		
Adj. EBITDA	708	870	(162)	(18.6%)	548	160	29.3%
<i>Adj. EBITDA %</i>	<i>23.2%</i>	<i>24.1%</i>			<i>19.7%</i>		
Net Income (Loss)	\$ (648)	\$ 12	\$ (660)	(5554.3%)	\$ 444	\$ (1,092)	(245.8%)
Capex	\$ 30	\$ 223	\$ (193)	(86.6%)	\$ 56	\$ (26)	(46.4%)
Unincurred Standalone Costs	75	32					
PF Adj EBITDA	633	838					
<i>PF Adj. EBITDA %</i>	<i>20.7%</i>	<i>23.3%</i>					

Management Discussion

Budget

- November Revenue unfavorable variance of (\$546k) vs AOP and favorable variance of \$272k vs PY
- At target in APAC and LAG
- Unfavorable performance in NA (\$700k); Timemaster-Distributor (\$200k), Lockmaster-Distributor (\$175k), Diebold -OEM (\$125k), and Hamilton Safe-OEM (\$75k), Silver Sales/Southern Lock-Distributor (\$70k), Prosteel-OEM (\$40k)
- Unfavorable performance EMEA (\$100k);
- Favorable variance in Government \$400k; 951 padlocks
- November Adjusted EBITDA unfavorable variance of (\$162k) vs AOP. Gross margin is unfavorable (\$541k) with a volume impact of (\$252k) and other impact of (\$289k.)
- High unfavorable product mix, discounts, and timing of unabsorbed conversion cost of goods sold
- Opex is favorable \$174k vs AOP related to open positions, timing of strategic initiative spend and incentive revenue targets not met
- Actual 1x adjustments were \$539k versus AOP of \$332k due to TSA fees to convert financial and product engineering data.

PY

- November Adjusted EBITDA favorable variance of \$160k vs PY. Gross margin is unfavorable (\$231k) with a volume impact of \$133k and additional impact of (\$364k.)
- High unfavorable product mix, discounts, and timing of unabsorbed conversion cost of goods sold
- Opex is unfavorable (\$149k) related to 1x TSA conversion fees
- Actual 1x adjustments were \$539k versus PY of \$0



Financial Review | Summary P&L - QTD

\$'000

	QTD		Variance		PY QTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
Net Revenue	7,080	8,081	(1,001)	(12.4%)	6,547	533	8.1%	
Material	2,635	2,591	43	1.7%	2,044	591	28.9%	
Labor	1,130	1,165	(36)	(3.1%)	1,073	57	5.3%	
Other COGS	151	546	(395)	(72.4%)	302	(152)	(50.2%)	
Total COGS	3,915	4,302	(387)	(9.0%)	3,419	496	14.5%	
Gross Margin	3,165	3,779	(614)	(16.2%)	3,127	38	1.2%	
<i>Gross Margin %</i>	<i>44.7%</i>	<i>46.8%</i>			<i>47.8%</i>	<i>(3.1%)</i>	<i>(6.4%)</i>	
R&D	276	570	(293)	(51.5%)	311	(35)	(11.1%)	
Sales & Marketing	704	940	(236)	(25.1%)	597	107	17.9%	
Administrative	957	751	206	27.4%	792	165	20.9%	
Other Opex	–	–	–	N/A	–	–	N/A	
Total Opex	1,937	2,261	(323)	(14.3%)	1,700	238	14.0%	
EBITDA	1,228	1,518	(290)	(19.1%)	1,428	(200)	(14.0%)	
<i>EBITDA %</i>	<i>17.3%</i>	<i>18.8%</i>			<i>21.8%</i>	<i>(4.5%)</i>	<i>(20.5%)</i>	
Adj. EBITDA	1,929	2,114	(185)	(8.7%)	1,428	502	35.1%	
<i>Adj. EBITDA %</i>	<i>27.3%</i>	<i>26.2%</i>			<i>21.8%</i>	<i>5.4%</i>	<i>25.0%</i>	
Net Income (Loss)	\$ (456)	\$ 88	\$ (544)	(620.6%)	\$ 1,217	\$ (1,673)	(137.5%)	
Capex	\$ 30	\$ 505	\$ (475)	(94.1%)	\$ 59	\$ (29)	(49.1%)	
Unincurred Standalone Costs	154	64						
PF Adj EBITDA	1,775	2,050						
<i>PF Adj. EBITDA %</i>	<i>25.1%</i>	<i>25.4%</i>						

Management Discussion

Budget

- QTD Revenue unfavorable (\$1.0M) vs. AOP driven primarily by decline in North America Non-Government(NA) regions
- QTD Adjusted EBITDA unfavorable (\$0.2M) vs AOP from unfavorable revenue volume
- Opex is Favorable \$0.3M vs AOP related to open positions, timing of strategic initiative spend and incentive revenue targets not met
- *Actual 1x adjustments were \$701k versus AOP of \$594k due to TSA fees to convert financial and product engineering data.*

PY

- QTD Revenue favorable \$0.5M vs. PY driven primarily by increase in 951 Government Sales
- QTD Adjusted EBITDA unfavorable \$0.5M vs. PY. Gross margin is favorable \$38k with a volume impact of \$254k and additional unfavorable impact of (\$216k.)
- High unfavorable product mix, discounts, and timing of unabsorbed conversion cost of goods sold
- Opex is unfavorable (\$0.2M) vs. PY related to 1x TSA conversion fees
 - Actual 1x adjustments were \$701k versus \$0 in PY



Financial Review | Summary P&L - YTD

\$'000	YTD		Variance		PY YTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
Net Revenue	40,355	44,624	(4,269)	(9.6%)	40,759	(404)	(1.0%)	
Material	14,860	14,575	285	2.0%	14,451	409	2.8%	
Labor	6,221	6,703	(481)	(7.2%)	5,932	289	4.9%	
Other COGS	2,293	2,715	(422)	(15.5%)	1,861	433	23.2%	
Total COGS	23,374	23,993	(618)	(2.6%)	22,244	1,131	5.1%	
Gross Margin	16,980	20,631	(3,650)	(17.7%)	18,515	(1,535)	(8.3%)	
<i>Gross Margin %</i>	<i>42.1%</i>	<i>46.2%</i>			<i>45.4%</i>			
R&D	1,332	2,210	(878)	(39.7%)	1,670	(338)	(20.3%)	
Sales & Marketing	3,710	4,480	(770)	(17.2%)	3,497	213	6.1%	
Administrative	8,064	4,721	3,343	70.8%	3,879	4,185	107.9%	
Other Opex	–	–	–	N/A	–	–	N/A	
Total Opex	13,106	11,411	1,695	14.9%	9,047	4,060	44.9%	
EBITDA	3,874	9,219	(5,346)	(58.0%)	9,468	(5,594)	(59.1%)	
<i>EBITDA %</i>	<i>9.6%</i>	<i>20.7%</i>			<i>23.2%</i>			
Adj. EBITDA	10,249	11,456	(1,207)	(10.5%)	9,468	780	8.2%	
<i>Adj. EBITDA %</i>	<i>25.4%</i>	<i>25.7%</i>			<i>23.2%</i>			
Net Income (Loss)	\$ (1,333)	\$ 3,433	\$ (4,766)	(138.8%)	\$ 8,317	\$ (9,650)	(116.0%)	
Capex	\$ 282	\$ 1,303	\$ (1,021)	(78.4%)	\$ 997	\$ (715)	(71.7%)	
Unincurred Standalone Costs	750	303						
PF Adj EBITDA	9,499	11,153						
<i>PF Adj. EBITDA %</i>	<i>23.5%</i>	<i>25.0%</i>						

Management Discussion

Budget

- YTD Revenue unfavorable (\$4.3M) vs. AOP driven primarily by decline in North America Non-Government(NA) regions
- YTD Adjusted EBITDA unfavorable (\$1.2M) vs AOP. Excluding the impact of the Opening Balance Sheet(OBS) entries, Gross Margin is unfavorable (\$2.7M) with a volume impact of (\$2.0M) and an additional impact of (\$0.7M).
 - *OBS inventory revalued step-up incurred \$0.9M to material cost*
 - \$0.1M of other impact related to Warranty expense (July)
- Excluding the impact of the OBS entries, Opex is Favorable \$1.7M vs AOP related to open positions, timing of HR specialist fees, timing of strategic initiative spend and incentive revenue targets not met
 - Actual 1x adjustments were \$2.1M versus Budget of \$2.2M
 - *OBS transaction fee expenses incurred of \$3.4M*

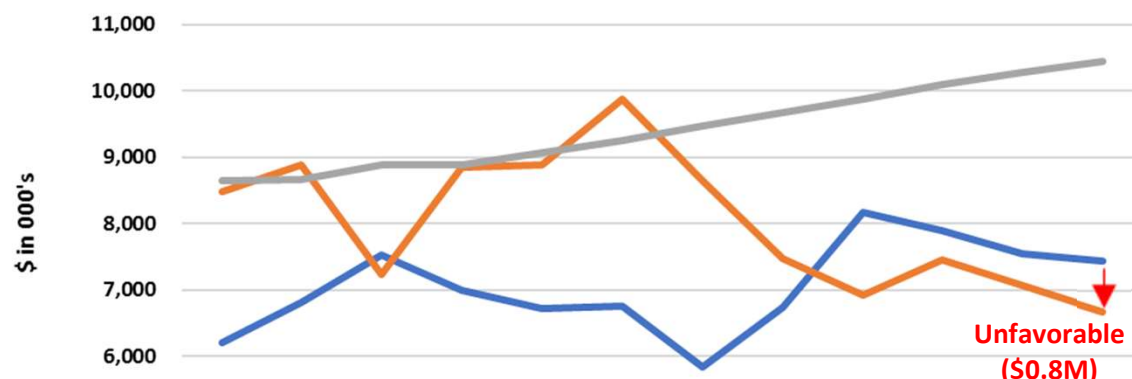
PY

- YTD Revenue unfavorable (\$0.4M) vs. PY driven primarily by increase in 951 Government Sales offset by decline in NA
- YTD Adjusted EBITDA favorable \$0.8M vs. PY. Excluding the impact of the OBS entries, Gross Margin is unfavorable (\$0.6M) with a volume impact of (\$0.2M) and an additional impact of (\$0.2M).
 - *OBS inventory revalued step-up incurred \$0.9M to material cost*
 - Most of additional impact related to Warranty expense
- Excluding the impact of the OBS entries, Opex is unfavorable (\$0.6M) vs. PY related to 1x costs.
 - Actual 1x adjustments were \$2.1M versus \$0 in PY
 - *OBS transaction fee expenses incurred of \$3.4M*



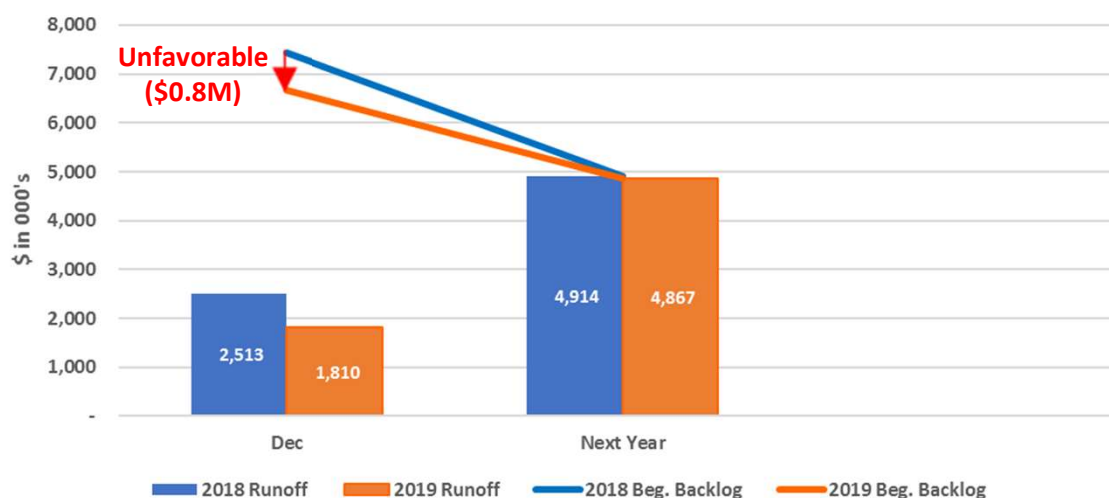
Financial Summary | Backlog Trends

Trended Backlog - Comparative December



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2018	6,202	6,816	7,526	6,994	6,714	6,763	5,848	6,732	8,174	7,900	7,544	7,427
2019	8,476	8,885	7,243	8,845	8,882	9,876	8,649	7,473	6,926	7,456	7,076	6,677
Plan 2019	8,643	8,665	8,882	8,882	9,060	9,260	9,473	9,669	9,871	10,095	10,275	10,447

Backlog Runoff - Comparative December



Management Discussion

- December backlog of \$6.7M contains \$1.8M of run-off in 2019
 - 2020 run-off \$4.9M contains:
 - 951 Government padlock orders, \$0.9M
 - Timemaster 8077 blanket order, \$0.3M
- 2018 Backlog of \$7.4M contained \$2.5M of run-off for December 2018
 - \$4.9M of 2019 run-off contained:
 - 951 Government padlock orders, \$1.9M
 - Arya blanket order, \$1.0M
 - Timemaster 8077 blanket order, \$0.4M



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Financial Summary | Business Split Comparison

YTD Sales (\$M)

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	\$5,153	\$4	\$291	\$0		\$5,448
APAC (Less India)	\$3,741	\$589	\$3,273	\$59	\$25	\$7,688
EMEA	\$3,595	\$365	\$1,416	\$157	\$12	\$5,545
LATAM	\$1,927	\$101	\$894	\$94	\$347	\$3,363
US and Canada	\$3,368	\$7,726	\$6,191	\$673	\$392	\$18,350
Total	\$17,784	\$8,787	\$12,065	\$982	\$776	\$40,394

YTD Sales (% of Total)

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	12.8%	0.0%	0.7%	0.0%	0.0%	13.5%
APAC (Less India)	9.3%	1.5%	8.1%	0.1%	0.1%	19.0%
EMEA	8.9%	0.9%	3.5%	0.4%	0.0%	13.7%
LATAM	4.8%	0.3%	2.2%	0.2%	0.9%	8.3%
US and Canada	8.3%	19.1%	15.3%	1.7%	1.0%	45.4%
Total	44.0%	21.8%	29.9%	2.4%	1.9%	100.0%

YTD Contribution Margin (\$M)

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	\$3,507	\$0	\$129	(\$1)		\$3,635
APAC (Less India)	\$1,843	\$86	\$965	\$10	\$9	\$2,913
EMEA	\$744	\$93	\$476	\$53	\$4	\$1,369
LATAM	\$1,084	\$17	\$401	\$48	\$69	\$1,618
US and Canada	\$1,750	\$4,076	\$2,706	\$344	\$129	\$9,006
Total	\$8,927	\$4,272	\$4,678	\$453	\$211	\$18,541

YTD Contribution Margin (% of Total)

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	18.9%	0.0%	0.7%	(0.0%)	0.0%	19.6%
APAC (Less India)	9.9%	0.5%	5.2%	0.1%	0.1%	15.7%
EMEA	4.0%	0.5%	2.6%	0.3%	0.0%	7.4%
LATAM	5.8%	0.1%	2.2%	0.3%	0.4%	8.7%
US and Canada	9.4%	22.0%	14.6%	1.9%	0.7%	48.6%
Total	48.1%	23.0%	25.2%	2.4%	1.1%	100.0%

North America

- ATM – NA ATM market is soft, projects are not repeating YOY (100% project based)
- GOV – growth in 2740 & 2890 ; Gov't Padlocks (951)
- Residential – continued erosion in OEM safe market (Liberty, Prosteel)

LAG

- A-series continues to be strong in Latin America for CIT; SD lock market is also strong and growing in Argentina and Mexico

EMEA-R

- Significant increase in Diebold Nixdorf (and partners) on direct sales through new ATM product lines

India

- ATM Market continues to remain steady YOY, however softening in all other key markets is the trend. This is due to less cash usage globally and increased alternative pay methods (mobile)

Gun safe market (Res)

- Stagnant, but decline to S&G due to pricing and quality issues over last 2 years. Competitive products continue to drive downward, while S&G products are remaining steady with strong margins.

