



PREMIER STEEL
DOORS
AND
FRAMES

Monthly Operating Review— April 2020

May 21st, 2020

April 2020 Operating Review Meeting Agenda

➔ **Consolidated**

Executive Summary

Financial Review

Full Year Financial Outlook

➔ S&G

➔ Delaney

➔ Premier

➔ Appendix

Consolidated Executive Summary | Overview

April revenues of \$7.6M, unfavorable to Budget (Budget) (\$1.2M)/(14%), unfavorable to Prior Year(PY) (\$0.6M)/(7%)

- Unfavorable performance to Budget at S&G (\$1.4M)
- Favorable performance to Budget at Delaney \$0.2M
- Flat performance to Budget at Premier

YTD revenues of \$31.4M, unfavorable to Budget (Budget) (\$1.6M)/(5%), unfavorable to Prior Year(PY) (\$0.8M)/(3%)

- Unfavorable performance to Budget at S&G (\$2.3M)
- Favorable performance to Budget at Delaney \$0.3M
- Favorable performance to Budget at Premier \$0.4M

Hits

- S&G backlog favorable \$2.5M to Budget and \$1.8M to PY
- S&G YTD bookings up \$1.3M to Budget and \$1.5M to PY
- Delaney Online business up \$133k/59% to AOP and \$192k/115% to PY for the month of April.
- Multi-Family business continues to be strong.
- Premier received largest single order in it's history totaling \$444k
- Premier margins continue to be strong due to favorable steel costs and product mix

Misses

- S&G continues to see interruptions in bookings as well as shipments due to global Covid-19 shutdown
- Delaney extended factory shut downs are creating backorder situations
- Premier has had major issues with four different presses and a shear in the last 60 days.

Consolidated Executive Summary | COVID-19 Current State

OPERATIONS UPDATE:

Operational Status:

- All divisions deemed essential business and all facilities in operation.

Status of Infections:

- 0 infections
- 0 quarantined

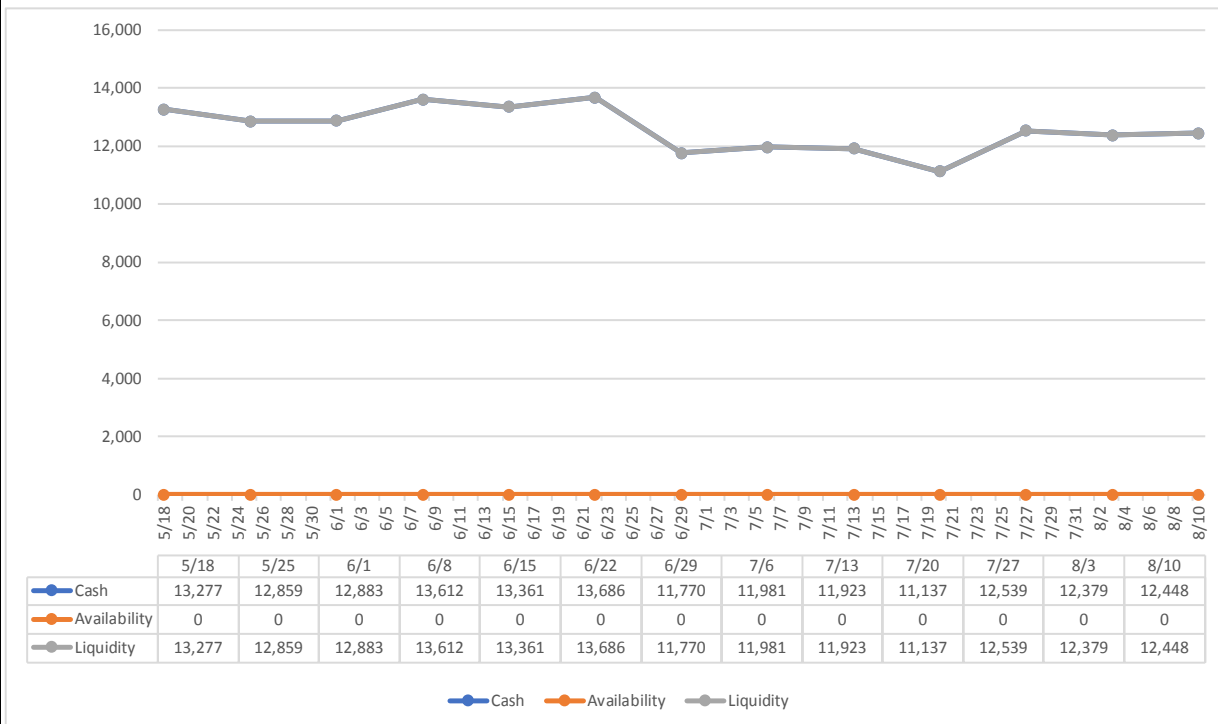
Commercial Developments:

