

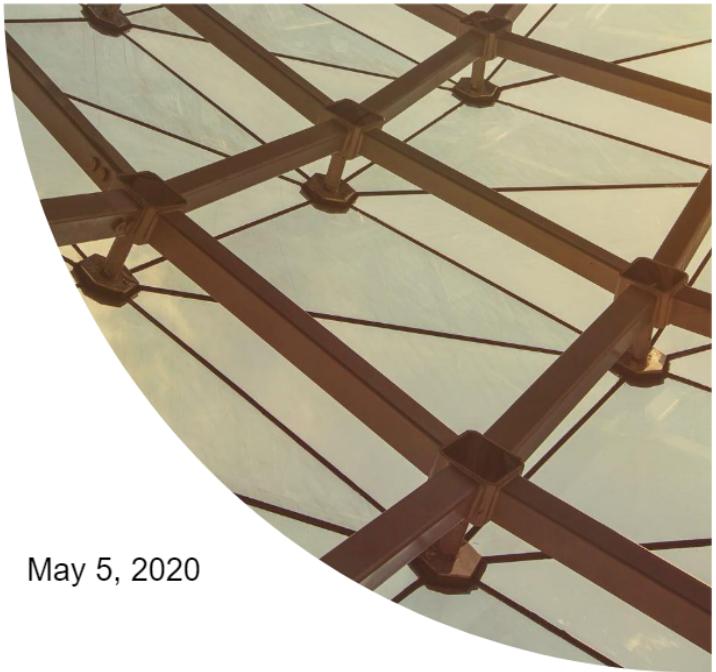
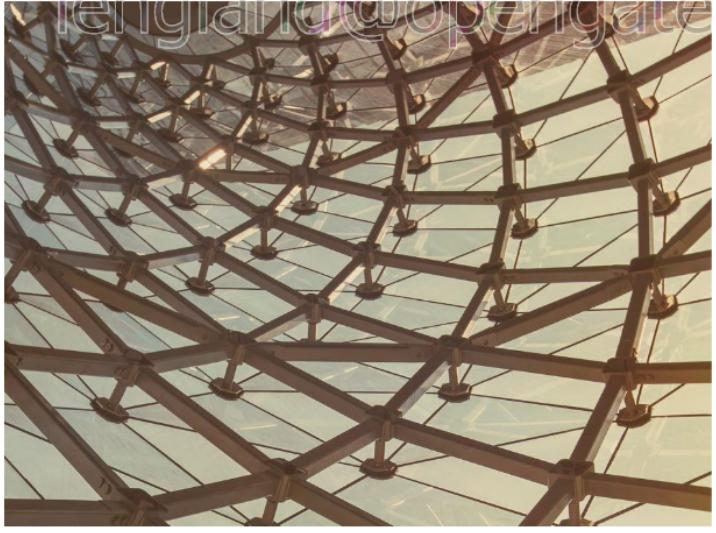
lengland@opengatecapital.com - Aug 25, 2020



# Fair Value Analysis of Hufcor, Inc.

Valuation as of  
March 31, 2020

May 5, 2020



This report ("Report") has been prepared by Lincoln Partners Advisors LLC ("Lincoln" or "we") from materials and information supplied (whether orally or in writing) by or on behalf of OpenGate Capital (collectively with its subsidiaries and affiliates, "OGC") as well as publicly available data and information. This Report is delivered subject to the conditions, scope of engagement, limitations and understandings set forth herein and in our engagement letter dated November 17, 2016. The valuations herein shall represent the findings of Lincoln based solely upon the information furnished by or on behalf of OGC, and other publicly accessible sources, and shall be considered advisory in nature only.

In arriving at the valuations herein, Lincoln has relied upon and assumed the accuracy and completeness of the financial information supplied to us and considered in our analysis, and we do not assume any responsibility for independent verification of such information. The valuations herein assume that information and representations made by management regarding the portfolio companies are accurate in all material respects. For those cases in which information was not available as of the valuation date, Lincoln assumed that there was no material change between the date of the most current information provided to us and the valuation date.

Our valuations herein are based on a limited scope analysis, primarily based on information provided by OGC and discussions with the management of OGC. Lincoln has not made any independent valuation or appraisal of the assets and liabilities of any portfolio company, has not visited or made any physical inspection of the portfolio companies and has not interviewed the management of the portfolio companies.

Our analysis and the valuations herein are necessarily based on general economic, financial, market, operating and other conditions as they exist and can be evaluated by us as of the valuation date and must be considered in that context. Unanticipated events and circumstances may occur and actual results may vary from those assumed. The variations may be material. Lincoln makes no warranty and is not responsible for losses or damages arising out of errors, omissions or changes in market factors, or any conditions and circumstances beyond its control. Except where otherwise indicated, the analysis in this Report speaks as of the valuation date. Under no circumstances should the delivery of this Report imply that the analysis would be the same if made as of any other date.

In arriving at the valuations herein, Lincoln has relied upon certain statements, estimates and projections provided by OGC with respect to the historical and anticipated future performance of each portfolio company. Such statements, estimates and projections contain or are based on significant assumptions and subjective judgments made by management of OGC. These assumptions and judgments may or may not be correct, and there can be no assurance that any projected results are attainable or will be realized. Lincoln was not requested to and has not attempted to independently verify any such statements, estimates and projections, and as such, Lincoln makes no representation or warranty as to, and assumes no responsibility for, their accuracy or completeness and for the effect which any such inaccuracy or incompleteness may have on the results or judgments contained in this Report.