Government

- Business is up with potential to expand partnerships and offerings on 2740's with non-traditional customers focused on these products. New Government BDM is aligning strategic approach to the right customers.



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Financial Summary | YTD YOY Comparison

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

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	\$1,108	(\$4)	\$260	\$1	\$0	\$1,365
APAC (Less India)	(\$165)	(\$117)	\$219	\$190	\$14	\$141
EMEA	(\$572)	\$33	\$140	\$46	\$16	(\$338)
LATAM	(\$404)	\$24	(\$195)	\$6	(\$91)	(\$660)
US and Canada	(\$966)	\$767	(\$1,148)	(\$82)	\$360	(\$1,069)
Total	(\$999)	\$703	(\$724)	\$161	\$299	(\$560)

YTD YoY Change in Sales (% Growth)

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	21.5%	(95.0%)	89.1%	215,621.4%	N/A	25.1%
APAC (Less India)	(4.4%)	(19.8%)	6.7%	321.9%	56.2%	1.8%
EMEA	(15.9%)	8.9%	9.9%	29.3%	129.2%	(6.1%)
LATAM	(21.0%)	23.7%	(21.8%)	6.8%	(26.2%)	(19.6%)
US and Canada	(28.7%)	9.9%	(18.5%)	(12.2%)	91.9%	(5.8%)
Total	(5.6%)	8.0%	(6.0%)	16.4%	38.5%	(1.4%)

Legend (Chg in Sales \$ and %, Chg in CM \$):

■	> \$50k
■	< \$50k
■	+/- \$50k

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

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	\$910	(\$0)	\$153	(\$0)	\$0	\$1,063
APAC (Less India)	(\$47)	(\$16)	\$117	\$26	\$1	\$83
EMEA	(\$55)	\$6	(\$25)	(\$4)	\$8	(\$70)
LATAM	(\$137)	\$1	(\$118)	(\$9)	(\$11)	(\$274)
US and Canada	(\$320)	(\$219)	(\$299)	(\$84)	\$60	(\$862)
Total	\$352	(\$229)	(\$172)	(\$71)	\$58	(\$61)

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

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	249 bps	-118 bps	693 bps	50114683 bps	N/A	223 bps
APAC (Less India)	97 bps	29 bps	152 bps	-220 bps	-996 bps	37 bps
EMEA	210 bps	-67 bps	-466 bps	-947 bps	1020 bps	25 bps
LATAM	595 bps	-276 bps	-442 bps	-1179 bps	272 bps	160 bps
US and Canada	758 bps	-735 bps	403 bps	-718 bps	-787 bps	-196 bps
Total	509 bps	-602 bps	96 bps	-1268 bps	-218 bps	49 bps

Legend (Chg in Contribution Margin % of Sales):

■	> 50 bps
■	< 50 bps
■	+/- 50 bps

NA

- ATM –market is soft, sales are 100% project based. Top 15 ATM customers make up the variance w/Garda Canada responsible for (\$0.3M).
- RES - Erosion in YOY sales; Liberty (\$0.7M), Genmega (\$0.3M) (business not lost, agreement in place for 15,000 locks annually, Global File – (\$0.3M) (dependent on Gov't contract, demand has slowed w/RCMP in Canada), Granite Security Products, (\$0.1M)) (production moved offshore to APAC, they've since stopped using our lock), Follett – (\$0.1M) (business lost to SecuRam's slam bolt lock (no S&G competitive product)

LAG

- ATM – Market decline is temporary and upcoming orders of A-series in Q4 should help address this

EMEA-R

- New price strategy for Diebold Nixdor and partners with Keylock's (2000 units – plus) has caused reduction in price for kits vs. PY and thus a margin growth difference

APAC

- Changes to legislation and implementation of OTC functionality for the India market has favorably driven growth for the 6128 product line

2020 S&G Sales Plan

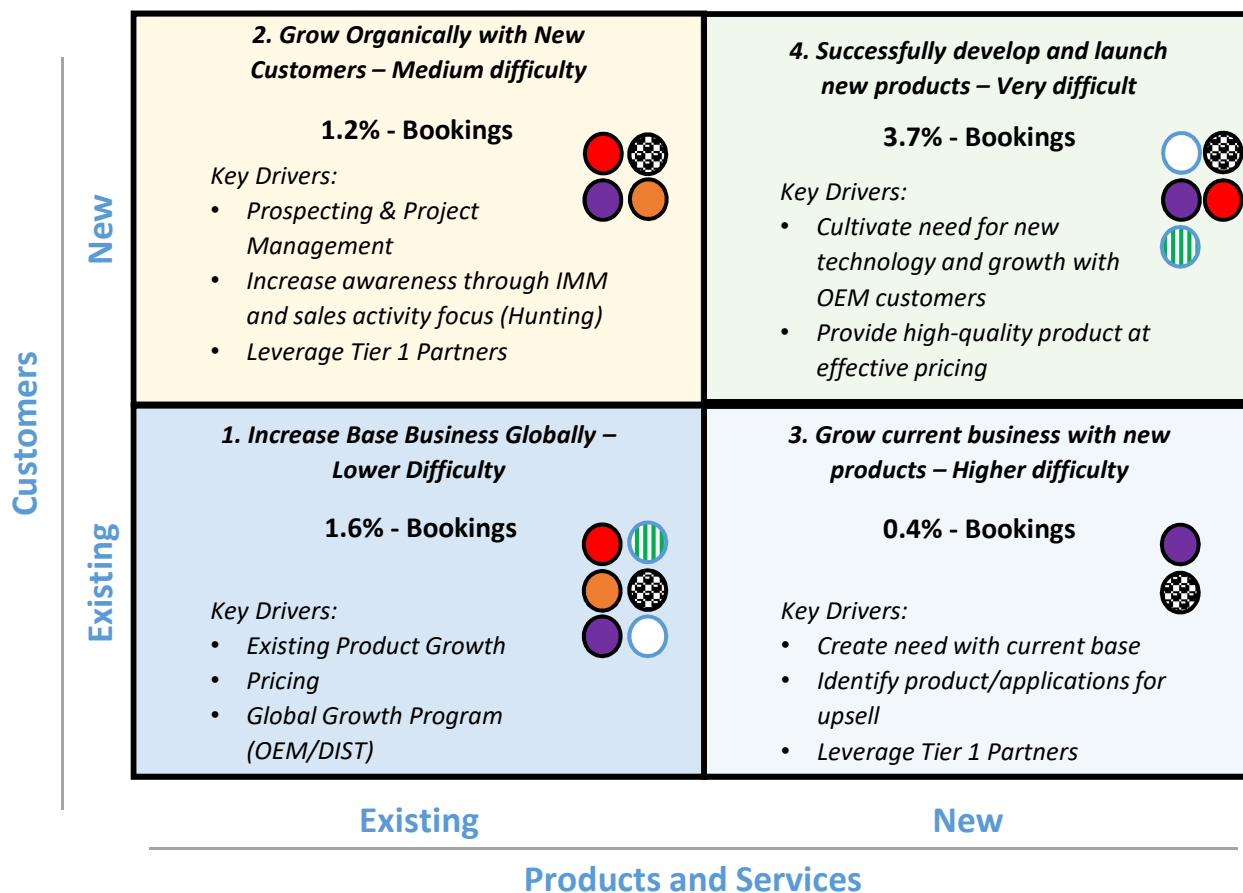
Global Sales Outlook



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Global Sales Growth

Exceed \$46.0M (6.9% growth) in Global Bookings and \$45.3M (5.6% growth) in Global Revenue for 2020



Regional Growth Key Focus (Bookings)

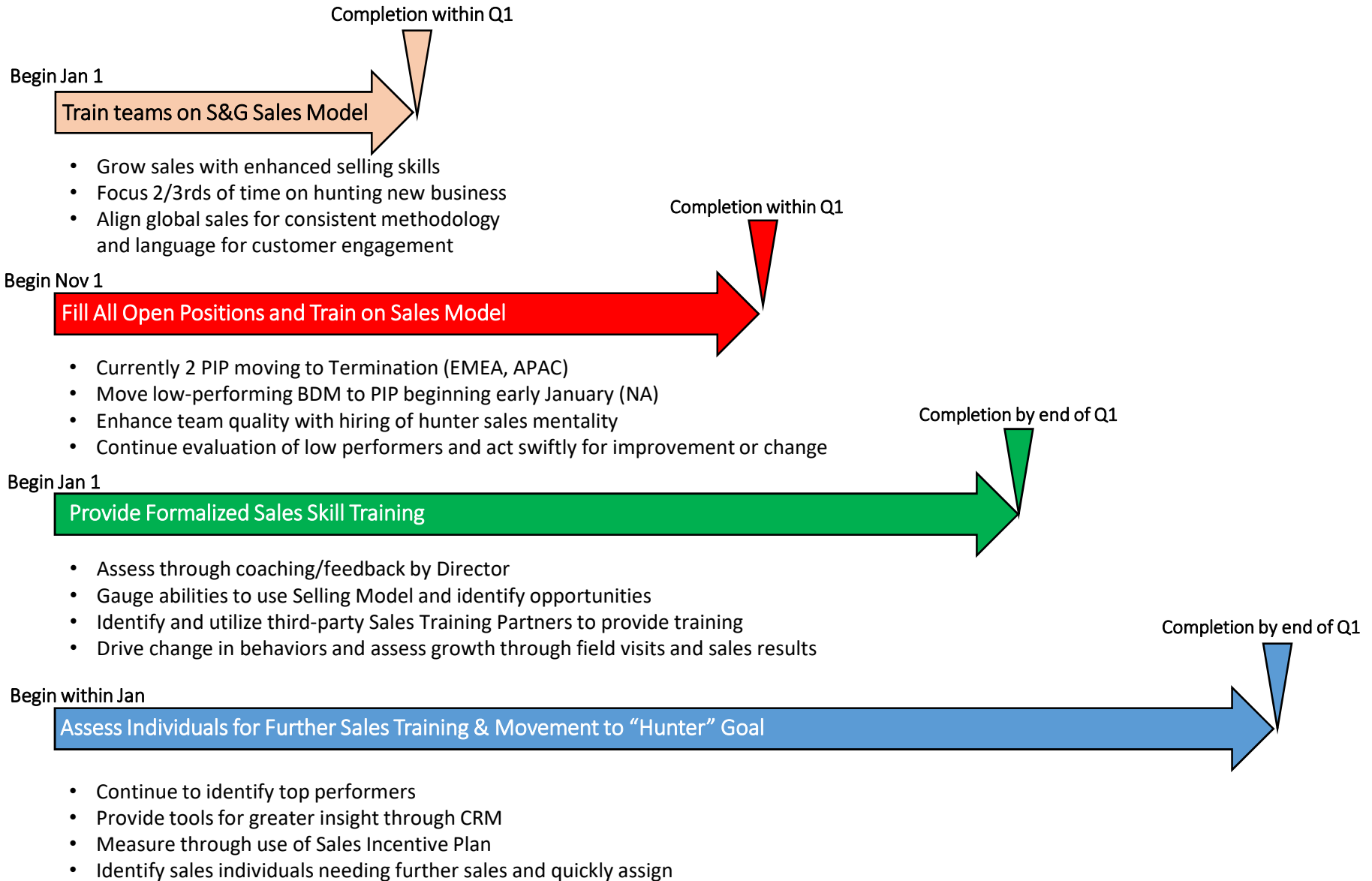
- INDIA – New Product 4.2%, New Business 1.0%, Price 2.5%
 - Focus on Arya, NCR India
- APAC – New Product 0.9%, New Business 5.1%
 - Focus on AGS, TK, Inspur, Hanson, TSI/Dutech
- EMEA – New Product 7.3%, Price 1.3%
 - Focus on Diebold, Format, Caradonna, Abusarhad, NCR
- LAG – Organic Business 5.0%, New Product 5.3%, Price 1.8%
 - Focus on American Locks, International Latino, Mapa, Cogar
- NA – Organic Business 1.6%, New Product 1.8%, Price 2.0%
 - Focus on all Gun Safe OEM's, and Distributors with emphasis on TimeMaster, Lockmasters, Diebold Canada, Palmer
- GOV'T – New Product 0.9%, Price 2.5%
 - Focus on Palmer Solutions, Shurlock McGill and all Distributors

2020 S&G Sales Plan

Global Sales Initiatives



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2020 S&G Sales Plan

Global Sales Initiatives



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S&G Sales Model – Deploy Q1

- Establishes framework for sales calls
- Will guide direction of sales calls by evaluation of Fundamental Elements tied to the Purchasing Continuum
- Can be used for Performance Management to evaluate and train to skillsets
- Allows for better recognition of strengths and areas of opportunity for development
- Align with Marketing tools for optimal messaging and case types

S&G Sales Model – Putting the Pieces Together



S&G Sales Model

- A Customer-Centric Approach
- For each product, identify a call objective appropriate to the customer's needs

S&G Sales Model – The Purchasing Continuum

Industry Awareness
Does the customer know what's needed for their project or end-users?

S&G Product Trial
They are willing to try a S&G product offering to assess its performance, but are still not "sold" on them.

S&G Product Awareness
They are starting to learn about S&G product offerings and are interested in learning more.

S&G Product Adoption
The customer is finding the features/quality/benefits of S&G products to meet their needs and is using more frequently.

S&G Sales Model – The Fundamental Elements

Customer/Situational ID
Identify with whom/where your product can be of benefit

Performance
Align key points to the performance and reliability of your product

Product Selection
Providing precise product options and application scenarios

Cost and Availability
Using examples to illustrate financial awareness and suppliers

Competitive Landscape
Assert feature/benefits of your product versus the competition



S&G Sales Incentive Plan – Deploy Q1

- Provides clear and concise achievement via Daily Sales Reports
- Monthly Target Achievements to be paid at end of each month
- Allows for increased incentives with Objective Bonuses
- Will guide sales team towards the "hunter" mentality
- Accelerator initiated once achieving 90% of annual plan to push for greater results (no resting)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2020 Compensation Plan													
Sales Target	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 3,000,000
Monthly Bookings ¹	\$ 300,000	\$ 251,000	\$ 176,000	\$ 245,000	\$ 200,000	\$ 285,000	\$ 255,000	\$ 240,000	\$ 257,000	\$ 202,000	\$ 265,000	\$ 267,000	\$ 2,943,000
Monthly % of Target	120%	100%	70%	98%	80%	114%	102%	96%	103%	81%	106%	107%	
YTD % of Target	120%	110%	97%	97%	94%	97%	98%	98%	98%	96%	97%	98%	98%
Monthly Target Achievement	\$ 6,000	\$ 3,765	\$ 1,320	\$ 3,063	\$ 2,000	\$ 4,988	\$ 3,825	\$ 3,000	\$ 3,855	\$ 2,020	\$ 3,975	\$ 4,005	\$ 41,815
Target Achievement Bonus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,290
Total Objective Bonus Earned Otrly			\$ 5,000		\$ 3,000		\$ 6,000		\$ 6,000		\$ -		\$ 14,000
Objective Bonus (Pick 5 CSTMR)													\$ 9,000
Objective Bonus (New Product)			\$ 5,000										\$ 5,000
Salary	5,769	5,769	5,769	5,769	8,654	5,769	5,769	5,769	5,769	5,769	8,654	5,769	75,000
No. of Pay Periods	2	2	2	2	3	2	2	2	2	2	3	2	26
Total Comp	\$ 11,769	\$ 9,534	\$ 12,089	\$ 8,832	\$ 10,654	\$ 13,757	\$ 9,594	\$ 8,769	\$ 15,624	\$ 7,789	\$ 12,629	\$ 17,064	\$ 138,105

Month	Salary	Total Comp
Jan	\$5,769	\$11,769
Feb	\$5,769	\$9,534
Mar	\$5,769	\$12,089
Apr	\$5,769	\$8,832
May	\$8,654	\$10,654
Jun	\$5,769	\$13,757
Jul	\$5,769	\$9,594
Aug	\$5,769	\$8,769
Sep	\$5,769	\$15,624
Oct	\$5,769	\$7,789
Nov	\$5,769	\$12,629
Dec	\$8,654	\$17,064