- May revenue impacted by slowed in-month bookings partially offset by shipments released on India backlog.
- Delaney and Premier have had a slower start to the month due to product shortage at Delaney and machine failure at Premier.

Key Developments:

- May, 1-week furlough for Production and "non-essential" designated personnel. SA personnel furloughed at 40%, 2 out of 5 days. Scheduled to repeat in June.

Consolidated Cash Forecast and COVID-19 Response



Main Assumptions:

Revenue

- S&G and Delaney reduced 25% vs. Plan
- Premier reduced 10% for next 2 weeks

Cost Reduction

- \$0.6mm S&G cost reductions per month
- Hiring freeze cost savings of ~\$58k/month at Delaney and Premier

Collection/Receivables

- S&G DSO slowdown of ~15 days (from 45 to 60). NCR has also requested 90 days terms.
- Delaney collections reduced 5% in next 2 weeks and 10% thereafter
- Premier at Plan

Payments

- \$2.2mm principal & interest payment on term loan week of 6/29
- \$0.5mm OGC monitoring fee week of 6/29
- No repayment of the fully drawn \$10mm revolver balance

LIQUIDITY UPDATE & ACTION PLAN

Cash Action Plan

May cost levers:

- \$146k Hiring & Salary Freeze
- \$48k Sales Incentive Plan
- \$43k Overtime
- \$66k Furloughs
- \$319k Purchasing Reduction
- \$67k Travel Freeze
- \$42k Marketing Spend
- (\$16k) NetSuite delay
- \$10k 401k Match suspension
- \$80k CAPEX Deferral

April 2020 Operating Review Meeting Agenda

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Consolidated Financial Review | Summary P&L - MTD

\$'000

	MTD		Variance		PY MTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
Net Revenue	7,557	8,748	(1,191)	(13.6%)	8,161	(604)	(7.4%)	
Material	3,376	3,675	(299)	(8.1%)	3,688	(312)	(8.4%)	
Labor	898	1,099	(200)	(18.2%)	1,018	(120)	(11.8%)	
Other COGS	420	453	(34)	(7.4%)	394	26	6.5%	
Total COGS	4,694	5,227	(533)	(10.2%)	5,100	(405)	(8.0%)	
Gross Margin	2,863	3,521	(657)	(18.7%)	3,062	(199)	(6.5%)	
<i>Gross Margin %</i>	<i>37.9%</i>	<i>40.2%</i>			<i>37.5%</i>			
R&D	197	235	(38)	(16.3%)	109	88	81.1%	
Sales & Marketing	640	866	(225)	(26.0%)	633	8	1.2%	
Administrative	1,061	790	271	34.3%	785	276	35.2%	
Other Opex	—	—	—	N/A	—	—	N/A	
Total Opex	1,898	1,891	7	0.4%	1,526	372	24.4%	
EBITDA	965	1,630	(665)	(40.8%)	1,535	(570)	(37.2%)	
<i>EBITDA %</i>	<i>12.8%</i>	<i>18.6%</i>			<i>18.8%</i>			
Adj. EBITDA	1,320	1,739	(419)	(24.1%)	1,535	(216)	(14.1%)	
<i>Adj. EBITDA %</i>	<i>17.5%</i>	<i>19.9%</i>			<i>18.8%</i>			
Net Income (Loss)	\$ (1,031)	\$ 168	\$ (1,199)	(712.8%)	\$ 976	\$ (2,006)	(205.6%)	
Unincurred Standalone Costs	30	—	30	N/A				
PF Adj EBITDA	\$ 1,289	\$ 1,739	\$ (450)	-25.9%				
<i>PF Adj. EBITDA %</i>	<i>17.1%</i>	<i>19.9%</i>						