THIS REPORT AND THE VALUATIONS PROVIDED HEREIN ARE FOR THE INFORMATION AND ASSISTANCE OF, AND INTENDED FOR USE BY, THE MANAGEMENT OF OGC ONLY. THIS REPORT IS NOT INTENDED TO BE USED, OR RELIED UPON, AND MAY NOT BE USED OR RELIED UPON, BY ANY OTHER PERSON. THIS REPORT IS CONFIDENTIAL AND SHOULD NOT, WITHOUT THE PRIOR WRITTEN CONSENT OF LINCOLN, BE COPIED, SUMMARIZED, QUOTED, REFERRED TO, DISTRIBUTED OR OTHERWISE MADE AVAILABLE TO ANY PERSON OTHER THAN THE MEMBERS OF THE MANAGEMENT OF OGC. LINCOLN SHALL NOT HAVE LIABILITY, WHETHER DIRECT OR INDIRECT, IN CONTRACT OR TORT OR OTHERWISE, TO ANY PERSON IN CONNECTION WITH THIS REPORT.

We have acted as an independent financial advisor to the management of OGC and will receive a customary fee from OGC for our services. Our fees are not contingent upon the valuations provided herein, and neither Lincoln nor any of its employees have a present or intended financial interest in OGC or the portfolio companies unless otherwise disclosed to OGC. We may have rendered in the past or may render in the future certain financial advisory services to the portfolio companies or parties involved in transactions with the portfolio companies.

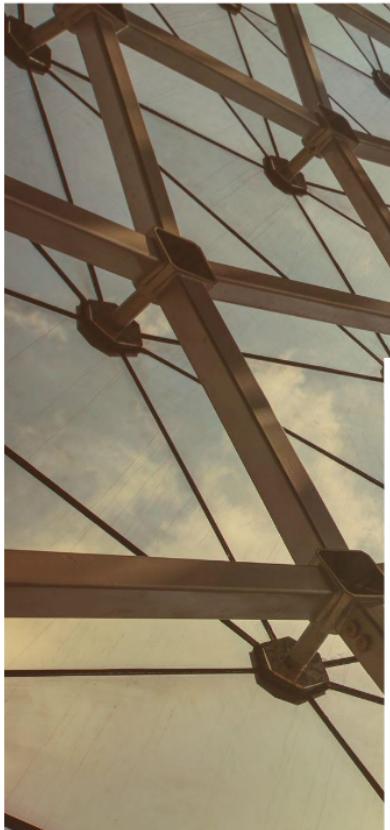
We have not been engaged to identify prospective purchasers or to ascertain the actual prices at which and terms on which each of the portfolio companies could currently be sold. No opinion, counsel or interpretation is intended for use in matters that require legal, accounting, tax or other professional advice. It is assumed that such opinions, counsel or interpretations have been or will be obtained from the appropriate professional sources.

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# Executive Summary

## Section 1



## Executive Summary

### Terms of Engagement

- Lincoln Partners Advisors LLC (“Lincoln”) has been retained by OpenGate Capital (“OGC”) as an independent financial advisor for the purpose of providing written valuations (each, a “Valuation”) as of March 31, 2020 (the “Valuation Date”) of certain control, affiliate and non-control/non-affiliate investments of preferred stock, common stock, membership interests and warrants (individually, the “Investment”; collectively, the “Investments”). The portfolio company in which OGC owns an Investment is herein referred to as the “Portfolio Company.” The Valuation will be used by OGC to assist with its determination of the fair value of the Investment in accordance with the fair measurement principles of Accounting Standards Codification Topic 820, Fair Value Measurements and Disclosure (ASC 820), issued by the Financial Accounting Standards Board (FASB).

### Scope of Analysis

- In connection with Lincoln’s activities on behalf of OGC and the performance of its services hereunder, we have, among other things:
- Reviewed credit agreements and amendments for debt when available;
- Reviewed audited and/or unaudited financial statements when available, as well as internal financial statements as provided by OGC, for the most current period prior to the close of the quarter;
- Reviewed certain business, financial and other information relating to the Portfolio Company, including financial budgets or forecasts prepared by management of the Portfolio Company;
- Reviewed investment report memoranda prepared on the Investment by OGC;
- Discussed with OGC the investment thesis and business, financial outlook and prospects of the Portfolio Company;
- Reviewed certain financial and other information for the Portfolio Company and compared that data and information with certain stock trading and corresponding data and information for companies with publicly traded securities that we deemed relevant; and
- Considered such other information, financial studies, analyses and investigations and financial, economic and market criteria that we deemed relevant.

	Notes	Weighting	Indicated Range		
			Low	Mid	High
<b>Enterprise Value Indications:</b>					
<b>Market Approach</b>					
Selected Public Companies Analysis		25.0%	57,095	62,286	67,476
Precedent Transactions Analysis		25.0%	57,095	62,286	67,476
<b>Income Approach</b>					
Discounted Cash Flow Analysis		50.0%	59,180	64,908	70,960
<b>Indicated Enterprise Value</b>			<b>58,138</b>	<b>63,678</b>	<b>69,218</b>
Plus: Excess Cash	(1)		-	-	-
Less: Total Debt	(2)		(38,813)	(38,813)	(38,813)
<b>Indicated Total Equity Value</b>			<b>19,325</b>	<b>24,865</b>	<b>30,406</b>

Security	Mar 31, 20 Cost Basis	Fair Value			Fair Value % Cost		
		Low	Mid	High	Low	Mid	High
Management Share of Equity	NA	TBD	TBD	TBD	TBD	TBD	TBD
OGC Share of Common	35,300	TBD	TBD	TBD	TBD	TBD	TBD