Target Achievement	Rate
120.00%	2.00%
110.00%	1.75%
100.00%	1.50%
90.00%	1.25%
80.00%	1.00%
70.00%	0.75%
60.00%	0.50%
50.00%	0.25%
40.00%	0.00%

Target as Percent of Plan	Rate
\$2,700,000	90%
\$2,700,000	3.00%

New Prod	Pick 5 CSTMR	Rate
\$ 10	1,500	1.50%
xxx	xx	xx

For every NEW S&G lock sold
For every new '80' customer generated
No Total Purchases over \$10K since Jan 2017
Achieve ≥ \$50k spend in 2020
(1) Accounts Picked by Mar 1st
(2) Accounts may Drop/Add by May 1st
(3) Accounts may Add if (1) achieved

Denotes input cell: \$ -

1. *Monthly



SARGENT AND GREENLEAF®

2020 S&G Sales Plan

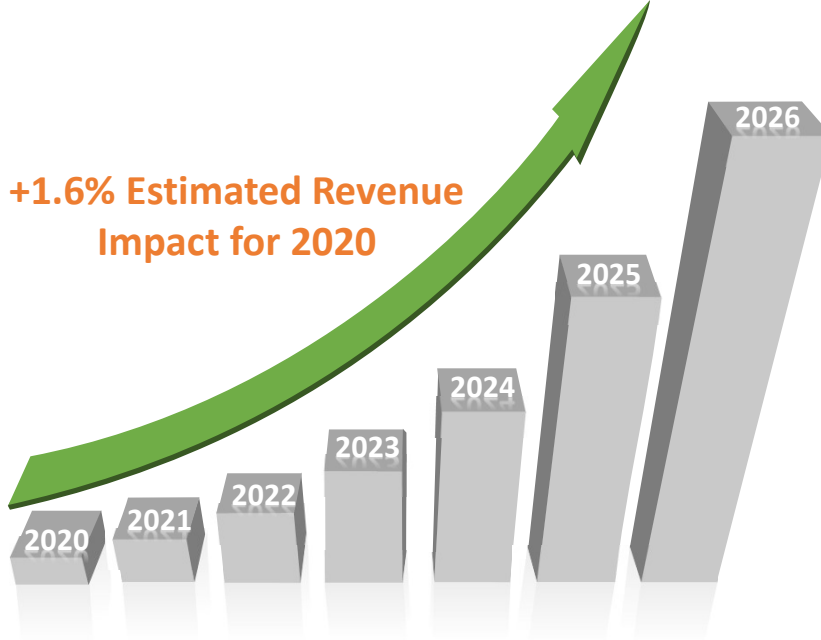
Global Sales Initiatives



Global Partnership Program – Deploy Q1/Q2

- Increases partnerships globally with Tier 1 Distributors and OEM's
- Growth-based incentives for improved targeting
- Enhanced discounting versus non-Tier 1 customers
- Additional motivators to partner thru Product growth and Customer Data reporting
- Fixed Marketing support budget

2020 Global Distributor Customer Program Commitment Review																																																							
Customer Name	Any Communications		Program Period: 1/1/2020 - 12/31/2020																																																				
Account #			Payment Terms: 2% 30 NET 35																																																				
2019 EST Net Purchases:	\$2,829,000	2020 Estimated Purchases	\$3,111,000																																																				
*2019 Sales are 2019 November YTD ACTUAL and annualized through 12/31/19																																																							
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Global Pricing Model – Deploy Q2

- Establishes a Global List Price for all Regions
- Reduces complexity and customer confusion/questions
- Enhances quoting for sales team and agility to make business decisions
- Generates immediate growth in revenue by reducing sliding price scales
- Integrates into new NetSuite CRM and ERP systems

2020 S&G Sales Plan

Global Sales Key Targets



Global Growth Targets – Tier 1 Distributors

- \$500K min annual purchases
- APAC – Arya, TK, SQ
- EMEA – ASSA Opening Solutions
- NA – Lockmasters, Timemaster, Anixter, MBA USA, Southern Lock
- LAG – MAPA, International Latino, American Locks



\$1.3M at 10%

Global Growth Targets – Tier 1 OEM

- \$500K min annual purchases
- EMEA – NCR, Diebold Nixdorf, Caradonna
- APAC – NCR, TSI/Dutech, AGS, Inspur (Diebold)
- NA – Hamilton Safe, Diebold, Global File



\$800K at 10%

Growth Opportunities – decliners since 2018

- Liberty Safe (NA) - \$500K via new Digital Keypad, Mechanical
- ProSteel/Qingdao (NA/APAC) - \$100K via new Digital Keypad, Mechanical
- NCR Canada (NA) - \$200K via A-Series with Display
- RAE Security (NA) - \$600K via 951's (Project)
- Genmega (NA) - \$300K via multiple products
- AGS (APAC) - \$300K via A-Series
- PT Chubb (APAC) - \$200K via A-Series
- Abusarhad (EMEA) - \$250K via A-Series
- BodePanzer (EMEA) - \$200K via A-Series/Nexus IP
- American Locks (LAG) - \$250K via Titan

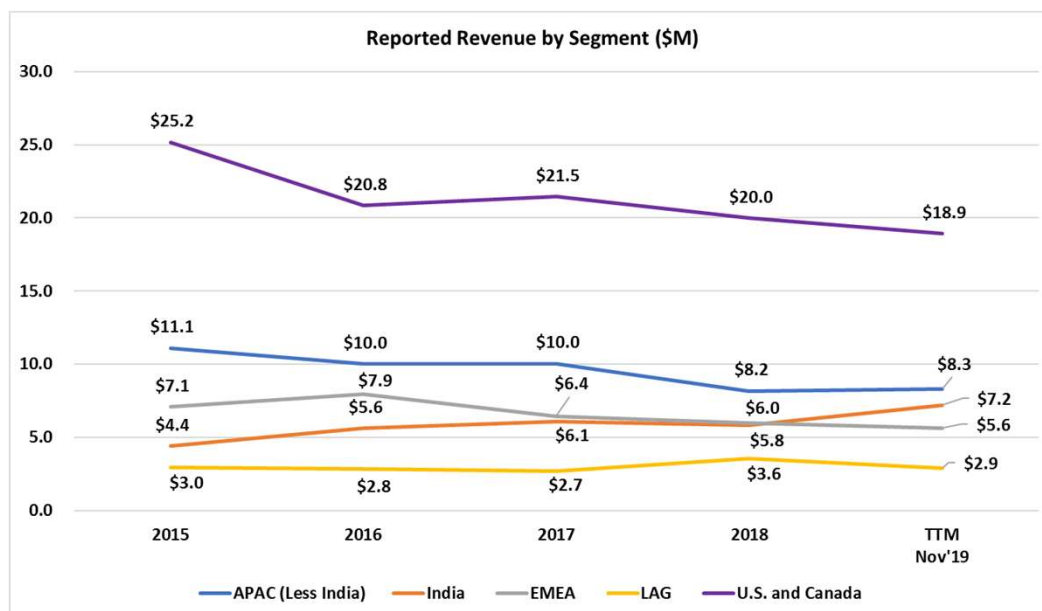
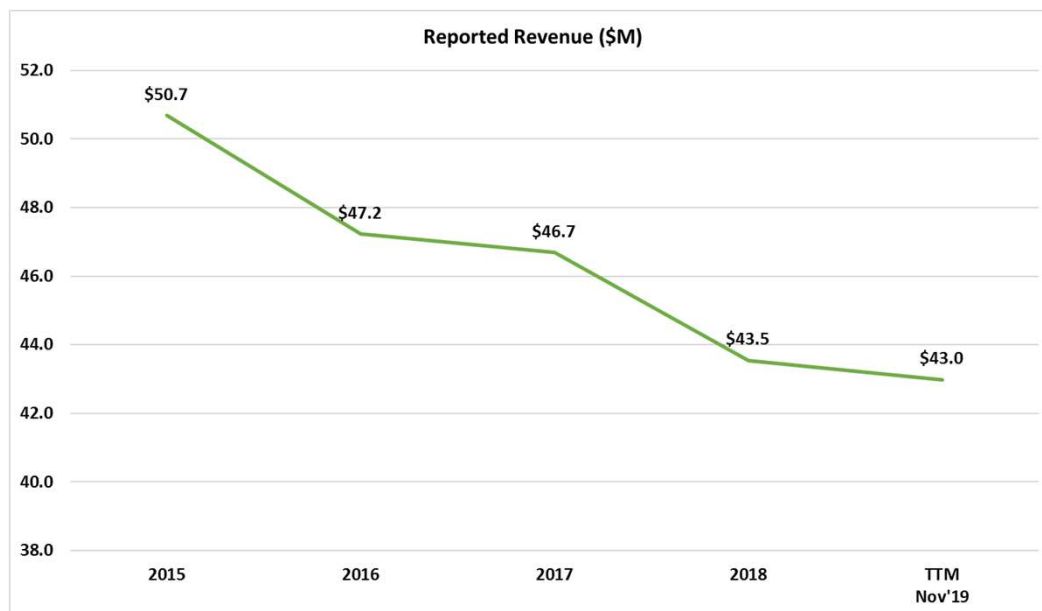


\$2.9M Potential



SARGENT AND GREENLEAF

Financial Summary | Revenue



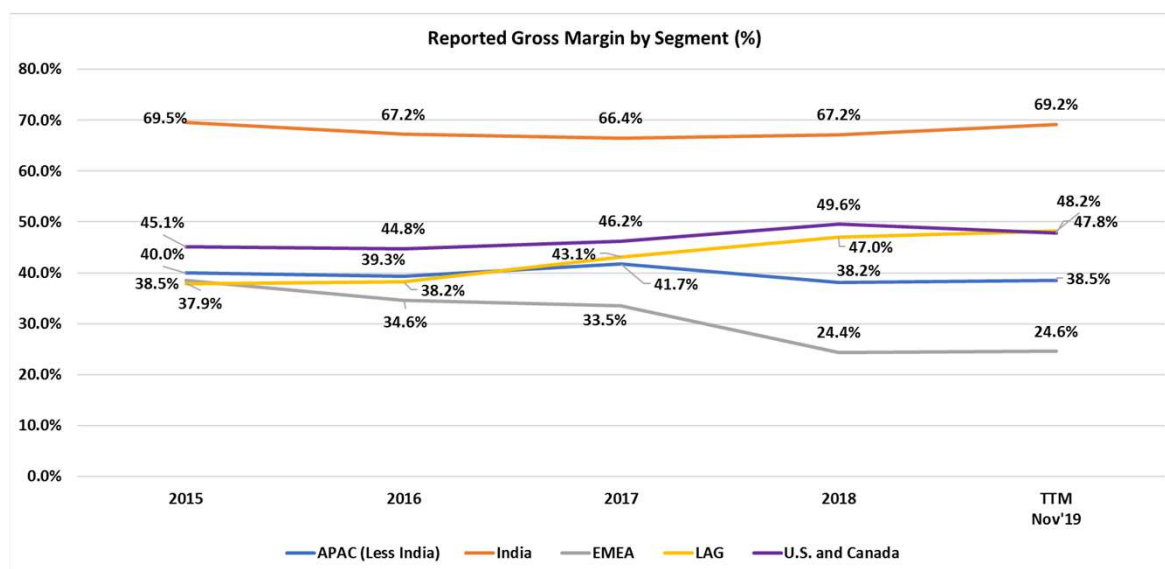
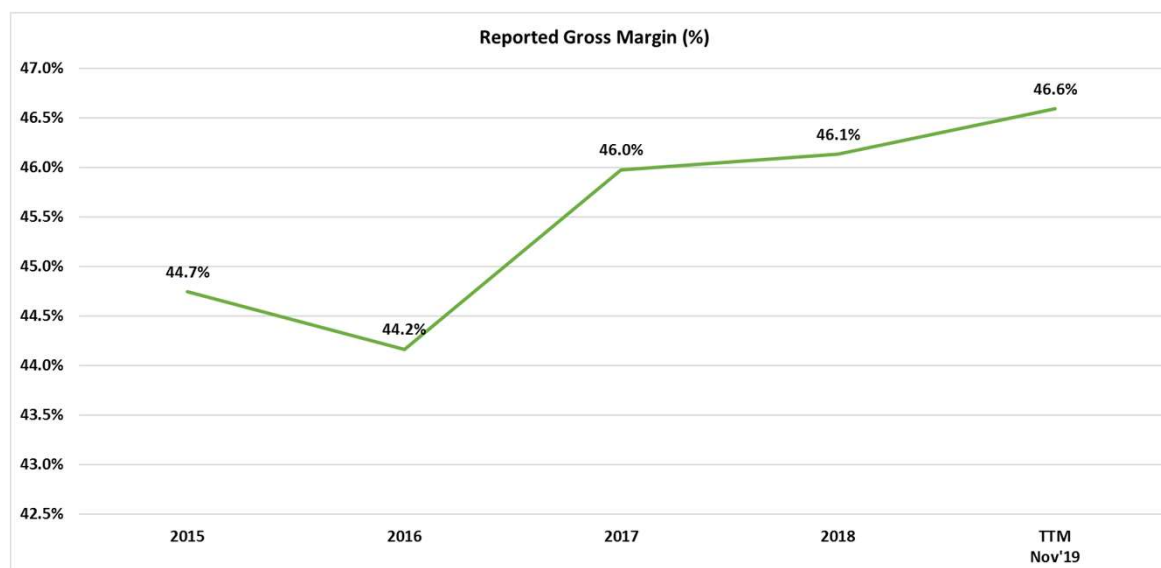
Management Discussion

- Overall (\$7.2M) decline from 2015 to 2018
 - Unfavorable, NA by (\$5.2M)
 - 951 Government padlocks (\$3.5M), Liberty Safe electronic locks (\$3.3M), GSA (\$1.2M)
 - Timemaster \$1.8M, Lockmaster \$1.6M
 - Unfavorable, EMEA by (\$1.1M)
 - Amnco (\$486k), TK (\$384k), Polital (\$295k)
 - Abusarhad \$413k, Diebold Nixdorf \$177k, Format \$177k
 - Unfavorable, APAC less India (\$2.9M)
 - TK (\$1.4M), Tri-Star (\$592k), Dutech (\$548k), Hyosung (\$452k)
 - PT Fokus \$543k
 - Favorable, India \$1.6M
 - NCR \$1.0M, Arya \$855k
 - Locksmith Supply (\$415k)



SARGENT AND GREENLEAF

Financial Summary | Gross Margin (@Standard)



Management Discussion

- Overall Gross Margin Favorable 140 basis points 2015 v 2018
 - Unfavorable, EMEA (1,410bps) due to increased cost of FAS and Mechanical Locks. Increased pricing pressure from Diebold and NCR.
 - Unfavorable, India (230bps) due to lower pricing for increased volume to NCR and Arya
 - Unfavorable, APAC less India (180bps) due to loss of higher margin sales to Takachiho, partially offset by a decrease of lower margin sales to Dutech
 - Favorable, LAG 850bps due to increased sales to Cogar
 - Favorable, NA 450bps due to loss of lower margin sales to residential safes (Liberty, Granite and Hamilton)