Management Discussion

Budget

- April Revenue unfavorable (\$1.2M) vs Budget
 - Unfavorable performance to Budget at S&G (\$1.4M)
 - Favorable performance to Budget at Delaney \$0.2M
 - Flat performance to Budget at Premier
- April Adjusted EBITDA unfavorable to Budget (0.4M)
 - Unfavorable performance at S&G (\$0.7M)
 - Favorable performance at Delaney \$0.2M
 - Favorable variance at Premier \$0.1M
- Opex is flat to Budget
 - Flat to Budget at S&G
 - Flat to Budget at Delaney
 - Flat to Budget at Premier

PY

- April Revenue unfavorable variance of (\$0.6M) vs PY
 - Unfavorable variance at S&G (\$1.0M)
 - Favorable variance at Delaney \$0.2M
 - Favorable variance at Premier \$0.1M
- April Adjusted EBITDA unfavorable (\$0.2M) vs PY.
 - Unfavorable variance at S&G (\$0.5M)
 - Favorable variance at Delaney \$0.3M
 - Favorable variance at Premier \$0.1M
- Opex is unfavorable (\$0.4M) compared to PY
 - Unfavorable variance to PY at S&G (\$0.3M)
 - Unfavorable variance to PY at Delaney (\$0.1M)
 - Flat to Budget at Premier

Consolidated Financial Review | Summary P&L - YTD

\$'000	YTD		Var		PY YTD	Variance	
	Act	Bud	\$	%	Act	\$	%
Net Revenue	31,748	33,317	(1,568)	(4.7%)	32,583	(834)	(2.6%)
Material	13,903	14,166	(263)	(1.9%)	13,948	(45)	(0.3%)
Labor	3,818	4,123	(305)	(7.4%)	3,882	(64)	(1.6%)
Other COGS	1,957	1,783	174	9.7%	1,710	248	14.5%
Total COGS	19,678	20,073	(395)	(2.0%)	19,539	139	0.7%
Gross Margin	12,070	13,244	(1,174)	(8.9%)	13,043	(973)	(7.5%)
<i>Gross Margin %</i>	<i>38.0%</i>	<i>39.8%</i>			<i>40.0%</i>		
R&D	690	994	(304)	(30.6%)	457	233	50.9%
Sales & Marketing	2,970	3,738	(768)	(20.6%)	2,746	224	8.2%
Administrative	3,512	3,243	270	8.3%	3,214	298	9.3%
Other Opex	–	–	–	N/A	–	–	N/A
Total Opex	7,172	7,974	(803)	(10.1%)	6,417	755	11.8%
EBITDA	4,898	5,269	(371)	(7.0%)	6,626	(1,728)	(26.1%)
<i>EBITDA %</i>	<i>15.4%</i>	<i>15.8%</i>			<i>20.3%</i>		
Adj. EBITDA	5,936	6,434	(497)	(7.7%)	6,626	(690)	(10.4%)
<i>Adj. EBITDA %</i>	<i>18.7%</i>	<i>19.3%</i>			<i>20.3%</i>		
Net Income (Loss)	\$ (1,466)	\$ (166)	\$ (1,300)	784.6%	\$ 4,394	\$ (5,860)	(133.4%)
Unincurred Standalone Costs	90	20	70	350.0%			
PF Adj EBITDA	\$ 5,846	\$ 6,414	\$ (567)	-8.8%			
<i>PF Adj. EBITDA %</i>	<i>18.4%</i>	<i>19.3%</i>					

Management Discussion

Budget

- YTD Revenue unfavorable (\$1.6M) vs Budget
 - Unfavorable performance to Budget at S&G (\$2.3M)
 - Favorable performance to Budget at Delaney \$0.3M
 - Favorable performance to Budget at Premier \$0.4M
- YTD Adjusted EBITDA unfavorable (\$0.5M) vs Budget.
 - Unfavorable variance at S&G (\$1.3M)
 - Favorable variance at Delaney \$0.3M
 - Favorable variance at Premier \$0.5M
- Opex is favorable \$0.8M to Budget
 - Favorable variance at S&G \$0.8M
 - Favorable variance at Delaney \$0.1M
 - Flat to Budget at Premier