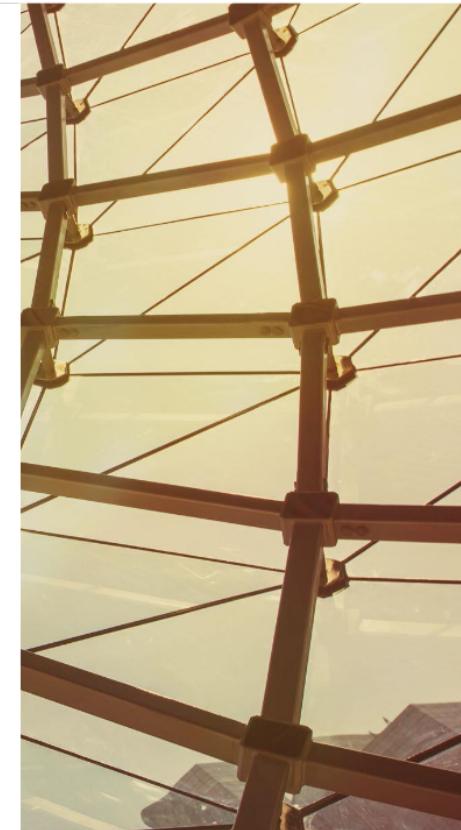
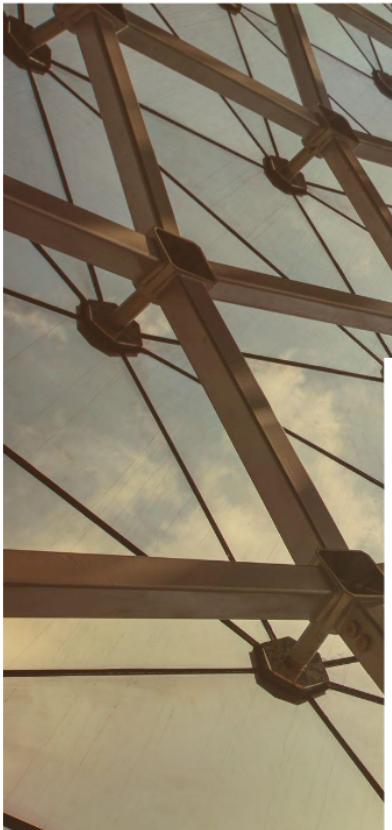
**Footnotes:**

(1) Zero excess cash assumed as cash is operational in nature.

(2) Total debt provided by Hufcor management as of March 31, 2020 balance sheet (Revolver balance of \$7.3 million; Term Debt of \$31.5 million).

# Hufcor, Inc.

## Section 2





Common	
Initial Investment - OpenGate Capital	35,300
Initial Cost Basis - OpenGate Capital	35,300
Initial Investment Date	Sep 1, 17

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**Footnotes:**

(1) Source: Project Hotel\_IC Deck #2\_06.14.17

	Actual Dec 31, 17	Actual Dec 31, 18	Actual Dec 31, 19	Revised Dec 31, 20	Revised Dec 31, 21	Revised Dec 31, 22	Revised Dec 31, 23
<b>Revenue</b>							
Underwriting Projections	143,700	145,200	147,500	152,400	158,800	164,900	NA
12/31/2019 Actuals / Projections	137,907	137,796	149,257	161,308	175,341	190,596	207,178
<b>Actual Results / Revised Forecast</b>	<b>137,907</b>	<b>137,796</b>	<b>149,257</b>	<b>160,713</b>	<b>175,341</b>	<b>190,596</b>	<b>207,178</b>
Over (Under) Underwriting Projections	(5,793)	(7,404)	1,757	8,313	16,541	25,696	NA
	(4.0%)	(5.1%)	1.2%	5.5%	10.4%	15.6%	NA
<b>Adjusted EBITDA</b>							
Underwriting Projections	10,700	12,900	13,400	14,200	15,100	15,900	NA
12/31/2019 Actuals / Projections	11,351	6,797	8,477	10,380	12,514	14,832	17,353
<b>Actual Results / Revised Forecast</b>	<b>11,351</b>	<b>6,797</b>	<b>8,477</b>	<b>10,381</b>	<b>12,514</b>	<b>14,832</b>	<b>17,353</b>
Over (Under) Underwriting Projections	651	(6,103)	(4,923)	(3,819)	(2,586)	(1,068)	NA
	6.1%	(47.3%)	(36.7%)	(26.9%)	(17.1%)	(6.7%)	NA

**Commentary:**

- FY 2020E revenue and EBITDA were revised marginally from the prior period as Hufcor was expected to overcome its production challenges and satisfy customer demands in the second half of FY 2020. Key factors in maintaining the budget include ramping up production to 100% capacity by the end of June 2020 and achieving worldwide normalization at the time whereby employees can return to work under standard scheduling procedures.
- In response to the current pandemic, management has repositioned the business to control costs and conserve cash to maintain stability in the near-term outlook for the business. Actions taken as of the Valuation Date include implementing a remote workforce policy for office employees, furloughing 35 individuals in production facilities (\$150 thousand in monthly savings), and suspending discretionary wage expense including bonuses, wage increases, and 401(k) match until the present environment improves.
- Hufcor's long-term budget remained unchanged from the prior period as management ascertains a better understanding of the long-term impact of COVID-19 (or lack thereof) to the business.

**Footnotes:**

(1) Sources: Project Hotel\_IC Deck #2\_06.14.17; 2023 Forecast Hufcor; Core Model for Valuation Firm.