Financial Summary | Cost of Goods Sold by Component

\$'000	MTD				Var				QTD				Var				YTD				Var			
	Act	Bud	\$	%	\$	%			Act	Bud	\$	%	\$	%			Act	Bud	\$	%	\$	%		
Material																								
Material costs at standard	\$	1,379	\$	1,160	\$	219	18.9%		\$	2,736	\$	2,574	\$	162	6.3%		\$	14,956	\$	14,492	\$	464	3.2%	
Materials FX loss / (gain)		0		—		0	N/A			0		—		0	N/A			(0)		(0)		0	(4.0%)	
Purchase price variance		(72)		5		(77)	(1497.1%)			(199)		12		(211)	(1820.8%)			(504)		31		(536)	(1704.8%)	
Freight in		56		18		38	203.8%			117		44		73	166.9%			567		453		114	25.1%	
Cost revision		—		—		—	N/A			—		—		—	N/A			(232)		(232)		—	0.0%	
Scrap costs		(7)		(23)		16	(70.6%)			(40)		(52)		12	(22.6%)			(40)		(231)		191	(82.7%)	
Consumables		20		6		14	222.5%			21		14		7	54.0%			114		63		51	81.6%	
Total Material COGS	\$	1,376	\$	1,166	\$	210	18.0%		\$	2,635	\$	2,591	\$	43	1.7%		\$	14,860	\$	14,575	\$	285	2.0%	
Labor																								
Direct labor	\$	209	\$	207	\$	3	1.3%		\$	505	\$	503	\$	2	0.4%		\$	2,781	\$	3,113	\$	(333)	(10.7%)	
Direct labor - overtime		11		15		(4)	(23.8%)			36		28		9	31.4%			188		127		61	48.2%	
Direct labor - benefits		67		101		(34)	(33.4%)			139		226		(87)	(38.6%)			893		1,213		(320)	(26.4%)	
Indirect labor		165		153		12	7.6%			319		312		8	2.5%			1,748		1,708		40	2.3%	
Indirect labor – benefits		62		47		15	31.3%			130		97		33	34.5%			612		542		71	13.0%	
Total Labor COGS	\$	515	\$	523	\$	(8)	(1.5%)		\$	1,130	\$	1,165	\$	(36)	(3.1%)		\$	6,221	\$	6,703	\$	(481)	(7.2%)	
Other																								
Repairs and maintenance	\$	17	\$	17	\$	1	3.5%		\$	38	\$	38	\$	(0)	(0.1%)		\$	188	\$	183	\$	6	3.2%	
Rent / facilities		166		169		(3)	(1.6%)			357		356		1	0.3%			2,002		1,973		29	1.4%	
Utilities		24		23		1	4.7%			50		52		(1)	(2.1%)			260		270		(10)	(3.6%)	
Other cost of sales		(169)		36		(205)	(569.9%)			(294)		101		(395)	(392.0%)			(157)		289		(446)	(154.2%)	
Total Other COGS	\$	38	\$	245	\$	(206)	(84.3%)		\$	151	\$	546	\$	(395)	(72.4%)		\$	2,293	\$	2,715	\$	(422)	(15.5%)	
Total COGS	\$	1,929	\$	1,934	\$	(5)	(67.9%)		\$	3,915	\$	4,302	\$	(387)	(73.8%)		\$	23,374	\$	23,993	\$	(618)	(20.8%)	

Management Discussion

November

- (\$75k) material cost mix shipped 5,000 6651 locks to Shanghai Bestandard at deep discount for business continuation
- (\$28k) unfavorable shipment mix from Swiss location
- Favorable PPV from commodity pricing for Zinc and 6880/6860 FAS components
- Freight-in unfavorable from duties \$38k, blanket release of electrical components
- (\$131k) Other cost of sales conversion costs incurred not absorbed by liquidated standard costs for current month completions of inventories

YTD

- Excluding the impact of the OBS entries, material costs at standard decreased from volume (\$1,333k) and other(\$405k)
 - *OBS inventory revalued step-up incurred of \$869k to material cost*
- Favorable PPV of (\$536k) driven primarily zinc and 6120 Satin Chrome Housings
- Unfavorable Scrap from 2740 covers, 6124 Case and key pad production errors



Financial Summary | Balance Sheet

\$'000	Act	Bud	\$	%
Current Assets				
Cash and cash equivalents	\$ 3,401	\$ 7,439	\$ (4,038)	(54.3%)
Accounts receivable, gross	6,935	6,940	(5)	(0.1%)
Accounts receivable, reserves	(213)	(125)	(88)	70.6%
Accounts receivable, net	6,722	6,816	(93)	(1.4%)
Inventory, gross	7,396	6,374	1,022	16.0%
Inventory, reserves	(550)	(446)	(104)	23.4%
Inventory, net	6,846	5,928	918	15.5%
Prepaid expenses and other current assets	84	157	(73)	(46.7%)
Total Current Assets	17,053	20,340	(3,287)	(16.2%)
Non-Current Assets				
Property, plant & equipment, gross	11,522	12,496	(974)	(7.8%)
Accumulated depreciation	(787)	(667)	(120)	18.0%
Property, plant & equipment, net	10,735	11,829	(1,094)	(9.2%)
Goodwill	45,914	43,473	2,441	5.6%
Identifiable intangible assets, gross	15,100	15,100	—	0.0%
Accumulated amortization	(443)	—	(443)	N/A
Identifiable intangible assets, net	14,657	15,100	(443)	(2.9%)
Deferred financing cost	1,646	1,646	—	0.0%
Other non-current assets	131	131	(0)	(0.0%)
Total Non-Current Assets	73,084	72,180	904	1.3%
Total Assets	\$ 90,137	\$ 92,520	\$ (2,383)	(2.6%)
Current Liabilities				
Current portion of long-term debt	\$ 1,003	\$ 1,003	\$ —	0.0%
Accounts payable	2,839	4,191	(1,353)	(32.3%)
Accrued liabilities	1,615	1,816	(201)	(11.1%)
Accrued compensation	270	311	(42)	(13.3%)
Income taxes payable	152	(2)	153	(9382.6%)
Short-term unearned revenue	16	56	(41)	(72.1%)
Total Current Liabilities	5,894	7,377	(1,483)	(20.1%)
Long-term liabilities				
Long-term debt less current maturities	43,360	43,360	0	0.0%
Deferred income taxes	2,989	2,989	—	0.0%
Other non-current liabilities	87	87	—	0.0%
Total Long-Term Liabilities	46,436	46,436	0	0.0%
Total Liabilities	52,330	53,813	(1,483)	(2.8%)
Shareholders' Equity				
Common stock	40,228	40,228	—	0.0%
Retained earnings	(3,760)	(2,876)	(885)	30.8%
Accumulated other comprehensive income	1,339	1,354	(15)	(1.1%)
Other equity transactions	1	1	—	0.0%
Total Shareholders' Equity	37,807	38,707	(900)	(2.3%)
Total Liabilities and Shareholders' Equity	\$ 90,137	\$ 92,520	\$ (2,383)	(2.6%)

Management Discussion

- Lower Accounts Receivable by (\$93k) compared to Budget due to lower than budgeted sales
 - Slow pay A/R > than 16 days
 - DFAS \$238k
 - Arya \$227k
 - Diebold (Canada) \$146k
 - AGS \$92k
- Accounts Payable lower by (\$1.4M) compared to Budget due to lower volume and lower Capex spend
- Unfavorable inventory position \$1.0M
 - (\$275k) FAS mechanical key lock inventory purchased from ASSA at 25%-35% discount in Oct. 2018 – greater than 6-months stock on-hand
 - (\$150K) finished goods on dock due to delayed pickup – shipping terms controlled by customer and delivered in Nov.
 - Initiative to disposition excess and obsolescence stock in 4Q, surplus of ASWD keypads, and Dial/Ring(various coatings)
- Budgeted Balance sheet has been adjusted to reflect Opening Balance Sheet position.



Financial Summary | Opex Summary MTD

\$'000	MTD		Variance		PY MTD	Variance						
	Act	Bud	\$	%	Act	\$	%					
Opex Overview:												
Payroll	\$	322	\$	307	\$	14	4.7%	\$	304	\$	17	5.6%
Overtime		—		1		(1)	(100.0%)		0		(0)	(100.0%)
Benefits		55		24		30	126.3%		83		(28)	(34.0%)
Bonus		10		42		(32)	(75.4%)		14		(4)	(26.2%)
Commissions		15		60		(45)	(75.7%)		8		6	71.4%
Marketing		16		19		(3)	(14.8%)		38		(22)	(57.7%)
Travel and Entertainment		59		35		23	65.7%		21		38	185.3%
Insurance		—		3		(3)	(100.0%)		3		(3)	(100.0%)
Professional Fees		165		493		(328)	(66.6%)		179		(15)	(8.1%)
Utl., Repair, Maint., & Sec.		2		4		(1)	(31.0%)		1		1	126.1%
IT		282		81		201	248.3%		45		237	529.2%
Bad Debts		13		0		13	3209941.3%		(21)		34	(159.9%)
Supplies		0		10		(10)	(95.4%)		9		(8)	(94.6%)
Other Expenses		18		52		(34)	(65.5%)		125		(107)	(85.6%)
Total Opex	\$	958	\$	1,131	\$	(173)	(15.3%)	\$	809	\$	149	18.4%

Management Discussion

- November vs Budget – favorable \$0.2M related to timing of vacant salary positions not filled, delayed strategic initiative spend and sales initiatives not earned
 - Actual 1x adjustments were \$539k versus AOP of \$332k due to TSA fees to convert financial and product engineering data



Financial Summary | Opex Summary QTD

\$'000

	QTD		Var		PY QTD		Variance	
	Act	Bud	\$	%	Act	\$	\$	%
Opex Overview:								
Payroll	\$ 603	\$ 614	\$ (11)	(1.9%)	\$ 611	\$ (8)	(1.3%)	
Overtime	–	2	(2)	(100.0%)	0	(0)	(100.0%)	
Benefits	113	29	85	296.3%	173	(60)	(34.6%)	
Bonus	28	89	(61)	(68.4%)	37	(8)	(23.2%)	
Commissions	44	135	(91)	(67.4%)	25	18	72.0%	
Marketing	68	53	14	26.5%	84	(17)	(19.8%)	
Travel and Entertainment	121	81	41	50.1%	64	57	89.1%	
Insurance	–	5	(5)	(100.0%)	6	(6)	(100.0%)	
Professional Fees	514	954	(440)	(46.2%)	342	172	50.1%	
Utl., Repair, Maint., & Sec.	6	8	(1)	(18.5%)	5	2	34.8%	
IT	370	158	212	133.9%	90	281	313.5%	
Bad Debts	28	0	28	3479920.6%	9	19	218.2%	
Supplies	2	22	(20)	(92.2%)	13	(11)	(86.9%)	
Other Expenses	38	112	(73)	(65.8%)	242	(204)	(84.2%)	
Total Opex	\$ 1,937	\$ 2,260	\$ (323)	(14.3%)	\$ 1,700	\$ 238	14.0%	

Management Discussion

- November vs Budget – favorable \$0.3M related to timing of vacant salary positions not filled, delayed strategic initiative spend and sales initiatives not earned
 - Actual 1x adjustments were \$701k versus AOP of \$594k due to TSA fees to convert financial and product engineering data



Financial Summary | Opex Summary YTD

\$'000

	YTD		Var		PY YTD	Variance	
	Act	Bud	\$	%	Act	\$	%
Opex Overview:							
Payroll	\$ 3,240	\$ 3,284	\$ (44)	(1.3%)	\$ 3,427	\$ (187)	(5.5%)
Overtime	0	9	(8)	(95.9%)	5	(5)	(93.0%)
Benefits	764	564	201	35.6%	884	(120)	(13.6%)
Bonus	175	403	(228)	(56.6%)	238	(63)	(26.5%)
Commissions	271	701	(430)	(61.3%)	208	63	30.4%
Marketing	389	291	98	33.7%	523	(134)	(25.6%)
Travel and Entertainment	470	460	10	2.2%	400	70	17.5%
Insurance	1	30	(29)	(96.4%)	33	(32)	(96.7%)
Professional Fees	6,051	3,933	2,118	53.9%	1,870	4,181	223.5%
Utl., Repair, Maint., & Sec.	20	48	(28)	(58.4%)	69	(49)	(70.9%)
IT	1,182	923	259	28.1%	493	689	139.9%
Bad Debts	95	0	95	7949114.1%	37	59	160.4%
Supplies	38	117	(80)	(67.8%)	64	(26)	(40.8%)
Other Expenses	394	649	(255)	(39.3%)	796	(402)	(50.5%)
Total Opex	\$ 13,106	\$ 11,411	\$ 1,695	14.9%	\$ 9,047	\$ 4,060	44.9%

Management Discussion

- Excluding the impact of the OBS entries, November vs Budget – favorable \$1.7M related to timing of vacant salary positions not filled, delayed strategic initiative spend and sales initiatives not earned
 - Actual 1x adjustments were \$2.1M versus Budget of \$2.2M
 - OBS transaction fee expenses incurred of \$3.4M



Financial Summary | YTD Opex Analysis

\$'000

	YTD			Explanation of Variance				Variance Impact		
	Act	Bud	Variance B / (W)	One-Time / Non-recurring	Timing	Change in Run-rate	Other	Total Variance B / (W)	YoY Impact B / (W)	Annualized Impact B / (W)
Payroll	\$ 3,240	\$ 3,284	\$ (44)	\$ —	\$ (44)	\$ (0)	\$ —	\$ (44)	\$ (0)	\$ (0)
Overtime	0	9	(8)	—	—	(8)	—	(8)	(8)	(8)
Benefits	764	564	201	—	—	201	—	201	201	201
Bonus	175	403	(228)	—	—	(228)	—	(228)	(228)	(228)
Commissions	389	701	(312)	—	—	(312)	—	(312)	(312)	(312)
Marketing	271	291	(20)	—	—	(20)	—	(20)	(20)	(20)
Travel and Entertainment	470	460	10	—	—	10	—	10	10	10
Rent and Facilities	15	—	15	—	—	15	—	15	15	15
Insurance	1	30	(29)	—	—	(29)	—	(29)	(29)	(29)
Professional Fees	6,051	3,933	2,118	4,503	—	(2,384)	—	2,118	(2,384)	(2,384)
Utl., Repair, Maint., & Sec.	20	48	(28)	—	—	(28)	—	(28)	(28)	(28)
IT	1,182	923	259	1,002	(570)	(173)	—	259	(173)	(173)
Bad Debts	95	0	95	—	—	95	—	95	95	95
Supplies	38	117	(80)	—	—	(80)	—	(80)	(80)	(80)
Other Expenses	394	649	(255)	—	—	(255)	—	(255)	(255)	(255)
Total Opex	\$ 13,106	\$ 11,411	\$ 1,695	\$ 5,505	\$ (614)	\$ (3,195)	\$ —	\$ 1,695	\$ (3,195)	\$ (3,195)

Management Discussion

- Bonus for sales and performance initiatives and commissions paid to customers are better than budget due to lower revenues than budget
- Professional fees included non recurring expense of \$3.4M in OBS transaction fee expense, as well as, other 1x costs (recruiting fees, consultants). Change in run rate related to the timing of innovation spend and open sales positions.
- IT contains 1x costs \$457k in TSA fees and \$357k in other carve-out costs. The decline in run rate is related to timing of technology carve-out costs.
- Rent and Insurance variances are a mapping issues. Rent mapped to COGS in budget. Insurance actual expense mapped to COGS.