PY

- YTD Revenue unfavorable variance of (\$0.8M) vs PY
 - Unfavorable performance to PY at S&G (\$2.8M)
 - Favorable performance to PY at Delaney \$1.2M
 - Favorable performance to PY at Premier \$0.7M
- YTD Adjusted EBITDA unfavorable (\$0.7M) vs PY.
 - Unfavorable variance at S&G (\$1.8M)
 - Favorable variance at Delaney \$0.6M
 - Favorable variance at Premier \$0.5M
- Opex is unfavorable (\$0.8M) compared to PY
 - Unfavorable variance at S&G (\$0.5M)
 - Unfavorable variance at Delaney (\$0.1M)
 - Unfavorable variance at Premier (\$0.1M)

Consolidated Financial Review | Balance Sheet

\$'000	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20		Variance	
	Act	Act	Act	Act	Act	Bud	\$	%
Current Assets								
Cash and cash equivalents	\$ 2,585	\$ 1,777	\$ 2,718	\$ 13,532	\$ 12,282	\$ 598	\$ 11,684	1952.8%
<i>Accounts receivable, gross</i>	10,675	12,292	13,268	12,007	12,139	12,663	(524)	(4.1%)
<i>Accounts receivable, reserves</i>	(234)	(237)	(240)	(243)	(257)	(133)	(125)	94.0%
Accounts receivable, net	10,441	12,055	13,028	11,764	11,882	12,475	(593)	(4.8%)
<i>Inventory, gross</i>	21,759	22,422	21,868	21,300	20,189	22,061	(1,872)	(8.5%)
<i>Inventory, reserves</i>	(2,029)	(2,720)	(2,283)	(2,270)	(2,267)	(2,646)	379	(14.3%)
Inventory, net	19,730	19,702	19,585	19,031	17,922	19,414	(1,492)	(7.7%)
Prepaid expenses and other current assets	213	187	155	49	7	204	(198)	(96.6%)
Other current assets	49,912	50,032	49,067	49,067	49,129	49,912	(783)	(1.6%)
Total Current Assets	82,881	83,753	84,553	93,442	91,222	82,605	8,618	10.4%
Non-Current Assets								
<i>Property, plant & equipment, gross</i>	14,326	14,380	14,451	14,464	14,481	15,117	(636)	(4.2%)
<i>Accumulated depreciation</i>	(1,779)	(1,920)	(2,059)	(2,313)	(2,487)	(2,477)	(10)	0.4%
Property, plant & equipment, net	12,548	12,460	12,392	12,151	11,994	12,639	(646)	(5.1%)
Goodwill	66,756	66,839	66,607	66,375	66,142	65,578	565	0.9%
<i>Identifiable intangible assets, gross</i>	15,100	15,100	15,100	15,100	15,100	15,100	—	0.0%
<i>Accumulated amortization</i>	(690)	(789)	(1,233)	(1,678)	(2,123)	(2,018)	(104)	5.2%
Identifiable intangible assets, net	14,410	14,311	13,867	13,422	12,977	13,082	(104)	(0.8%)
Deferred financing cost	2,759	2,759	2,759	2,759	2,759	2,651	108	4.1%
Deferred tax asset	644	644	644	644	644	672	(27)	(4.1%)
Other non-current assets	131	2	2	2	2	131	(129)	(98.2%)
Total Non-Current Assets	97,248	97,016	96,271	95,353	94,519	94,753	(234)	(0.2%)
Total Assets	\$ 180,129	\$ 180,769	\$ 180,824	\$ 188,796	\$ 185,741	\$ 177,357	\$ 8,384	4.7%
Current Liabilities								
Current portion of long-term debt	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ —	0.0%
Notes payable	—	1,250	1,250	10,000	10,000	—	10,000	N/A
Accounts payable	3,690	3,375	4,151	3,570	2,875	5,043	(2,168)	(43.0%)
Accrued liabilities	3,361	3,472	3,197	3,814	2,762	3,179	(417)	(13.1%)
Accrued compensation	81	(498)	(362)	(425)	(382)	705	(1,086)	(154.1%)
Income taxes payable	998	998	998	997	1,040	762	278	36.5%
Short-term unearned revenue	45	33	30	34	36	45	(9)	(20.1%)
Other current liabilities	—	—	—	—	—	—	—	N/A
Total Current Liabilities	10,025	10,479	11,114	19,841	18,182	11,583	6,598	57.0%
Long-term liabilities								
Long-term debt less current maturities	90,658	90,658	90,658	90,658	90,195	90,435	(240)	(0.3%)
Capital lease	71	67	64	60	57	—	57	N/A
Deferred income taxes	(1,081)	(1,081)	(1,081)	(1,081)	(1,081)	(831)	(250)	30.1%
Other non-current liabilities	36,470	36,867	35,867	35,859	35,855	32,874	2,981	9.1%
Total Long-Term Liabilities	126,117	126,510	125,507	125,495	125,025	122,478	2,548	2.1%
Total Liabilities	136,143	136,990	136,621	145,336	143,207	134,061	9,146	6.8%
Shareholders' Equity								
Common stock	29,631	29,631	29,631	29,631	29,631	40,228	(10,597)	(26.3%)
Retained earnings	2,388	2,293	2,718	1,966	1,043	1,698	(654)	(38.5%)
Accumulated other comprehensive income	1,370	1,258	1,256	1,265	1,262	1,370	(108)	(7.9%)
Other equity transactions	10,598	10,598	10,598	10,598	10,598	1	10,597	1137400.1%
Total Shareholders' Equity	43,986	43,779	44,203	43,459	42,534	43,296	(762)	(1.8%)
Total Liabilities and Shareholders' Equity	\$ 180,129	\$ 180,769	\$ 180,824	\$ 188,796	\$ 185,741	\$ 177,357	\$ 8,384	4.7%