Notes	Initial Investment			Prior Valuation Period			Current Valuation Period			
	Sep 1, 17 Amount	Net Leverage	% of EV	Dec 31, 19 Amount	Net Leverage	% of EV	Mar 31, 20 Amount	Net Leverage	% of EV	
Excess Cash	(1)	-	-	-	-	-	-	-	-	
Revolver	(2)	6,600	0.64x	8.76%	5,625	0.54x	8.41%	7,347	0.71x	11.54%
Term Debt		33,400	3.88x	53.12%	32,077	3.63x	56.37%	31,465	3.74x	60.95%
Total Debt		40,000	3.88x	53.12%	37,702	3.63x	56.37%	38,813	3.74x	60.95%
Net Debt		40,000			37,702			38,813		
Total Equity		35,300		46.88%	29,181		43.63%	24,865		39.05%
<b>Enterprise Value</b>	(2)	<b>75,300</b>	<b>7.31x</b>	<b>100.00%</b>	<b>66,883</b>	<b>6.44x</b>	<b>100.00%</b>	<b>63,678</b>	<b>6.13x</b>	<b>100.00%</b>
<b>Reference Financial Statistic</b>		<b>10,300</b>			<b>10,380</b>			<b>10,381</b>		
<b>Financial Statistic Description</b>		LTM EBITDA as of Feb 28, 17			NCY EBITDA as of Dec 31, 17			NCY EBITDA as of Dec 31, 20 (Estimate)		

#### Transaction Overview:

- In September 2017, OGC purchased Hufcor for \$75.3 million (including fees and expenses), or 7.3x LTM February 2017 EBITDA of \$10.3 million. The transaction was financed with a \$6.6 million draw on the Revolver (\$23.0 million commitment), \$33.4 million of Term Debt, and \$35.3 million of equity.

#### Recent Developments:

- In August 2019, the company fired and replaced its executive team, including the company's CEO, CFO, CIO, and CHRO. Additionally, later in Q3 2019, 15 external consultants were hired to assist in carrying out core changes to Hufcor's business and hiring commenced for key operational roles, such as Corporate Controller and VP of Operations.
- In September 2019, due diligence began on 15 of the company's balance sheet accounts as certain accounts were identified to not be properly reconciled following the termination of the previous CFO. By the end of September 2019, major issues were uncovered regarding the recording of certain balance sheet accruals including bad debt expense, inventory write downs, and warranty reversals.
- During the FY 2019 financial reporting cycle, audit adjustments were made to the company's FY 2019 results to make corrections to COGS, rent accruals, and self-funded medical benefits.
- In response to COVID-19, management has taken precautionary measures to effectuate a social distancing policy by rightsizing the staff by production area and workstations. Operations in Janesville, WI have been shifted to segregate the workforce on an alternating work schedule with Teams A and B (~70% of the workforce) on one shift and Teams C and D (~30% of the workforce) on a second shift. Despite production slowdowns starting in late-February 2020, direct labor hours have remained relatively stable within the production team.
- To further curtail expenses, management accelerated the wind-down in consultant spend related to its operational turnaround strategy, only retaining consultants for critical projects in Janesville and finance and accounting functions. Consultant spend averaged \$425 thousand per month from August 2019 to December 2019, decreasing to an average of \$375 thousand per month in Q1 2020. While the overall consultant cost was significant, Hufcor required the transformation to operate at legacy staffing levels due to quality, safety, production efficiency, and financial challenges. Going forward, consulting spend is planned at ~\$100 thousand per month.
- As of the Valuation Date, Hufcor was in compliance with its financial covenants. Based on the anticipated sales and EBITDA decline in Q2 2020, the company is expected to be out of covenant compliance as of June 2020. Hufcor is working to maximize liquidity and avoid a covenant breach by increasing advance rates from J.P. Morgan (Revolver lender), seeking an additional lender with an ability to lend against the company's foreign inventory (which is excluded from J.P. Morgan borrowing base calculation), extending payable terms with vendors, and requesting down-payments from customers to the extent possible.

#### Footnotes:

- (1) Zero excess cash assumed as cash is operational in nature.
- (2) \$23.0 million total commitment.
- (3) Initial enterprise value implied based on invested capital amounts as of the close of the initial acquisition. Subsequent enterprise valuations reflect Lincoln's estimates.

Valuation Multiple	Selected Multiples		Financial Statistic	Enterprise Value			
	Low	High		Low	Mid	High	
EV / NCY EBITDA	5.50x	-	6.50x	10,381	57,095	62,286	67,476
<b>Indicated Enterprise Value</b>				<b>57,095</b>	<b>62,286</b>	<b>67,476</b>	

**Commentary:**

- Lincoln concluded a valuation multiple range of 5.50x to 6.50x NCY EBITDA, a decrease of 0.25x from the prior period. In concluding on its valuation multiple range, Lincoln considered the following:
  - Hufcor's NCY budget remained unchanged in spite of disruptions on the production side and a downward revision to expected Q2 2020 performance due to COVID-19. Greater execution risk exists in the current period compared to the prior period based on the current performance softness and steeper performance objectives to achieve during the second half of FY 2020. To account for the additional risk, Lincoln reduced its concluded multiple slightly from the prior period.
  - Lincoln corroborated its concluded multiple in the current period with three public companies in the movable partition and broader building products industry that serve comparable end markets and experience similar supply and demand economics as Hufcor. The selected companies provide a general proxy for market movements and represent industry multiples as a whole. Of the selected public companies, dormakaba Holding AG ("dormakaba") operates a division which serves as a direct competitor to Hufcor and is considered the closest comparable company, despite being a diversified international entity.
  - Since the prior period, dormakaba's NCY EBITDA multiple and enterprise value decreased by 1.5x and 26.9%, respectively. Lincoln's concluded multiple range aligns with dormakaba's NCY EBITDA multiple of 5.9x and approximates the size adjusted NCY EBITDA of 5.0x towards the low end of the range. A higher multiple for Hufcor compared to dormakaba's size adjusted multiple is supported by greater growth expectations for Hufcor relative to dormakaba.