SARGENT AND GREENLEAF

Financial Summary | Incurred Standalone Costs

\$'000	Description	MTD		Variance		QTD		Variance		YTD		Variance	
		Act	Bud	\$	%	Act	Bud	\$	%	Act	Bud	\$	%
IT		11	42	(31)	-73.7%	22	81	(58)	-72.4%	88	66	22	33.2%
Manager	Salary and Benefits	9	9	-	0.0%	18	18	-	0.0%	45	19	27	143.5%
Analyst	Salary and Benefits	-	6	(6)	-100.0%	-	13	(13)	-100.0%	-	6	(6)	-100.0%
Direct Technology Charges	Office 365, AvePoint, WebRoot, Duo MFA, voice services, Creo, Windchill	-	7	(7)	-100.0%	-	13	(13)	-100.0%	35	17	18	107.8%
Business Services	Offset to TSA	-	11	(11)	-100.0%	-	19	(19)	-100.0%	-	11	(11)	-100.0%
Sales Force	Licensing	-	2	(2)	-100.0%	-	4	(4)	-100.0%	-	2	(2)	-100.0%
Accounting / HR systems	Concur Set-up and monthly fee	2	2	-	0.0%	4	4	0	6.7%	7	6	1	20.1%
ERP tranisition licensing fees	Licensing	-	5	(5)	-100.0%	-	10	(10)	-100.0%	-	5	(5)	-100.0%
Data Communications	Licensing	-	-	-	0.0%	-	-	-	0.0%	-	-	-	0.0%
Legal		6	19	(13)	-70.3%	6	38	(32)	-85.2%	19	38	(19)	-50.5%
Headcount costs (1 FTE)	Salary and Benefits	-	-	-	0.0%	-	-	-	0.0%	-	-	-	0.0%
External legal fees and other expenses	Legal Fees	6	13	(7)	-55.5%	6	25	(19)	-77.7%	19	25	(6)	-25.8%
Patent fees	Patent Fees	-	6	(6)	-100.0%	-	13	(13)	-100.0%	-	13	(13)	-100.0%
Finance		30	30	-	0.0%	59	59	-	0.0%	162	58	104	180.4%
CFO	Salary and Benefits	21	21	-	0.0%	42	42	-	0.0%	109	40	69	171.8%
Base compensation (2 FTEs)	Salary and Benefits	-	-	-	0.0%	-	-	-	0.0%	-	-	-	0.0%
Audit Fees	2019 Audit Fees	9	9	-	0.0%	18	18	-	0.0%	53	18	35	200.0%
Sales		22	22	-	0.0%	45	45	-	0.0%	103	24	79	323.5%
VP of Sales	Salary and Benefits	22	22	-	0.0%	45	45	-	0.0%	103	24	79	323.5%
Customer Relationship Manager	Salary and Benefits	-	-	-	0.0%	-	-	-	0.0%	-	-	-	0.0%
HR		2	2	-	0.0%	3	15	(12)	-78.1%	10	63	(54)	-84.8%
Specialist	Salary and Benefits	-	-	-	0.0%	-	12	(12)	-100.0%	-	13	(13)	-100.0%
Business Travel and Accident	Business Travel and Accident	0	0	-	0.0%	1	1	-	0.0%	1	324	(322)	-99.6%
Global Emergency Travel Services	Global Emergency Travel Services	1	1	-	0.0%	3	3	-	0.0%	8	39	(31)	-79.1%
Trade Compliance		1	1	-	0.0%	3	3	-	0.0%	8	28	(20)	-72.6%
Export Compliance Daily/ICPA annual fee	Export Compliance Daily/ICPA annual fee	0	0	-	0.0%	0	0	-	0.0%	1	206	(205)	-99.5%
Trade Flow software license	Trade Flow software license	1	1	-	0.0%	2	2	-	0.0%	7	26	(20)	-75.0%
Bonuses		15	15	-	0.0%	31	31	-	0.0%	72	35	37	106.5%
Risk		16	16	-	0.0%	33	33	-	0.0%	98	40	58	144.4%
Freight		42	42	-	0.0%	83	83	-	0.0%	232	103	129	125.4%
401(k) compensation		10	10	-	0.0%	20	20	-	0.0%	59	20	39	200.0%
Total Standalone Costs		155	205	(50)	-24.4%	304	406	(102)	-25.1%	850	1,310	(460)	-35.1%



SARGENT AND GREENLEAF

Financial Summary | PF Standalone Costs

\$'000	Description	Nov						QTD						YTD					
		Budget			Actual			Budget			Actual			Budget			Actual		
		Incurred	Unincurred	PF	Incurred	Unincurred	PF	Incurred	Unincurred	PF	Incurred	Unincurred	PF	Incurred	Unincurred	PF	Incurred	Unincurred	PF
IT		42	(2)	40	11	29	40	81	(4)	77	22	55	77	795	-	796	494	302	796
Manager	Salary and Benefits	9	-	9	9	-	9	18	-	18	18	-	18	114	(10)	104	104	-	104
Analyst	Salary and Benefits	6	-	6	-	6	6	12	-	12	-	12	12	154	6	160	123	37	160
Direct Technology Charges	Office 365, AvePoint, WebRoot, Duo MFA, voice services, Creo, Windchill	7	-	7	-	7	7	14	-	14	-	14	14	292	16	308	103	205	308
Business Services	Offset to TSA	11	-	11	-	11	11	19	-	19	-	19	19	87	-	87	52	35	87
Sales Force	Licensing	2	(2)	-	-	-	-	4	(4)	-	-	-	-	6	(6)	-	-	-	-
Accounting / HR systems	Concur Set-up and monthly fee	2	-	2	2	-	2	4	-	4	4	-	4	97	(6)	91	91	-	91
ERP transition licensing fees	Licensing	5	-	5	-	5	5	10	-	10	-	10	10	25	-	25	-	25	25
Data Communications	Licensing	-	-	-	-	-	-	-	-	-	-	-	-	21	-	21	21	-	21
Legal		19	-	19	6	13	19	38	-	38	6	32	38	285	-	285	190	95	285
Headcount costs (1 FTE)	Salary and Benefits	-	-	-	-	-	-	-	-	-	-	-	-	78	-	78	78	-	78
External legal fees and other expenses	Legal Fees	13	-	13	6	7	13	26	-	26	6	20	26	138	-	138	81	58	139
Patent fees	Patent Fees	6	-	6	-	6	6	12	-	12	-	12	12	69	-	69	31	37	68
Finance		30	11	40	30	11	40	60	22	81	60	22	81	322	50	371	308	64	371
CFO	Salary and Benefits	21	-	21	21	-	21	42	-	42	42	-	42	217	(14)	203	203	-	203
Base compensation (2 FTEs)	Salary and Benefits	-	11	11	-	11	11	-	22	22	-	22	22	52	64	116	52	64	116
Audit Fees	2019 Audit Fees	9	-	9	9	-	9	18	-	18	18	-	18	53	-	53	53	-	53
Sales		22	17	39	22	17	39	44	34	79	44	34	78	100	192	293	103	190	293
VP of Sales	Salary and Benefits	22	-	22	22	-	22	44	-	44	44	-	44	100	2	102	102	-	102
Customer Relationship Manager	Salary and Benefits	-	17	17	-	17	17	-	34	34	-	34	34	-	190	190	-	190	190
HR		2	6	8	2	6	8	4	12	16	4	12	16	40	36	76	39	37	76
Specialist	Salary and Benefits	-	6	6	-	6	6	-	12	12	-	12	12	30	36	66	30	36	66
Business Travel and Accident	Business Travel and Accident	0	-	0	0	-	0	0	-	0	0	-	0	1	1	2	1	1	2
Global Emergency Travel Services	Global Emergency Travel Services	1	-	1	1	-	1	2	-	2	2	-	2	8	-	8	8	-	8
Trade Compliance		1	-	1	-	1	-	2	-	2	2	-	2	49	-	49	49	-	49
Export Compliance Daily/ICPA annual fee	Export Compliance Daily/ICPA annual fee	0	-	0	0	-	0	0	-	0	0	-	0	32	-	32	32	-	32
Trade Flow software license	Trade Flow software license	1	-	1	1	-	1	2	-	2	2	-	2	17	-	17	17	-	17
Bonuses		15	-	15	15	-	15	30	-	30	30	-	30	93	-	93	72	21	93
Risk	Incremental cost of business insurances	16	-	16	16	-	16	32	-	32	32	-	32	215	-	215	215	-	215
Freight		42	-	42	42	-	42	84	-	84	84	-	84	635	25	660	618	42	660
401(k) compensation		10	-	10	10	-	10	20	-	20	20	-	20	73	-	73	73	-	73
Total Standalone Costs		199	32	230	155	75	230	395	64	458	304	154	458	2,606	303	2,911	2,161	750	2,911



SARGENT AND GREENLEAF

Financial Summary | 1X Costs

\$'000		MTD		Variance		QTD		Variance		YTD		Variance	
	Description	Act	Bud	\$	%	Act	Bud	\$	%	Act	Bud	\$	%
IT		45	54	(9)	-17.1%	75	109	(34)	-31.0%	190	395	(205)	-51.9%
IT Specialist	Gray Drohan consulting fees	12	20	(8)	-41.1%	19	40	(21)	-53.1%	104	149	(45)	-30.4%
Technology Carve-Out	ERP Implementation, VOIP, Firewall hardware, network re-engineering, Office 365	33	34	(1)	0.0%	56	69	(12)	0.0%	86	246	(159)	0.0%
Legal/Professional Fees		139	46	94	206.2%	178	96	82	85.5%	885	881	4	0.5%
Audit/Valuation Fees	Opening Balance Sheet/Asset Valuation Fees	—	—	—	—	—	—	—	—	56	55	1	1.0%
HR Specialist	Joel Tokarz consulting fees	8	18	(11)	-58.3%	19	36	(17)	-47.9%	302	345	(43)	-12.4%
Employee Recruitment	Recruiting Fees for CFO, VP of Sales, IT Manager, IT Analyst, Gov't BDM	15	—	15	—	20	—	20	—	287	259	28	10.9%
OGX	Consulting Fees	117	23	94	408.7%	140	46	94	204.3%	231	138	93	67.2%
Other	Navex	—	5	(5)	-100.0%	—	15	(15)	-100.0%	10	87	(77)	-88.8%
Marketing/Rebranding	Deal related external communications, rebranding (signage, business cards, etc)	26	108	(82)	-75.8%	40	138	(98)	-70.9%	75	201	(126)	-62.6%
Payroll Implementation	Internaltion GEO, Domestic PEO set up fees	—	—	—	—	—	—	—	—	7	27	(20)	-73.1%
Market Parity	Products to catch up to competitors' offerings	—	56	(56)	0.0%	—	111	(111)	0.0%	—	268	(268)	0.0%
TSA		329	70	259	372.4%	408	142	266	186.7%	906	466	440	94.4%
TSA - IT	Data center infrastructure, ERP and all other in use systems and support, Enterprise services and Business Services	298	38	260	678.8%	343	80	263	331.1%	705	276	429	155.5%
TSA - Non-IT	Order to Cash, AP, GL, Treasury Management, Trade Compliance, Transportation, Global Supply Management,	31	31	(1)	-1.8%	65	63	2	3.7%	202	190	12	6.2%
Total 1X Costs		539	332	207	62.4%	701	594	107	18.0%	2,063	2,233	(169)	-7.6%



Financial Summary | Cash Flow Statement

\$'000	YTD		Variance		PY YTD		Variance	
	Act	Bud	\$	%	Act	\$		%
Cash flow from operations								
Net Income (Loss)	\$ (4,310)	\$ 339	\$ (4,649)	(1370.3%)	\$ 8,317	\$ (12,627)		(151.8%)
Depreciation, amortization and other	199	1,417	(1,218)	(86.0%)	1,132	(933)		(82.5%)
Change in operating assets and liabilities:								
Accounts receivable	325	600	(275)	(45.8%)	(988)	1,314		(132.9%)
Inventory	942	1,215	(273)	(22.4%)	(1,102)	2,044		(185.5%)
Prepaid expenses and other current assets	(2)	(98)	95	(97.7%)	37	(39)		(106.0%)
Accounts payable	(127)	500	(627)	(125.4%)	(539)	412		(76.4%)
Accrued expenses	1,014	1,062	(49)	(4.6%)	11	1,003		9488.1%
Accrued income taxes	152	(500)	652	(130.3%)	(3,366)	3,517		(104.5%)
Other changes in operating assets and liabilities	(8,869)	200	(9,069)	(4530.0%)	(298)	(8,571)		2874.0%
Other cash flow from operations	–	–	–	N/A	–	–		N/A
Total Cash Flow from Operations	\$ (10,677)	\$ 4,736	\$ (15,413)	(325.5%)	\$ 3,203	\$ (13,880)		(433.4%)
Cash flow from investing								
Additions to property, plant and equipment	\$ 22	\$ (927)	\$ 949	(102.4%)	\$ (944)	\$ 966		(102.3%)
Total Cash Flow from Investing	\$ 22	\$ (927)	\$ 949	(102.4%)	\$ (944)	\$ 966		(102.3%)
Cash flow from financing								
Proceeds from the issuance (repayment) of short-term debt	\$ (800)	\$ (800)	\$ –	0.0%	\$ –	\$ (800)		N/A
Proceeds from the issuance of debt	–	–	–	N/A	–	–		N/A
Repayment of debt	(223)	(223)	0	(0.1%)	–	(223)		N/A
Other cash flow from financing costs	12,673	225	12,447	5527.1%	(2,727)	15,400		(564.7%)
Total Cash Flow from Financing	\$ 11,650	\$ (798)	\$ 12,448	(1560.4%)	\$ (2,727)	\$ 14,377		(527.2%)
	\$ –	\$ –	\$ –	N/A	\$ –	\$ –		N/A
Net change in cash	\$ 995	\$ 3,011	\$ (2,016)	(67.0%)	\$ (469)	\$ 1,464		(312.2%)
Beginning cash	–	–	–	N/A	11,601	(11,601)		(100.0%)
Change in cash	995	3,011	(2,016)	(67.0%)	(469)	1,464		(312.2%)
Ending cash	\$ 3,402	\$ 7,439	\$ (4,038)	(54.3%)	\$ 11,132	\$ (7,730)		(69.4%)

YTD Cash Flow calculated from May 30th 2019.

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Financial Summary | Covenant Analysis

	Fixed Charge Ratio			
000's	Sep	Oct	Nov	Dec
TTM Fixed Charges:				
TTM Net Cash Interest	3,608	3,484	3,478	3,539
Plus:				
TTM Mandatory Principal Debt Payments	892	892	892	892
Fixed Charges	4,500	4,375	4,370	4,430
TTM EBITDA for defined Period	10,458	10,734	10,838	10,656
Less:				
TTM Unfinanced Capital Expenditures	846	724	632	572
TTM OGC Monitoring Fees	1,000	1,000	1,000	1,000
TTM Cash Taxes Paid	826	642	545	473
TTM Operating Cash Flow	7,786	8,368	8,662	8,611
Fixed Charge Coverage Ratio	1.73	1.91	1.98	1.94
Minimum Ratio	1.10	1.10	1.10	1.10
In Compliance	YES	YES	YES	YES
TTM Minimum Operating Cash Flow	4,950	4,813	4,807	4,873
TTM Operating Cash Flow Cushion	2,836	3,556	3,855	3,737



Financial Summary | Covenant Analysis

Total Debt to EBITDA Ratio

000's	Sep	Oct	Nov	Dec
Total Debt:				
Revolver Balance	-	-	-	-
Plus: Term Loan Balance	44,363	44,363	44,363	44,140
Plus: Other Debt	-	-	-	-
Less: Qualified Cash	3,000	3,000	3,000	800
Total Debt	41,363	41,363	41,363	43,340
EBITDA for the Defined Period (calculated in the manner required by Section 6.1 of the Compliance Certificate)	10,458	10,734	10,838	10,656
TTM Adjusted EBITDA	10,458	10,734	10,838	10,656
Total Debt to EBITDA Ratio (ratio of Total Debt to Adjusted EBITDA for the Defined Period)	3.96	3.85	3.82	4.07
Maximum Permitted Total Debt to EBITDA Ratio for the Defined Period	6.00	6.00	6.00	6.00
In Compliance	YES	YES	YES	YES
Minimum TTM EBITDA required	6,894	6,894	6,894	7,223
TTM EBITDA Cushion	3,564	3,840	3,944	3,433

November 2019 Operating Review Meeting Agenda

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



Full Year Financial Outlook | Summary P&L

\$'000	FY		Variance		PY	Variance	
	Fcst	Bud	\$	%	Act	\$	%
Net Revenue	43,803	48,072	(4,269)	(8.9%)	43,867	(64)	(0.1%)
Material	16,002	15,717	285	1.8%	15,626	376	2.4%
Labor	6,733	7,214	(481)	(6.7%)	6,473	260	4.0%
Other COGS	2,533	2,955	(422)	(14.3%)	1,968	565	28.7%
Total COGS	25,267	25,886	(618)	(2.4%)	24,067	1,200	5.0%
Gross Margin	18,536	22,186	(3,650)	(16.5%)	19,800	(1,265)	(6.4%)
<i>Gross Margin %</i>	<i>42.3%</i>	<i>46.2%</i>			<i>45.1%</i>		
R&D	1,632	2,511	(878)	(35.0%)	1,763	(131)	(7.4%)
Sales & Marketing	4,160	4,930	(770)	(15.6%)	3,727	434	11.6%
Administrative	8,750	5,407	3,343	61.8%	4,254	4,496	105.7%
Other Opex	–	–	–	N/A	–	–	N/A
Total Opex	14,543	12,848	1,695	13.2%	9,744	4,799	49.2%
EBITDA	3,993	9,338	(5,346)	(57.2%)	10,056	(6,063)	(60.3%)
<i>EBITDA %</i>	<i>9.1%</i>	<i>19.4%</i>			<i>22.9%</i>		
Adj. EBITDA	10,983	12,190	(1,207)	(9.9%)	10,056	927	9.2%
<i>Adj. EBITDA %</i>	<i>25.1%</i>	<i>25.4%</i>			<i>22.9%</i>		
Net Income (Loss)	\$ (1,612)	\$ 3,154	\$ (4,766)	(151.1%)	\$ 8,802	\$ (10,414)	(118.3%)
Capex	\$ 345	\$ 1,366	\$ (1,021)	(74.8%)	\$ 1,412	\$ (1,067)	(75.6%)
Unincurred Standalone Costs	696	299					
PF Adj EBITDA	10,287	11,891					
<i>PF Adj. EBITDA %</i>	<i>23.5%</i>	<i>24.7%</i>					