Consolidated Financial Review | Cash Flow Statement

\$'000	MTD		Variance		YTD		Variance	
	Act	Bud	\$	%	Act	Bud	\$	%
Cash flow from operations								
Net Income (Loss)	\$ (1,031)	\$ 168	\$ (1,199)	(712.8%)	\$ (1,466)	\$ (166)	\$ (1,300)	784.6%
Depreciation, amortization and other	851	806	45	5.6%	2,755	3,205	(450)	(14.1%)
<i>Change in operating assets and liabilities:</i>								
Accounts receivable	(118)	59	(177)	(300.0%)	(1,441)	(2,034)	593	(29.2%)
Inventory	1,108	(36)	1,145	(3163.3%)	1,807	315	1,492	473.6%
Prepaid expenses and other current assets	42	–	42	N/A	206	8	198	2326.0%
Accounts payable	(695)	(206)	(488)	236.6%	(816)	1,352	(2,168)	(160.3%)
Accrued expenses	(1,052)	72	(1,124)	(1553.7%)	(599)	(182)	(417)	228.9%
Accrued income taxes	42	–	42	N/A	42	(236)	278	(117.8%)
Other changes in operating assets and liabilities	(484)	(820)	335	(40.9%)	(648)	(2,820)	2,172	(77.0%)
Other cash flow from operations	–	–	–	N/A	–	–	–	N/A
Total Cash Flow from Operations	\$ (1,336)	\$ 43	\$ (1,379)	(3189.5%)	\$ (159)	\$ (557)	\$ 398	(71.4%)
Cash flow from investing								
Additions to property, plant and equipment	\$ (17)	\$ (272)	\$ 256	(93.9%)	\$ (155)	\$ (790)	\$ 636	(80.4%)
Investment in intangibles	–	–	–	N/A	–	–	–	N/A
Total Cash Flow from Investing	\$ (17)	\$ (272)	\$ 256	(93.9%)	\$ (155)	\$ (790)	\$ 636	(80.4%)
Cash flow from financing								
Proceeds from the issuance (repayment) of short-term debt	\$ –	\$ –	\$ –	N/A	\$ 10,000	\$ –	\$ 10,000	N/A
Common stock issued (repurchased)	0	–	0	N/A	0	10,597	(10,597)	(100.0%)
Other cash flow from financing costs	106	27	79	N/A	14	(11,013)	11,027	(100.1%)
Total Cash Flow from Financing	\$ 106	\$ 27	\$ 79	N/A	\$ 10,014	\$ (639)	\$ 10,654	(1666.4%)
	\$ –	\$ –	\$ –	N/A	\$ –	\$ –	\$ –	N/A
Net change in cash	\$ (1,247)	-202	\$ (1,045)	516.9%	\$ 9,700	\$ (1,987)	\$ 11,687	(588.3%)
Beginning cash	13,532	800	12,732	1590.6%	2,585	2,585	–	0.0%
Change in cash	(1,247)	(202)	(1,045)	516.9%	9,700	(1,987)	11,687	(588.3%)
Ending cash	\$ 12,282	\$ 598	\$ 11,684	1952.8%	\$ 12,282	\$ 598	\$ 11,684	1952.8%