Company Name	Stock Price	% of 52 Week High	Market Capitalization	Enterprise Value	Net Debt / EBITDA	LTM Financial Statistics		LTM Margins	2-Yr. Historical CAGR (2)		1-Yr. Projected Growth (3)	
						Revenue	EBITDA	EBITDA	Revenue	EBITDA	Revenue	EBITDA
Comany Inc.	8.57	57.62%	76	22	NMF	303	20	6.70%	5.38%	6.28%	NA	NA
Komatsu Wall Industry Co., Ltd.	18.25	80.49%	168	58	NMF	348	35	10.10%	(1.37%)	NMF	NA	NA
dormakaba Holding AG	446.47	54.63%	1,851	2,701	1.89x	2,899	453	15.64%	4.78%	7.12%	(0.50%)	(4.35%)
<b>Mean</b>	<b>157.77</b>	<b>64.25%</b>	<b>698</b>	<b>927</b>	<b>1.89x</b>	<b>1,183</b>	<b>170</b>	<b>10.81%</b>	<b>2.93%</b>	<b>6.70%</b>	<b>(0.50%)</b>	<b>(4.35%)</b>
<b>Hufcor, Inc.</b>					<b>4.87x</b>	<b>149</b>	<b>8</b>	<b>5.35%</b>	<b>4.03%</b>	<b>(13.58%)</b>	<b>7.68%</b>	<b>22.46%</b>

**Footnotes:**

(1) Source: S&amp;P Capital IQ and company filings.

(2) CAGR calculated based on LFY vs. LFY-2.

(3) Forward growth calculated based on NFY vs. LFY.

*USD in millions*

Company Name	EV / LTM EBITDA			EV / NCY EBITDA		
	Sep 1, 17	Dec 31, 19	Mar 31, 20	Sep 1, 17	Dec 31, 19	Mar 31, 20
Comany Inc.	4.0x	2.4x	1.1x	NMF	1.8x	1.0x
Komatsu Wall Industry Co., Ltd.	4.8x	2.4x	1.7x	NMF	2.4x	1.6x
dormakaba Holding AG	12.6x	8.0x	6.0x	9.7x	7.4x	5.9x
<b>Mean</b>	<b>7.1x</b>	<b>4.3x</b>	<b>2.9x</b>	<b>9.7x</b>	<b>3.9x</b>	<b>2.9x</b>

**Footnotes:**

(1) Source: S&amp;P Capital IQ and company filings.

Company Name	Raw Valuation Multiples as of the Valuation Date (1)				Size and Profitability Adjusted Valuation Multiples (2)(3)			
	EV / LTM		EV / NCY		EV / LTM		EV / NCY	
	Revenue	EBITDA	Revenue	EBITDA	Revenue	EBITDA	Revenue	EBITDA
Comany Inc.	0.1x	1.1x	NMF	1.0x	0.1x	1.1x	NMF	1.0x
Kornatsu Wall Industry Co., Ltd.	NMF	1.7x	NMF	1.6x	NMF	1.6x	NMF	1.6x
dormakaba Holding AG	0.9x	6.0x	0.9x	5.9x	0.3x	5.1x	0.4x	5.0x
<b>Mean</b>	<b>0.5x</b>	<b>2.9x</b>	<b>0.9x</b>	<b>2.9x</b>	<b>0.2x</b>	<b>2.6x</b>	<b>0.4x</b>	<b>2.5x</b>
<b>Adjusted Mean</b>	<b>NA</b>	<b>1.7x</b>	<b>0.9x</b>	<b>1.6x</b>	<b>NA</b>	<b>1.6x</b>	<b>0.4x</b>	<b>1.6x</b>
<b>Median</b>	<b>0.5x</b>	<b>1.7x</b>	<b>0.9x</b>	<b>1.6x</b>	<b>0.2x</b>	<b>1.6x</b>	<b>0.4x</b>	<b>1.6x</b>

**Footnotes:**

- (1) Source: S&P Capital IQ and company filings.
- (2) Size adjustments based on comparative risk premium for companies of varying sizes as measured based on seven statistics as per the C Exhibits within the 2020 Valuation Handbook. Size adjustments apply to all multiples.
- (3) Profitability adjustments based on comparative margins for comparative periods. Profitability adjustments apply only to revenue multiples.

<b>Company Name</b>	<b>Ticker</b>	<b>Business Description</b>
Comany Inc.	TSE:7945	Comany Inc., together with its subsidiaries, manufactures and sells partitions in Japan. The company offers high, low, toilet, and movable partitions; tender, hanging, lightweight steel, sliding, skeleton mounted automatic folding, and designer doors; clean room partitions; electronic locks; and booths, whiteboard panels, wall mounted, and panel design steel partitions for application in offices, factories, education facilities, medical and welfare facilities, and public and commercial facilities. It is also involved in the import and export of office furniture and building materials; and construction and sale of partitions and interior finish building materials. The company was formerly known as Komatsu Partition Industry Inc. and changed its name to Comany Inc. in November 1984. Comany Inc. was founded in 1961 and is headquartered in Komatsu, Japan.
Komatsu Wall Industry Co., Ltd.	TSE:7949	Komatsu Wall Industry Co., Ltd. engages in the design, manufacture, construction, sale, and service of steel and aluminum movable partitions, and walls in Japan. Its products include moving partitions, movable partitions, school partitions, steel lightweight doors, interior metal works, low partitions, and toilet booths. The company was founded in 1968 and is headquartered in Komatsu, Japan.
dormakaba Holding AG	SWX:DOKA	dormakaba Holding AG provides access and security solutions worldwide. The company operates through Access Solutions, and Key and Wall Solutions segments. It offers door hardware products, such as door closer systems, heavy duty exit devices, and elegant door hardware interconnect towers; entrance systems, including automated boarding pass controls and automatic sliding doors; electronic access control and data collection solutions; mechanical and master key systems; lodging systems comprising electronic hotel locks and access control systems; safe locks; interior glass systems, which include multifunctional manual sliding door systems; key systems and key cutting machines; and movable walls. The company offers its products to hotels, shops, sporting venues, airports, hospitals, homes, and offices. dormakaba Holding AG was founded in 1862 and is based in Rümlang, Switzerland.