Fcst equals Jan-Oct Actuals + Nov-Dec AOP



Full Year Financial Outlook | Opex Summary

\$'000

\$'000	FY		Variance		PY	Variance						
	Fcst	Bud	\$	%	Act	\$	%					
Opex Overview:												
Payroll	\$	3,547	\$	3,591	\$	(44)	(1.2%)	\$	3,716	\$	(169)	(4.6%)
Overtime		1		9		(8)	(87.9%)		5		(4)	(77.8%)
Benefits		788		588		201	34.1%		967		(179)	(18.5%)
Bonus		217		445		(228)	(51.3%)		193		24	12.3%
Commissions		331		761		(430)	(56.5%)		222		109	49.4%
Marketing		409		311		98	31.7%		546		(137)	(25.1%)
Travel and Entertainment		505		495		10	2.1%		434		71	16.4%
Insurance		4		33		(29)	(88.4%)		36		(32)	(89.4%)
Professional Fees		6,539		4,421		2,118	47.9%		1,996		4,543	227.6%
Utl., Repair, Maint., & Sec.		24		52		(28)	(54.4%)		73		(50)	(67.8%)
IT		1,262		1,003		259	25.8%		538		725	134.8%
Bad Debts		95		0		95	N/A		55		41	74.3%
Supplies		48		128		(80)	(62.3%)		67		(19)	(27.9%)
Other Expenses		447		703		(256)	(36.4%)		897		(450)	(50.2%)
Total Opex	\$	14,543	\$	12,847	\$	1,695	13.2%	\$	9,744	\$	4,799	49.2%



Full Year Financial Outlook | Balance Sheet

\$'000	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	FY	FY	Var	
	Act	Act	Act	Act	Act	Act	Act	Fcst	Fcst	Bud	\$	%
Current Assets												
Cash and cash equivalents	\$ 2,407	\$ 2,878	\$ 3,579	\$ 5,017	\$ 3,600	\$ 3,780	\$ 3,401	\$ 6,640	\$ 6,640	\$ 6,640	\$ -	0.0%
Accounts receivable, gross	7,203	8,117	8,149	7,047	7,131	7,240	6,935	6,424	6,424	6,424	-	0.0%
Accounts receivable, reserves	(156)	(177)	(195)	(195)	(186)	(201)	(213)	(116)	(116)	(116)	-	0.0%
Accounts receivable, net	7,047	7,940	7,955	6,852	6,945	7,040	6,722	6,309	6,309	6,309	-	0.0%
Inventory, gross	8,254	7,911	7,875	7,226	7,404	7,747	7,396	5,948	5,948	5,948	-	0.0%
Inventory, reserves	(466)	(458)	(548)	(467)	(462)	(564)	(550)	(416)	(416)	(416)	-	0.0%
Inventory, net	7,788	7,453	7,327	6,760	6,942	7,183	6,846	5,532	5,532	5,532	-	0.0%
Prepaid expenses and other current assets	81	46	273	196	142	113	84	141	141	141	-	0.0%
Total Current Assets	17,324	18,317	19,135	18,825	17,629	18,116	17,053	18,621	18,621	18,621	-	0.0%
Non-Current Assets												
Property, plant & equipment, gross	11,544	11,570	11,569	11,569	11,492	11,492	11,522	12,559	12,559	12,559	-	0.0%
Accumulated depreciation	(92)	(193)	(290)	(389)	(405)	(502)	(787)	(758)	(758)	(758)	-	0.0%
Property, plant & equipment, net	11,452	11,377	11,278	11,180	11,087	10,990	10,735	11,801	11,801	11,801	-	0.0%
Goodwill	44,975	44,972	44,974	44,223	45,034	45,918	45,914	43,223	43,223	43,223	-	0.0%
Identifiable intangible assets, gross	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100	-	0.0%
Accumulated amortization	-	(1)	-	-	-	(196)	(443)	-	-	-	-	N/A
Identifiable intangible assets, net	15,100	15,099	15,100	15,100	15,100	14,904	14,657	15,100	15,100	15,100	-	0.0%
Deferred financing cost	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	-	0.0%
Other non-current assets	(8,873)	294	131	131	131	131	131	131	131	131	-	0.0%
Total Non-Current Assets	64,299	73,389	73,129	72,280	72,999	73,590	73,084	71,901	71,901	71,901	-	0.0%
Total Assets	\$81,623	\$91,706	\$92,263	\$91,106	\$90,628	\$91,706	\$90,137	\$90,522	\$90,522	\$90,522	\$ -	0.0%
Current Liabilities												
Current portion of long-term debt	\$ 892	\$ 892	\$ 892	\$ 892	\$ 1,003	\$ 1,003	\$ 1,003	\$ 1,115	\$ 1,115	\$ 1,115	\$ -	0.0%
Accounts payable	2,966	3,682	3,374	3,531	3,483	3,574	2,839	4,041	4,041	4,041	-	0.0%
Accrued liabilities	601	891	1,370	1,804	1,564	1,627	1,615	1,226	1,226	1,226	-	0.0%
Accrued compensation	149	179	287	302	321	182	270	347	347	347	-	0.0%
Income taxes payable	(0)	266	266	266	160	152	152	(792)	(792)	(792)	-	0.0%
Short-term unearned revenue	43	70	315	56	141	262	16	56	56	56	-	0.0%
Total Current Liabilities	5,450	5,981	6,505	6,851	6,671	6,800	5,894	5,993	5,993	5,993	-	0.0%
Long-term Liabilities												
Long-term debt less current maturities	43,694	43,694	43,694	43,694	43,360	43,360	43,360	43,025	43,025	43,025	-	0.0%
Deferred income taxes	2,989	2,989	2,989	2,989	2,989	2,989	2,989	2,989	2,989	2,989	-	0.0%
Other non-current liabilities	46	87	87	87	87	87	87	87	87	87	-	0.0%
Total Long-Term Liabilities	46,729	46,770	46,770	46,770	46,436	46,436	46,436	46,102	46,102	46,102	-	0.0%
Total Liabilities	52,179	52,751	53,275	53,621	53,108	53,236	52,330	52,094	52,094	52,094	-	0.0%
Shareholders' Equity												
Common stock	40,228	40,228	40,228	40,228	40,228	40,228	40,228	40,228	40,228	40,228	-	0.0%
Retained earnings	(16,975)	(2,644)	(2,593)	(4,098)	(4,054)	(3,112)	(3,760)	(3,155)	(3,155)	(3,155)	-	0.0%
Accumulated other comprehensive income	1,336	1,370	1,352	1,354	1,346	1,354	1,339	1,354	1,354	1,354	-	0.0%
Other equity transactions	4,855	1	1	1	1	1	1	1	1	1	-	0.0%
Total Shareholders' Equity	29,444	38,955	38,988	37,484	37,521	38,470	37,807	38,428	38,428	38,428	-	0.0%
Total Liabilities and Shareholders' Equity	\$81,623	\$91,706	\$92,262	\$91,106	\$90,628	\$91,706	\$90,137	\$90,522	\$90,522	\$90,522	\$ -	0.0%

Fcst equals AOP



Full Year Financial Outlook | Cash Flow Summary

\$'000	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	FY	FY	Var	
	Act	Act	Act	Act	Act	Act	Fcst	Fcst	Bud	\$	%
Cash flow from operations											
Net Income (Loss)	\$ 463	\$ 41	\$ (4,947)	\$ 45	\$ 76	\$ 12	\$ (279)	\$ (4,589)	\$ 60	\$ (4,649)	(7761.3%)
Depreciation, amortization and other	104	96	849	(795)	(591)	536	2,219	2,418	1,758	659	37.5%
<i>Change in operating assets and liabilities:</i>									\$ -		
Accounts receivable	(893)	(15)	1,102	(93)	(94)	317	414	739	1,107	(368)	(33.3%)
Inventory	335	126	567	(182)	(241)	337	1,314	2,256	1,611	645	40.1%
Prepaid expenses and other current assets	35	(227)	77	54	29	30	(57)	(59)	(81)	22	(27.2%)
Accounts payable	717	(308)	157	(48)	91	(735)	1,203	1,076	350	726	207.4%
Accrued expenses	290	479	433	(240)	63	(12)	(389)	625	472	153	32.4%
Accrued income taxes	266	0	(0)	(106)	(9)	0	(944)	(792)	(1,291)	498	(38.6%)
Other changes in operating assets and liabilities	(9,069)	515	(243)	103	(18)	(158)	118	(8,751)	236	(8,987)	(3810.1%)
Other cash flow from operations	-	-	-	-	-	-	-	-	-	-	N/A
Total Cash Flow from Operations	\$ (7,751)	\$ 708	\$ (2,004)	\$ (1,262)	\$ (694)	\$ 327	\$ 3,598	\$ (7,079)	\$ 4,222	\$ (11,301)	(267.7%)
Cash flow from investing											
Additions to property, plant and equipment	\$ (26)	\$ 1	\$ (0)	\$ 77	\$ (0)	\$ (30)	\$ (1,037)	\$ (1,015)	\$ (990)	\$ (25)	2.5%
Total Cash Flow from Investing	\$ (26)	\$ 1	\$ (0)	\$ 77	\$ (0)	\$ (30)	\$ (1,037)	\$ (1,015)	\$ (990)	\$ (25)	2.5%
Cash flow from financing											
Proceeds from the issuance (repayment) of short-term debt	\$ (800)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (800)	\$ (800)	\$ -	0.0%
Proceeds from the issuance of debt	-	-	-	-	-	-	-	-	-	-	N/A
Repayment of debt	-	-	-	(223)	-	-	(223)	(446)	(446)	-	0.0%
Other cash flow from financing costs	9,048	(9)	3,443	(9)	874	(675)	900	13,573	225	13,347	5926.6%
Total Cash Flow from Financing	\$ 8,248	\$ (9)	\$ 3,443	\$ (232)	\$ 874	\$ (675)	\$ 677	\$ 12,327	\$ (1,021)	\$ 13,347	(1307.7%)
Effect of FX rates on cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Net change in cash	\$ 471	\$ 701	\$ 1,439	\$ (1,417)	\$ 180	\$ (378)	\$ 3,238	\$ 4,233	\$ 2,211	\$ 2,022	91.4%
Beginning cash	2,407	2,878	3,579	5,017	3,600	3,780	3,402	2,407	4,429	(2,021)	(45.6%)
Change in cash	471	701	1,439	(1,417)	180	(378)	3,238	4,233	2,211	2,022	91.4%
Ending cash	\$ 2,878	\$ 3,579	\$ 5,017	\$ 3,600	\$ 3,780	\$ 3,402	\$ 6,640	\$ 6,640	\$ 6,640	\$ 0	0.0%

Forecast and Budgeted Cash Flow has been updated to reflect opening balance sheet position. Full year Cash Flow calculated from May 30th 2019. Fcst equals AOP

November 2019 Operating Review Meeting Agenda

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

Governance Reporting | Management Report

Disclosure Committee:

- Members include: CEO, CFO, VP Sales, VP Operations, VP and General Counsel
- Second Audit Committee held on Wednesday November 23rd, prior to the Q3 Board meeting

Anonymous Hotline:

- No activity

Modification of Internal Control and Authority Matrix:

- None



Governance Reporting | Management Report (Continued)

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

November 2019 Operating Review Meeting Agenda

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



Appendix | Squeeze Report

	Net Revenue						Adj. EBITDA						Net Debt		
	Act	Bud	Variance	PY	Variance		Act	Bud	Variance	PY	Variance		Act	Rfc	PY
This Month	\$ 3,055	\$ 3,601	-15.2%	\$ 2,783	9.8%		\$ 708	\$ 870	-18.6%	\$ 548	29.3%		\$ 40,962	\$ (2,971)	\$ (11,132)
Quarter to Date	\$ 7,080	\$ 8,081	-12.4%	\$ 6,547	8.1%		\$ 1,929	\$ 2,114	-8.7%	\$ 1,428	35.1%				
Year to Date	\$ 40,355	\$ 44,624	-9.6%	\$ 40,759	-1.0%		\$ 10,249	\$ 11,456	-10.5%	\$ 9,468	8.2%				
LTM Trends (\$'000s)	12/31/18	1/31/19	2/28/19	3/31/19	4/30/19	5/31/19	6/30/19	7/31/19	8/31/19	9/30/19	10/31/19	11/30/19	LTM		
Net Revenue	\$ 3,109	\$ 3,350	\$ 4,088	\$ 3,904	\$ 3,773	\$ 3,235	\$ 4,413	\$ 4,259	\$ 3,058	\$ 3,196	\$ 4,025	\$ 3,055	\$ 43,463		
Gross Margin	1,285	1,456	1,821	1,838	1,469	1,354	2,129	1,777	567	1,403	2,039	1,126	18,266		
Gross Margin %	41.3%	43.5%	44.6%	47.1%	38.9%	41.9%	48.2%	41.7%	18.6%	43.9%	50.7%	36.9%	42.0%		
SG&A	697	898	810	715	765	720	980	1,077	4,272	932	980	958	13,804		
Reported EBITDA	588	559	1,011	1,123	705	634	1,149	700	(3,704)	471	1,059	169	4,462		
Rep. EBITDA %	18.9%	16.7%	24.7%	28.8%	18.7%	19.6%	26.0%	16.4%	(121.1%)	14.7%	26.3%	5.5%	10.3%		
Adj. EBITDA	588	559	1,011	1,123	705	634	1,653	1,064	800	771	1,221	708	10,837		
Adj. EBITDA %	18.9%	16.7%	24.7%	28.8%	18.7%	19.6%	37.5%	25.0%	26.2%	24.1%	30.3%	23.2%	24.9%		
Capex	\$ 415	\$ 120	\$ 22	\$ 21	\$ 16	\$ 45	\$ 24	\$ -	\$ -	\$ 3	\$ -	\$ 30	\$ 697		
Accounts Receivable, Net	\$ 6,637	\$ 6,542	\$ 7,672	\$ 7,838	\$ 7,201	\$ 7,047	\$ 7,940	\$ 7,955	\$ 6,852	\$ 6,945	\$ 7,040	\$ 6,816	\$ 6,816		
Inventory, Net	6,360	6,919	6,772	6,832	6,979	7,788	7,453	7,327	6,760	6,942	7,183	5,928	5,928		
Accounts Payable	3,785	3,933	3,707	3,716	4,031	2,966	3,682	3,374	3,531	3,483	3,574	4,191	4,191		
CCC	\$ 9,212	\$ 9,528	\$ 10,736	\$ 10,954	\$ 10,149	\$ 11,870	\$ 11,710	\$ 11,907	\$ 10,081	\$ 10,405	\$ 10,649	\$ 8,552	\$ 8,552		
DSO	61.9	84.9	95.7	63.2	56.0	58.8	63.3	60.8	53.2	60.2	62.4	59.6	59.6		
DSI	110.3	121.8	104.1	100.8	96.6	102.2	94.3	93.3	88.1	97.2	104.3	112.2	112.2		
DPO	63.8	67.7	55.8	54.3	55.4	43.8	33.7	48.7	46.0	48.8	51.9	46.5	46.5		
C2C	108.4	139.1	144.0	109.7	97.2	117.2	123.9	105.4	95.3	108.6	114.8	125.3	125.3		
Bank revolver	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Unclassified external debt / OID	-	-	-	-	-	-	-	-	-	-	-	-	-		
OpenGate debt	-	-	-	-	-	-	44,586	44,586	44,586	44,363	44,363	44,363	44,363		
Total Debt Outstanding	-	-	-	-	-	800	44,586	44,586	44,586	44,363	44,363	44,363	44,363		
Cash and equivalents	-	-	-	-	-	-	2,878	3,579	5,017	3,600	3,780	3,401	3,401		
Total Net Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,708	\$ 41,007	\$ 39,569	\$ 40,764	\$ 40,584	\$ 40,962	\$ 40,962		
Beginning Cash Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,407	\$ 2,878	\$ 3,579	\$ 5,017	\$ 3,600	\$ 3,780	\$ -		
Add / (Less): Operating Cash Flow	-	-	-	-	-	-	(7,751)	708	(2,004)	(1,262)	(694)	327	(10,677)		
Add / (Less): Investing Cash Flow	-	-	-	-	-	-	(26)	1	(0)	77	(0)	(30)	22		
Add / (Less): Financing Cash Flow	-	-	-	-	-	-	8,248	(9)	3,443	(232)	874	(675)	11,650		
Effect of FX rates / Other	-	-	-	-	-	-	-	-	-	-	-	-	-		
Ending Cash Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,878	\$ 3,579	\$ 5,017	\$ 3,600	\$ 3,780	\$ 3,402	\$ 3,402		



Appendix | Monthly P&L

\$'000	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	FY	FY	Var		PY	Var	
	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Fcst	Fcst	Bud	\$	%	Act	\$	%
Net Revenue	3,350	4,088	3,904	3,773	3,235	4,413	4,259	3,058	3,196	4,025	3,055	3,448	43,803	48,072	(4,269)	(8.9%)	43,867	(64)	(0.1%)
Material	1,083	1,424	1,272	1,488	1,169	1,485	1,516	1,722	1,067	1,259	1,376	1,142	16,002	15,717	285	1.8%	15,626	376	2.4%
Labor	621	550	539	632	543	489	656	533	528	615	515	511	6,733	7,214	(481)	(6.7%)	6,473	260	4.0%
Other COGS	190	292	255	184	168	311	310	236	198	112	38	239	2,533	2,955	(422)	(14.3%)	1,968	565	28.7%
Total COGS	1,894	2,266	2,066	2,303	1,881	2,284	2,482	2,490	1,793	1,986	1,929	1,893	25,267	25,886	(618)	(2.4%)	24,067	1,200	5.0%
Gross Margin	1,456	1,821	1,838	1,469	1,354	2,129	1,777	567	1,403	2,039	1,126	1,555	18,536	22,186	(3,650)	(16.5%)	19,800	(1,265)	(6.4%)
<i>Gross Margin %</i>	<i>43.5%</i>	<i>44.6%</i>	<i>47.1%</i>	<i>38.9%</i>	<i>41.9%</i>	<i>48.2%</i>	<i>41.7%</i>	<i>18.6%</i>	<i>43.9%</i>	<i>50.7%</i>	<i>36.9%</i>	<i>45.1%</i>	<i>42.3%</i>	<i>46.2%</i>			<i>45.1%</i>		
R&D	133	112	103	109	109	84	176	116	114	223	54	301	1,632	2,511	(878)	(35.0%)	1,763	(131)	(7.4%)
Sales & Marketing	374	336	315	308	305	240	388	402	338	423	281	450	4,160	4,930	(770)	(15.6%)	3,727	434	11.6%
Administrative	390	362	297	348	306	656	513	3,754	480	334	623	686	8,750	5,407	3,343	61.8%	4,254	4,496	105.7%
Other Opex	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Total Opex	898	810	715	765	720	980	1,077	4,272	932	980	958	1,436	14,543	12,848	1,695	13.2%	9,744	4,799	49.2%
EBITDA	559	1,011	1,123	705	634	1,149	700	(3,704)	471	1,059	169	119	3,993	9,338	(5,346)	(57.2%)	10,056	(6,063)	(60.3%)
<i>EBITDA %</i>	<i>16.7%</i>	<i>24.7%</i>	<i>28.8%</i>	<i>18.7%</i>	<i>19.6%</i>	<i>26.0%</i>	<i>16.4%</i>	<i>(121.1%)</i>	<i>14.7%</i>	<i>26.3%</i>	<i>5.5%</i>	<i>3.4%</i>	<i>9.1%</i>	<i>19.4%</i>			<i>22.9%</i>		
Adj. EBITDA	559	1,011	1,123	705	634	1,653	1,064	800	771	1,221	708	734	10,983	12,190	(1,207)	(9.9%)	10,056	927	9.2%
<i>Adj. EBITDA %</i>	<i>16.7%</i>	<i>24.7%</i>	<i>28.8%</i>	<i>18.7%</i>	<i>19.6%</i>	<i>37.5%</i>	<i>25.0%</i>	<i>26.2%</i>	<i>23.8%</i>	<i>30.3%</i>	<i>23.2%</i>	<i>21.3%</i>	<i>25.1%</i>	<i>25.4%</i>			<i>22.9%</i>		
Net Income (Loss)	\$ 440	\$ 909	\$ 1,028	\$ 609	\$ 535	\$ 463	\$ 41	\$ (4,947)	\$ 45	\$ 192	\$ (648)	\$ (279)	\$ (1,612)	\$ 3,154	\$ (4,766)	(151.1%)	\$ 8,802	\$ (10,414)	(118.3%)
Capex	\$ 120	\$ 22	\$ 21	\$ 16	\$ 45	\$ 24	\$ —	\$ —	\$ 3	\$ —	\$ 30	\$ 63	\$ 345	\$ 1,366	\$ (1,021)	(74.8%)	\$ 1,412	\$ (1,067)	(75.6%)
Unincurred Standalone Costs	17	17	17	17	17	127	86	236	60	80	34	34	742						
PF Adj EBITDA	542	994	1,106	688	617	1,526	978	564	711	1,141	674	700	10,241						
<i>PF Adj. EBITDA %</i>	<i>16.2%</i>	<i>24.3%</i>	<i>28.3%</i>	<i>18.2%</i>	<i>19.1%</i>	<i>34.6%</i>	<i>23.0%</i>	<i>18.4%</i>	<i>22.2%</i>	<i>28.4%</i>	<i>22.1%</i>	<i>20.3%</i>	<i>23.4%</i>						



Appendix | Actual Incurred Monthly Standalone Costs

\$'000		Pre-close Proforma Standalone Costs					Post-Close Standalone Costs						
	Description	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	2019
IT		81	81	81	81	81	-	11	10	44	11	11	494
Manager	Salary and Benefits	12	12	12	12	12	-	9	9	9	9	9	104
Analyst	Salary and Benefits	25	25	25	25	25	-	-	-	-	-	-	123
Direct Technology Charges	Office 365, AvePoint, WebRoot, Duo MFA, voice services, Creo, Windchill	14	14	14	14	14	-	-	-	35	-	-	103
Business Services	Offset to TSA	10	10	10	10	10	-	-	-	-	-	-	52
Sales Force	Licensing	-	-	-	-	-	-	-	-	-	-	-	-
Accounting / HR systems	Concur Set-up and monthly fee	17	17	17	17	17	-	3	1	-	2	2	91
ERP transition licensing fees	Licensing	-	-	-	-	-	-	-	-	-	-	-	-
Data Communications	Licensing	4	4	4	4	4	-	-	-	-	-	-	21
Legal		34	34	34	34	34	-	-	-	13	-	6	190
Headcount costs (1 FTE)	Salary and Benefits	16	16	16	16	16	-	-	-	-	-	-	78
External legal fees and other expenses	Legal Fees	13	13	13	13	13	-	-	-	13	-	6	81
Patent fees	Patent Fees	6	6	6	6	6	-	-	-	-	-	-	31
Finance		29	29	29	29	29	14	30	30	30	30	30	308
CFO	Salary and Benefits	19	19	19	19	19	5	21	21	21	21	21	203
Base compensation (2 FTEs)	Salary and Benefits	10	10	10	10	10	-	-	-	-	-	-	52
Audit Fees	2019 Audit Fees	-	-	-	-	-	9	9	9	9	9	9	53
Sales		-	-	-	-	-	-	13	22	22	22	22	103
VP of Sales	Salary and Benefits	-	-	-	-	-	-	13	22	22	22	22	103
Customer Relationship Manager	Salary and Benefits	-	-	-	-	-	-	-	-	-	-	-	-
HR		6	6	6	6	6	2	2	2	1	1	2	38
Specialist	Salary and Benefits	6	6	6	6	6	-	-	-	-	-	-	29
Business Travel and Accident	Business Travel and Accident	-	-	-	-	-	0	0	0	-	0	0	1
Global Emergency Travel Services	Global Emergency Travel Services	-	-	-	-	-	1	1	1	1	1	1	8
Trade Compliance		8	8	8	8	8	1	1	1	1	1	1	49
Export Compliance Daily/ICPA annual fee	Export Compliance Daily/ICPA annual fee	6	6	6	6	6	0	0	0	0	0	0	32
Trade Flow software license	Trade Flow software license	2	2	2	2	2	1	1	1	1	1	1	17
Bonuses	Incremental management bonuses	-	-	-	-	-	-	10	15	15	15	15	72
Risk	Incremental cost of business insurances	24	24	24	24	24	16	16	16	16	16	16	215
Freight	Adjust freight to actual charges versus allocation	77	77	77	77	77	-	61	47	42	42	42	618
401(k) compensation	Estimated incremental 401(k) expense	3	3	3	3	3	10	10	10	10	10	10	73
Total Standalone Costs		262	262	262	262	262	43	154	153	195	149	155	2,161



Appendix | Actual Unincurred Monthly Standalone Costs

\$'000	Description	Pre-close Proforma Standalone Costs					Post-Close Standalone Costs						2019
		Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	
IT		-	-	-	-	-	16	27	183	19	26	29	300
Manager	Salary and Benefits	-	-	-	-	-	-	-	-	-	-	-	-
Analyst	Salary and Benefits	-	-	-	-	-	6	6	6	6	6	6	36
Direct Technology Charges	Office 365, AvePoint, WebRoot, Duo MFA, voice services, Creo, Windchill	-	-	-	-	-	10	16	164	-	7	7	204
Business Services	Offset to TSA	-	-	-	-	-	-	0	8	8	8	11	35
Sales Force	Licensing	-	-	-	-	-	-	-	-	-	-	-	-
Accounting / HR systems	Concur Set-up and monthly fee	-	-	-	-	-	-	-	-	-	-	-	-
ERP transition licensing fees	Licensing	-	-	-	-	-	-	5	5	5	5	5	25
Data Communications	Licensing	-	-	-	-	-	-	-	-	-	-	-	-
Legal		-	-	-	-	-	19	19	19	6	19	13	94
Headcount costs (1 FTE)	Salary and Benefits	-	-	-	-	-	-	-	-	-	-	-	-
External legal fees and other expenses	Legal Fees	-	-	-	-	-	13	13	13	-	13	7	57
Patent fees	Patent Fees	-	-	-	-	-	6	6	6	6	6	6	37
Finance		-	-	-	-	-	11	11	11	11	11	11	66
CFO	Salary and Benefits	-	-	-	-	-	-	-	-	-	-	-	-
Base compensation (2 FTEs)	Salary and Benefits	-	-	-	-	-	11	11	11	11	11	11	66
Audit Fees	2019 Audit Fees	-	-	-	-	-	-	-	-	-	-	-	-
Sales		17	17	17	17	17	17	17	17	17	17	17	-
VP of Sales	Salary and Benefits	-	-	-	-	-	-	-	-	-	-	-	-
Customer Relationship Manager	Salary and Benefits	17	17	17	17	17	17	17	17	17	17	17	-
HR		-	-	-	-	-	6	6	6	6	6	6	37
Specialist	Salary and Benefits	-	-	-	-	-	6	6	6	6	6	6	36
Business Travel and Accident	Business Travel and Accident	-	-	-	-	-	0	0	0	0	0	-	1
Global Emergency Travel Services	Global Emergency Travel Services	-	-	-	-	-	-	-	-	-	-	-	-
Trade Compliance		-	-	-	-	-	-	-	-	-	-	-	-
Export Compliance Daily/ICPA annual fee	Export Compliance Daily/ICPA annual fee	-	-	-	-	-	-	-	-	-	-	-	-
Trade Flow software license	Trade Flow software license	-	-	-	-	-	-	-	-	-	-	-	-
Bonuses		-	-	-	-	-	15	5	-	-	-	-	21
Risk		-	-	-	-	-	-	-	-	-	-	-	-
Freight		-	-	-	-	-	42	-	-	-	-	-	42
401(k) compensation		-	-	-	-	-	-	-	-	-	-	-	-
Total Standalone Costs		17	17	17	17	17	126	86	236	59	79	75	559



Appendix | Actual PF Monthly Standalone Costs

\$'000	Description	Pre-close Proforma Standalone Costs					Post-Close Standalone Costs						2019
		Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	
IT		81	81	81	81	81	16	38	193	63	38	40	795
Manager	Salary and Benefits	12	12	12	12	12	-	9	9	9	9	9	104
Analyst	Salary and Benefits	25	25	25	25	25	6	6	6	6	6	6	159
Direct Technology Charges	Office 365, AvePoint, WebRoot, Duo MFA, voice services, Creo, Windchill	14	14	14	14	14	10	16	164	35	7	7	307
Business Services	Offset to TSA	10	10	10	10	10	-	0	8	8	8	11	87
Sales Force	Licensing	-	-	-	-	-	-	-	-	-	1	-	1
Accounting / HR systems	Concur Set-up and monthly fee	17	17	17	17	17	-	3	1	-	2	2	91
ERP tranisition licensing fees	Licensing	-	-	-	-	-	-	5	5	5	5	5	25
Data Communications	Licensing	4	4	4	4	4	-	-	-	-	-	-	21
Legal		34	34	34	34	34	19	19	19	19	19	19	285
Headcount costs (1 FTE)	Salary and Benefits	16	16	16	16	16	-	-	-	-	-	-	78
External legal fees and other expenses	Legal Fees	13	13	13	13	13	13	13	13	13	13	13	138
Patent fees	Patent Fees	6	6	6	6	6	6	6	6	6	6	6	69
Finance		29	29	29	29	29	25	41	41	41	41	40	374
CFO	Salary and Benefits	19	19	19	19	19	5	21	21	21	21	21	203
Base compensation (2 FTEs)	Salary and Benefits	10	10	10	10	10	11	11	11	11	11	11	118
Audit Fees	2019 Audit Fees	-	-	-	-	-	9	9	9	9	9	9	53
Sales		-	-	-	-	-	-	13	22	22	22	39	103
VP of Sales	Salary and Benefits	-	-	-	-	-	-	13	22	22	22	22	103
Customer Relationship Manager	Salary and Benefits	-	-	-	-	-	-	-	-	-	1	17	
HR		6	6	6	6	6	8	8	8	8	8	8	76
Specialist	Salary and Benefits	6	6	6	6	6	6	6	6	6	6	6	65
Business Travel and Accident	Business Travel and Accident	-	-	-	-	-	1	1	1	0	1	0	3
Global Emergency Travel Services	Global Emergency Travel Services	-	-	-	-	-	1	1	1	1	1	1	8
Trade Compliance		8	8	8	8	8	1	1	1	1	1	1	49
Export Compliance Daily/ICPA annual fee	Export Compliance Daily/ICPA annual fee	6	6	6	6	6	0	0	0	0	-	0	32
Trade Flow software license	Trade Flow software license	2	2	2	2	2	1	1	1	1	1	1	17
Bonuses		-	-	-	-	-	15	15	15	15	15	15	92
Risk		24	24	24	24	24	16	16	16	16	16	16	215
Freight		77	77	77	77	77	42	61	47	42	42	42	660
401(k) compensation		3	3	3	3	3	10	10	10	10	10	10	73
Total Standalone Costs		280	280	280	280	280	169	240	390	255	212	230	2,721