**Footnotes:**

(1) Source: S&amp;P Capital IQ.

Valuation Multiple	Selected Multiples		Financial Statistic	Enterprise Value			
	Low	High		Low	Mid	High	
EV / NCY EBITDA	5.50x	-	6.50x	10,381	57,095	62,286	67,476
<b>Indicated Enterprise Value</b>					<b>57,095</b>	<b>62,286</b>	<b>67,476</b>

**Commentary:**

- Lincoln concluded a valuation multiple range of 5.50x to 6.50x NCY EBITDA. The concluded multiple range was decreased by 0.25x from the prior period due to a comparative increase in execution risk associated with the budget, as previously described.
- In concluding on its valuation multiple range, Lincoln referenced the initial purchase price of the September 2017 transaction and the identified transactions in the movable partition and broader building products industry that involve acquisition targets comparable to Hufcor, detailed below:
  - Lincoln identified two M&A transactions with publicly disclosed metrics. The identified transactions involving Poundfield Products (Group) Limited and SkyfoldInc. have an LTM EBITDA multiple of 6.8x ad 8.5x, respectively.
  - Additionally, Lincoln identified three transactions in which Lincoln acted as an advisor in the deal (details are not disclosed for confidentiality purposes). The mean LTM EBITDA multiple and deal size of the transactions was 8.6x and \$136.3 million, respectively.
- Lincoln's concluded multiple range is below the public M&A transactions and private transactions on which Lincoln has advised due to the company's lower margin profile.

Closed Date	Target	Acquirer	Target Description	Enterprise Value	Enterprise Value / LTM		EBITDA Margin
					Revenue	EBITDA	
Dec-17	Poundfield Products (Group) Limited	SigmaRoc plc	Poundfield Products (Group) Limited, through its subsidiary, manufactures precast and prestressed concrete wall and floor for residential to commercial construction projects.	14	1.4x	6.8x	20.27%
Jul-17	Skyfold Inc.	dormakaba Holding AG	Skyfold Inc. manufactures automated vertical folding wall systems.	86	2.6x	8.5x	30.53%
<b>Mean</b>				<b>50</b>	<b>2.0x</b>	<b>7.7x</b>	<b>25.40%</b>
<b>Sep-17</b>	<b>Hufcor, Inc.</b>	<b>OpenGate</b>		<b>75</b>	<b>0.6x</b>	<b>7.3x</b>	<b>7.98%</b>

**Footnotes:**

(1) Source: S&amp;P Capital IQ and company filings.

## GF Data Aggregate Transaction Statistics (1)

EV Range	Average EV	Enterprise Value / LTM		EBITDA Margin
		Revenue	EBITDA	
<b>Foundation, Structure, and Building Exterior Contractors</b>				
10-50 million	30	0.70x	5.30x	13.21%
50-250 million	92	0.90x	5.50x	16.36%
<b>Total (2)</b>	<b>61</b>	<b>0.80x</b>	<b>5.40x</b>	<b>14.79%</b>

**Footnotes:**

(1) Source: GF Data

(2) Represents 12 transactions.

	Notes	Projected Year Ending				Projected CAGR (1)
		Dec 31, 20	Dec 31, 21	Dec 31, 22	Dec 31, 23	
Revenue		160,713	175,341	190,596	207,178	8.83%
% Growth			9.10%	8.70%	8.70%	
EBITDA		10,381	12,514	14,832	17,353	18.68%
% Margin		6.46%	7.14%	7.78%	8.38%	
EBIT		6,369	7,075	9,243	11,614	22.17%
Less: Income Taxes at 25.00%		(1,592)	(1,769)	(2,311)	(2,903)	
NOPAT		4,777	5,306	6,933	8,710	
Plus: Depreciation		4,012	5,439	5,589	5,739	
Less: CapEx		(2,100)	(2,283)	(2,481)	(2,697)	
Less: Increase in Net Working Capital		1,699	(1,427)	(1,491)	(1,554)	
Unlevered Free Cash Flow		8,387	7,035	8,550	10,198	
Partial Period Factor		0.75	1.00	1.00	1.00	
Discount Period		0.38	1.25	2.25	3.25	
Discount Factor	21.00%	0.9310	0.7880	0.6512	0.5382	
<b>PV of Unlevered Free Cash Flow</b>		<b>5,857</b>	<b>5,543</b>	<b>5,568</b>	<b>5,489</b>	
Present Value of Discrete Cash Flows		22,456				Terminal EBITDA 17,353
Present Value of Terminal Value		42,452				Exit Multiple 5.00x
<b>Indicated Enterprise Value</b>		<b>64,908</b>				Terminal Value 86,764
						Discount Factor 0.4893
						<b>PV of Terminal Value</b> <b>42,452</b>

Enterprise Value Sensitivity Analysis						
		Discount Rate				
		22.00%	21.00%	20.00%		
Terminal	4.50x	59,180	60,663	62,201		
EBITDA	5.00x	63,296	64,908	66,581		
Multiple	5.50x	67,412	69,153	70,960		

**Footnotes:**

(1) CAGR calculations from FY 2020 to FY 2023.



	Notes	Indicated Range			Selected Weight
		Low	Mid	High	
<b>Enterprise Value Indications:</b>					
Market Approach: Selected Public Companies Analysis		57,095	62,286	67,476	25.00%
Market Approach: Precedent Transactions Analysis		57,095	62,286	67,476	25.00%
Income Approach: Discounted Cash Flow Analysis		59,180	64,908	70,960	50.00%
<b>Indicated Enterprise Value</b>		<b>58,138</b>	<b>63,678</b>	<b>69,218</b>	
Plus: Excess Cash	(1)	-	-	-	
<b>Market Value of Invested Capital</b>		<b>58,138</b>	<b>63,678</b>	<b>69,218</b>	
Less: Revolver		(7,347)	(7,347)	(7,347)	
Less: Term Debt		(31,465)	(31,465)	(31,465)	
<b>Indicated Total Equity Value</b>		<b>19,325</b>	<b>24,865</b>	<b>30,406</b>	

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**Footnotes:**

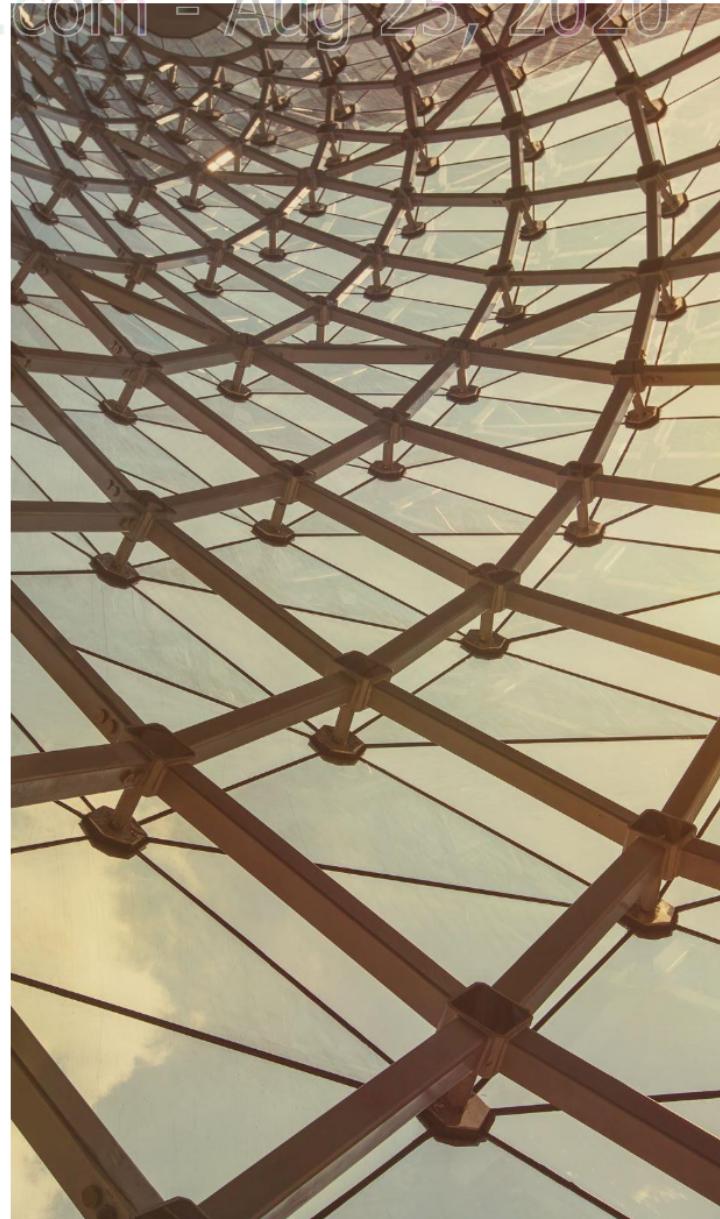
(1) Zero excess cash assumed as cash is operational in nature.

Hufcor, Inc. [England@opengatecapital.com](mailto:England@opengatecapital.com) - Aug 25, 2020 Schedule 19  
 Security Valuation Summary Valuation Date: March 31, 2020  
*USD in 000s, except share count and per share amounts*

<b>Security</b>	<b>Fair Value</b>			<b>Fair Value % of Cost</b>		
	<b>Low</b>	<b>Mid</b>	<b>High</b>	<b>Low</b>	<b>Mid</b>	<b>High</b>
Total Equity Value	19,325	24,865	30,406	54.7%	70.4%	86.1%

# Summary of Valuation Methodologies

## Appendix A



# Valuation Methodology and Key Assumptions

## Overview

- Lincoln utilizes several methodologies to estimate the fair value of the Investments. Lincoln's fair value estimates are generally expressed as a range and are considered by the Client in its determination of a single estimate of fair value for each individual security.

### Definition of Fair Value

- The valuations presented herein reflect the ASC-820-20 definition of "fair value" defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."
- The valuation method for each Portfolio Company varies depending upon industry and company specific considerations. We generally perform a fundamental analysis to establish a risk profile for each company in addition to the application of one or more of the following: (i) market method; (ii) income method; and (iii) enterprise valuation waterfall method.

### Fundamental Analysis

- A fundamental analysis of each Portfolio Company considers such factors as major developments affecting the business, financial outlook, industry dynamics, overall risk profile and other qualitative factors impacting valuation. These considerations are discussed throughout the Report.