Appendix | Budget Incurred Monthly Standalone Costs

\$'000		Pre-close Proforma Standalone Costs					Post-Close Standalone Costs							
Description		Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	2019
IT		81	81	81	81	81	24	39	207	39	39	42	42	838
Manager	Salary and Benefits	12	12	12	12	12	9	9	9	9	9	9	9	123
Analyst	Salary and Benefits	25	25	25	25	25	-	6	6	6	6	6	6	160
Direct Technology Charges	Office 365, AvePoint, WebRoot, Duo MFA, voice services, Creo, Windchill	14	14	14	14	14	10	16	177	7	7	7	7	298
Business Services	Offset to TSA	10	10	10	10	10	-	0	8	8	8	11	11	98
Sales Force	Licensing	-	-	-	-	-	-	-	-	2	2	2	2	8
Accounting / HR systems	Concur Set-up and monthly fee	17	17	17	17	17	4	2	2	2	2	2	2	99
ERP transition licensing fees	Licensing	-	-	-	-	-	-	5	5	5	5	5	5	30
Data Communications	Licensing	4	4	4	4	4	-	-	-	-	-	-	-	21
Legal		34	34	34	34	34	19	19	19	19	19	19	19	304
Headcount costs (1 FTE)	Salary and Benefits	16	16	16	16	16	-	-	-	-	-	-	-	78
External legal fees and other expenses	Legal Fees	13	13	13	13	13	13	13	13	13	13	13	13	151
Patent fees	Patent Fees	6	6	6	6	6	6	6	6	6	6	6	6	75
Finance		29	29	29	29	29	28	28	28	28	30	30	30	348
CFO	Salary and Benefits	19	19	19	19	19	19	19	19	19	21	21	21	234
Base compensation (2 FTEs)	Salary and Benefits	10	10	10	10	10	-	-	-	-	-	-	-	52
Audit Fees	2019 Audit Fees	-	-	-	-	-	9	9	9	9	9	9	9	62
Sales		-	-	-	-	-	-	11	22	22	22	22	22	121
VP of Sales	Salary and Benefits	-	-	-	-	-	-	11	22	22	22	22	22	121
Customer Relationship Manager	Salary and Benefits						-	-	-	-	-	-	-	
HR		6	6	6	6	6	2	2	2	2	1	2	7	46
Specialist	Salary and Benefits	6	6	6	6	6	0	0	0	0	-	-	6	36
Business Travel and Accident	Business Travel and Accident	-	-	-	-	-	0	0	0	0	-	0	-	1
Global Emergency Travel Services	Global Emergency Travel Services	-	-	-	-	-	1	1	1	1	1	1	1	9
Trade Compliance		8	8	8	8	8	1	1	1	1	1	1	1	50
Export Compliance Daily/ICPA annual fee	Export Compliance Daily/ICPA annual fee	6	6	6	6	6	0	0	0	0	-	0	-	32
Trade Flow software license	Trade Flow software license	2	2	2	2	2	1	1	1	1	1	1	1	18
Bonuses	Incremental management bonuses	-	-	-	-	-	15	15	15	15	15	15	15	107
Risk	Incremental cost of business insurances	24	24	24	24	24	16	16	16	16	16	16	16	231
Freight	Adjust freight to actual charges versus allocation	77	77	77	77	77	42	42	42	42	42	42	42	677
401(k) compensation	Estimated incremental 401(k) expense	3	3	3	3	3	10	10	10	10	10	10	10	83
Total Standalone Costs		262	262	262	262	262	158	183	362	194	195	199	204	2,805



Appendix | Budget Unincurred Monthly Standalone Costs

\$'000		Pre-close Proforma Standalone Costs					Post-Close Standalone Costs								
	Description	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	2019	
IT		-	-	-	-	-	(14)	(1)	-	(4)	(2)	(2)	-	(22)	
Manager	Salary and Benefits	-	-	-	-	-	(9)	(1)	-	-	-	-	-	(10)	
Analyst	Salary and Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	
Direct Technology Charges	Office 365, AvePoint, WebRoot, Duo MFA, voice services, Creo, Windchill	-	-	-	-	-	-	-	-	-	-	-	-	-	
Business Services	Offset to TSA	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sales Force	Licensing	-	-	-	-	-	-	-	-	(2)	(2)	(2)	-	(6)	
Accounting / HR systems	Concur Set-up and monthly fee	-	-	-	-	-	(4)	-	-	(2)	-	-	-	(6)	
ERP transision licensing fees	Licensing	-	-	-	-	-	-	-	-	-	-	-	-	-	
Data Communications	Licensing	-	-	-	-	-	-	-	-	-	-	-	-	-	
Legal		-	-	-	-	-	-	-	-	-	-	-	-	-	
Headcount costs (1 FTE)	Salary and Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	
External legal fees and other expenses	Legal Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	
Patent fees	Patent Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	
Finance		-	-	-	-	-	(4)	11	11	11	11	11	11	61	
CFO	Salary and Benefits	-	-	-	-	-	(14)	-	-	-	-	-	-	(14)	
Base compensation (2 FTEs)	Salary and Benefits	-	-	-	-	-	11	11	11	11	11	11	11	75	
Audit Fees	2019 Audit Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sales		17	17	17	17	17	17	19	17	17	17	17	17	209	
VP of Sales	Salary and Benefits	-	-	-	-	-	-	2	-	-	-	-	-	2	
Customer Relationship Manager	Salary and Benefits	17	17	17	17	17	17	17	17	17	17	17	17	207	
HR		-	-	-	-	-	6	6	6	6	6	6	6	42	
Specialist	Salary and Benefits	-	-	-	-	-	6	6	6	6	6	6	6	42	
Business Travel and Accident	Business Travel and Accident	-	-	-	-	-	-	-	-	-	-	-	-	-	
Global Emergency Travel Services	Global Emergency Travel Services	-	-	-	-	-	-	-	-	-	-	-	-	-	
Trade Compliance		-	-	-	-	-	-	-	-	-	-	-	-	-	
Export Compliance Daily/ICPA annual fee	Export Compliance Daily/ICPA annual fee	-	-	-	-	-	-	-	-	-	-	-	-	-	
Trade Flow software license	Trade Flow software license	-	-	-	-	-	-	-	-	-	-	-	-	-	
Bonuses	Incremental management bonuses	-	-	-	-	-	-	-	-	-	-	-	-	-	
Risk	Incremental cost of business insurances	-	-	-	-	-	-	-	-	-	-	-	-	-	
Freight	Adjust freight to actual charges versus allocation	-	-	-	-	-	(42)	19	5	-	-	-	-	(17)	
401(k) compensation	Estimated incremental 401(k) expense	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Standalone Costs		17	17	17	17	17	(36)	55	39	30	32	32	34	272	



Appendix | Budget PF Monthly Standalone Costs

\$'000		Pre-close Proforma Standalone Costs					Post-Close Standalone Costs							
	Description	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	2019
IT		81	81	81	81	81	10	38	207	35	37	40	42	815
Manager	Salary and Benefits	12	12	12	12	12	-	9	9	9	9	9	9	113
Analyst	Salary and Benefits	25	25	25	25	25	-	6	6	6	6	6	6	160
Direct Technology Charges	Office 365, AvePoint, WebRoot, Duo MFA, voice services, Creo, Windchill	14	14	14	14	14	10	16	177	7	7	7	7	298
Business Services	Offset to TSA	10	10	10	10	10	-	0	8	8	8	11	11	98
Sales Force	Licensing	-	-	-	-	-	-	-	-	-	-	-	2	2
Accounting / HR systems	Concur Set-up and monthly fee	17	17	17	17	17	-	2	2	(0)	2	2	2	93
ERP transition licensing fees	Licensing	-	-	-	-	-	-	5	5	5	5	5	5	30
Data Communications	Licensing	4	4	4	4	4	-	-	-	-	-	-	-	21
Legal		34	34	34	34	34	19	19	19	19	19	19	19	304
Headcount costs (1 FTE)	Salary and Benefits	16	16	16	16	16	-	-	-	-	-	-	-	78
External legal fees and other expenses	Legal Fees	13	13	13	13	13	13	13	13	13	13	13	13	151
Patent fees	Patent Fees	6	6	6	6	6	6	6	6	6	6	6	6	75
Finance		29	29	29	29	29	25	39	39	39	41	40	41	409
CFO	Salary and Benefits	19	19	19	19	19	5	19	19	19	21	21	21	220
Base compensation (2 FTEs)	Salary and Benefits	10	10	10	10	10	11	11	11	11	11	11	11	127
Audit Fees	2019 Audit Fees	-	-	-	-	-	9	9	9	9	9	9	9	62
Sales		-	-	-	-	-	-	13	22	22	22	39	22	123
VP of Sales	Salary and Benefits	-	-	-	-	-	-	13	22	22	22	22	22	123
Customer Relationship Manager	Salary and Benefits	-	-	-	-	-	-	-	-	-	-	17	-	-
HR		6	6	6	6	6	8	8	8	8	7	8	13	88
Specialist	Salary and Benefits	6	6	6	6	6	6	6	6	6	6	6	12	78
Business Travel and Accident	Business Travel and Accident	-	-	-	-	-	0	0	0	0	-	0	-	1
Global Emergency Travel Services	Global Emergency Travel Services	-	-	-	-	-	1	1	1	1	1	1	1	9
Trade Compliance		8	8	8	8	8	1	1	1	1	1	1	1	50
Export Compliance Daily/ICPA annual fee	Export Compliance Daily/ICPA annual fee	6	6	6	6	6	0	0	0	0	-	0	-	32
Trade Flow software license	Trade Flow software license	2	2	2	2	2	1	1	1	1	1	1	1	18
Bonuses		-	-	-	-	-	15	15	15	15	15	15	15	107
Risk		24	24	24	24	24	16	16	16	16	16	16	16	231
Freight		77	77	77	77	77	-	61	47	42	42	42	42	660
401(k) compensation		3	3	3	3	3	10	10	10	10	10	10	10	83
Total Standalone Costs		280	280	280	280	280	122	238	401	224	210	230	221	2,871



Appendix | 1X Costs

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

Appendix | AR and AP Aging Detail

\$ 000's

AR Aging			
Days	Sep-19	Oct-19	Nov-19
0-30	6,255	6,264	6,027
30-60	466	516	508
60-90	246	225	32
>90	165	235	368
Total Gross AR	7,131	7,240	6,935
Reserves	(186)	(201)	(213)
Total Net AR	6,945	7,040	6,722

AP Aging			
Days	Sep-19	Oct-19	Nov-19
0-30	2,123	2,251	1,982
30-60	1,056	935	613
60-90	218	268	215
>90	85	120	29
Total AP	3,482	3,574	2,839

Management Discussion

- Slow pay A/R > than 16 days
 - DFAS \$238k
 - Arya \$227k
 - Diebold (Canada) \$146k
 - AGS \$92k



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Appendix | Monthly Cost of Goods Sold by Component

\$'000	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	FY	FY	Var		PY	Var	
	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Fcst	Fcst	Bud	\$	%	Act	\$	%
Material																			
Material costs at standard	\$ 1,075	\$ 1,395	\$ 1,318	\$ 1,462	\$ 1,122	\$ 1,508	\$ 1,535	\$ 1,701	\$ 1,102	\$ 1,357	\$ 1,379	\$ 1,131	\$ 16,087	\$ 15,623	\$ 464	3.0%	\$ 14,987	\$ 1,099	7.3%
Materials FX loss / (gain)	—	(0)	0	—	—	—	—	(0)	0	—	0	—	(0)	(0)	0	(4.0%)	(2)	2	(94.2%)
Purchase price variance	14	(32)	(48)	14	(44)	(45)	(65)	(36)	(64)	(127)	(72)	5	(499)	37	(536)	(1465.0%)	68	(567)	(837.9%)
Freight in	57	82	58	38	84	30	41	25	35	61	56	23	589	475	114	23.9%	681	(92)	(13.5%)
Cost revision	(50)	(30)	(50)	(50)	(50)	—	—	—	—	—	—	—	(232)	(232)	—	0.0%	—	(232)	N/A
Scrap costs	5	(11)	(54)	11	47	(11)	10	5	(2)	(33)	(7)	(23)	(63)	(254)	191	(75.2%)	(200)	137	(68.5%)
Consumables	(18)	20	49	12	11	2	(5)	26	(5)	1	20	6	120	69	51	74.3%	92	28	30.1%
Total Material COGS	\$ 1,083	\$ 1,424	\$ 1,272	\$ 1,488	\$ 1,169	\$ 1,485	\$ 1,516	\$ 1,722	\$ 1,067	\$ 1,259	\$ 1,376	\$ 1,142	\$ 16,002	\$ 15,717	\$ 285	1.8%	\$ 15,626	\$ 376	2.4%
Labor																			
Direct labor	\$ 277	\$ 238	\$ 235	\$ 293	\$ 244	\$ 217	\$ 290	\$ 246	\$ 235	\$ 296	\$ 209	\$ 194	\$ 2,975	\$ 3,307	\$ (333)	(10.1%)	\$ 2,736	\$ 238	8.7%
Direct labor - overtime	15	19	17	16	8	14	19	16	27	25	11	16	204	143	61	42.7%	194	10	5.2%
Direct labor - benefits	102	83	81	98	81	80	92	72	66	72	67	101	994	1,314	(320)	(24.4%)	971	22	2.3%
Indirect labor	168	161	158	167	164	149	182	135	145	154	165	153	1,901	1,861	40	2.2%	1,971	(70)	(3.6%)
Indirect labor – benefits	60	48	48	57	47	29	73	64	57	68	62	47	660	589	71	12.0%	600	59	9.9%
Total Labor COGS	\$ 621	\$ 550	\$ 539	\$ 632	\$ 543	\$ 489	\$ 656	\$ 533	\$ 528	\$ 615	\$ 515	\$ 511	\$ 6,733	\$ 7,214	\$ (481)	(6.7%)	\$ 6,473	\$ 260	4.0%
Other																			
Repairs and maintenance	\$ 13	\$ 6	\$ 35	\$ 24	\$ 10	\$ 14	\$ 21	\$ 12	\$ 14	\$ 20	\$ 17	\$ 17	\$ 205	\$ 199	\$ 6	2.9%	\$ 220	\$ (15)	(6.7%)
Rent / facilities	206	215	193	167	157	178	199	175	155	191	166	167	2,169	2,140	29	1.3%	979	1,189	121.5%
Utilities	22	25	21	22	21	21	24	25	28	26	24	23	283	293	(10)	(3.3%)	300	(16)	(5.5%)
Other cost of sales	(50)	46	5	(29)	(21)	98	65	23	0	(125)	(169)	33	(124)	322	(446)	(138.4%)	469	(593)	(126.4%)
Total Other COGS	\$ 190	\$ 292	\$ 255	\$ 184	\$ 168	\$ 311	\$ 310	\$ 236	\$ 198	\$ 112	\$ 38	\$ 239	\$ 2,533	\$ 2,955	\$ (422)	(14.3%)	\$ 1,968	\$ 565	28.7%
Total COGS	\$ 1,894	\$ 2,266	\$ 2,066	\$ 2,303	\$ 1,881	\$ 2,284	\$ 2,482	\$ 2,490	\$ 1,793	\$ 1,986	\$ 1,929	\$ 1,893	\$ 25,267	\$ 25,886	\$ (618)	(19.1%)	\$ 24,067	\$ 1,200	35.1%



Appendix | Headcount by Month

Month	Direct Labor	Indirect Labor - Hourly	Indirect Labor - Salary	Delivery & Dist.	Research & Development	Sales & Marketing	Administrative	Other	Total Permanent	Agency FTE & Temps	Total Headcount	Bud Headcount	Difference to Bud
2019 January (A)	67	–	18	7	10	17	7	–	126	6	132	143	(11)
2019 February (A)	65	–	19	7	10	17	7	–	125	6	131	143	(12)
2019 March (A)	65	–	19	7	10	16	7	–	124	5	129	143	(14)
2019 April (A)	65	–	19	7	10	16	7	–	124	9	133	143	(10)
2019 May (A)	64	–	19	7	10	16	7	–	123	8	131	143	(12)
2019 June (A)	63	–	19	7	10	17	8	–	124	8	132	145	(13)
2019 July (A)	62	–	19	7	10	19	10	–	127	9	136	147	(11)
2019 August (A)	63	–	19	7	10	20	10	–	129	12	141	147	(6)
2019 September (A)	61	–	19	7	10	20	10	–	127	12	139	147	(8)
2019 October (A)	60	–	18	7	10	19	11	–	125	10	135	148	(13)
2019 November (A)	59	–	18	7	10	19	11	–	124	10	134	148	(14)
2019 December (F)	71	–	18	7	10	21	11	–	138	10	148	148	–
Final Headcount	71	–	18	7	10	21	11	–	138	10	148	148	–



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