## Valuation Methodology and Key Assumptions

### Market Method

- The market method values the enterprise value of each Portfolio Company based on the observable prices of similar companies. We consider comparable public companies and precedent M&A transactions for both public and private companies, if available. Lincoln also draws on its institutional knowledge of private middle-market M&A valuations.
- The Market Method involves the determination of representative levels of earnings or other operating metrics, such as operating income (EBIT) and earnings, before interest, taxes, depreciation and amortization (EBITDA). Normalizing adjustments may be made based upon the facts and circumstances such as add-backs to EBITDA for non-recurring items. Lincoln selects an appropriate range of market multiples based on analysis of comparable public companies and/or M&A transactions as of the measurement date. We then apply the selected market multiples to the Portfolio Company to determine its enterprise value.
- Because many of the Portfolio Companies are often smaller than larger, publicly-traded companies, the private company M&A metrics may be used.

### Income Method

- The discounted cash flow method (DCF) estimates the present value of the projected cash flows to be generated by the subject company. In the DCF approach, a discount rate is applied to the projected future cash flows to arrive at its present value. The discount rate is intended to reflect all risks of ownership and the associated risks of realizing the stream of projected cash flows.
- Generally, multi-year forecasts for the Portfolio Companies are not available and, as such, the Income Method is used infrequently as a primary method to determine enterprise value. Lincoln may, however, corroborate the reasonableness of its determined multiples derived under the Market Method using the Income Method, based on various estimates and assumptions.
- Lincoln may also utilize a leverage buy-out (LBO) analysis to determine the enterprise value based on a third-party investor's required rate of return over a typical hold period.

## Certifications

Appendix B



## Background of Patricia J. Luscombe, CFA

Patricia is currently a Managing Director and Co-Head of the Valuations & Opinions Group at Lincoln. Ms. Luscombe joined Lincoln in August 2007. She has more than 20 years experience in financial advisory and valuation services. She has delivered a broad range of corporate finance advice that resulted in the successful completion of corporate transactions and valuation and fairness opinions. Ms. Luscombe has advised portfolio companies of private equity firms and provided them with fairness opinions for transactions, including divestitures and recapitalizations, intra-fund transfer, and fair value accounting. Ms. Luscombe has also advised Boards of Directors of public companies and rendered fairness opinions in mergers and acquisitions and going private transactions. In addition, she has worked with the valuation of many closely held businesses for corporate transactions including acquisitions and divestitures, leveraged buyouts and restructuring/recapitalizations, ESOPs, and related party transactions, for general tax, accounting, litigation and regulatory purposes.

Previously, she spent 16 years at Duff & Phelps Corporation as a Managing Director in the firm's valuation and financial advisory business. Ms. Luscombe was a founding member and Managing Director at Duff & Phelps in a management led buyout which occurred in 1995. Prior to joining Duff & Phelps, Ms. Luscombe was an associate at Smith Barney, a division of Citigroup Global Markets, Inc. where she managed a variety of financial transactions, including mergers and acquisitions, leveraged buyouts and equity and debt financings.

Ms. Luscombe is a member of the Chicago Chapter of the Association for Corporate Growth, the Chartered Financial Analyst Society of Chicago and a former president of the Chicago Finance Exchange.

Ms. Luscombe holds a Bachelor of Arts degree in economics from Stanford University, a Master's Degree in economics from the University of Chicago and a Master of Business Administration degree from the University of Chicago, Booth School of Business.

## Certification

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, unbiased professional analyses, opinions, and conclusions;
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.



Patricia J. Luscombe, CFA

## Background of Michael R. Fisch, CPA

Michael is a Managing Director of Lincoln's Valuations & Opinions Group where he manages or participates in valuation assignments and markets the firm's services.

Prior to Lincoln International, Michael worked in the M&A department at RBC Capital Markets and spent five years at Ernst & Young LLP, primarily in the Transaction Services Group, providing due diligence and tax structuring services to private equity groups, and restructuring and bankruptcy advice to a variety of corporate clients.

Michael received a Masters of Business Administration degree with concentrations in Finance and Strategic Management from the University of Chicago, Booth School of Business, a Master of Business Taxation degree from the University of Southern California and Bachelor's Degree in Business Administration from California Polytechnic State University. Michael is also a Certified Public Accountant.

## Certification

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct;
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- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.



Michael R. Fisch, CPA

## Background of Larry Levine, CPA/ABV, ASA

Larry is a Managing Director of Lincoln's Valuations & Opinions Group where he manages or participates in valuation assignments and markets the firm's services. Prior to joining Lincoln International, Larry was a Partner in McGladrey LLP's Financial Advisory Services Group – Valuations and Corporate Finance Department.

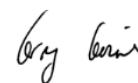
Larry received a Masters of Business Administration degree with concentrations in Finance and Strategic Planning from the Wharton Graduate School of Business, University of Pennsylvania and a Bachelor's Degree in Accounting and Economics from the University of Albany. Larry is an accredited appraiser from both the American Society of Appraisers and American Institute of Certified Public Accountants, a Certified Public Accountant, on the National Roster of Commercial Arbitrators from the American Arbitration Association, including serving on their Alternative and Complex Investments Committee Advisory Group on Alternative and Complex Investments, and a Certified Licensing Professional from the Licensing Executives Society. He currently serves on committees for the American Society of Appraisers and International Valuation Standards Council.

He has been published or quoted in the following periodicals: Journal of Applied Finance, CNBC, The Washington Post, The New York Times, The Wall Street Journal, Bloomberg, The Deal, Fiduciary and Investment Risk Management Association magazine, Accountancy Age, Journal of Alternative Investments, Mergers & Acquisitions magazine, Valuation Strategies, CFO magazine and CFO.com. He has published three peer reviewed papers on the attributes of securities trading on the over-the-counter bulletin board stock market as well as a paper quantifying illiquidity discounts for stock options.

## Certification

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, unbiased professional analyses, opinions, and conclusions;
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.



Larry Levine