Consolidated Financial Review | 13-Week Cash Flow Projection

In US\$	Forecast 5/18	Forecast 5/25	Forecast 6/1	Forecast 6/8	Forecast 6/15	Forecast 6/22	Forecast 6/29	Forecast 7/6	Forecast 7/13	Forecast 7/20	Forecast 7/27	Forecast 8/3	Forecast 8/10
Cash Inflows - Operational													
Collections from customers (Actual)	-	-	-	-	-	-	-	-	-	-	-	-	-
Collections from customers based on projected aging (Forecast)	1,355	1,552	938	2,357	618	516	519	762	208	132	153	110	70
Collections from new forecasted sales	-	-	-	-	535	1,383	1,398	788	1,025	1,063	1,952	1,429	1,280
Total AR Collections	1,355	1,552	938	2,357	1,153	1,900	1,917	1,550	1,233	1,196	2,106	1,539	1,350
Other non-AR inflows	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Inflows - Operational	1,355	1,552	938	2,357	1,153	1,900	1,917	1,550	1,233	1,196	2,106	1,539	1,350
Cash Outflows - Operational													
Product inventory	(1,049)	(1,201)	(415)	(1,160)	(652)	(762)	(467)	(897)	(614)	(1,223)	(270)	(1,248)	(550)
Payroll	(229)	(287)	(347)	(230)	(292)	(240)	(410)	(290)	(277)	(250)	(277)	(300)	(420)
Commissions	-	-	-	-	(165)	-	-	-	(225)	-	-	-	(165)
Bonus	-	-	-	-	-	-	-	-	-	-	-	-	-
Facilities & other (Freight)	(145)	(270)	(110)	(77)	(163)	(270)	(110)	(77)	(70)	(363)	(70)	(77)	(70)
Professional services	(155)	(87)	(42)	(62)	(100)	(75)	(98)	(75)	(105)	(75)	(87)	(75)	(75)
Marketing	-	-	-	-	-	-	-	-	-	-	-	-	-
Recruiter fees	-	(30)	-	-	-	-	-	-	-	-	-	-	-
Other expenses (Insurance, TSA, CC)	(62)	(95)	-	(100)	(32)	(228)	-	-	-	(70)	-	-	-
Total Cash Outflows - Operational	(1,640)	(1,971)	(914)	(1,629)	(1,403)	(1,575)	(1,085)	(1,339)	(1,291)	(1,981)	(704)	(1,700)	(1,280)
Cashflows - Financial and Other													
Revolving Loan Draw (Paydown)	-	-	-	-	-	-	-	-	-	-	-	-	-
Term Loan paydowns	-	-	-	-	-	-	(463)	-	-	-	-	-	-
Interest and financial amortization	-	-	-	-	-	-	(1,785)	-	-	-	-	-	-
Other financial income/expense (e.g. fx, hedging)	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial income/expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Estimated Tax Payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Monitoring fees (including travel expenses)	-	-	-	-	-	-	(500)	-	-	-	-	-	-
Non-recurring items	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Outflows - Financial and Other	-	-	-	-	-	-	(2,748)	-	-	-	-	-	-
TOTAL CASH FLOW	(286)	(418)	24	728	(250)	325	(1,916)	211	(58)	(785)	1,402	(161)	69
Cash Rollforward													
Beginning cash balance	13,563	13,277	12,859	12,883	13,612	13,361	13,686	11,770	11,981	11,923	11,137	12,539	12,379
Cash activity	(286)	(418)	24	728	(250)	325	(1,916)	211	(58)	(785)	1,402	(161)	69
ENDING CASH BALANCE	13,277	12,859	12,883	13,612	13,361	13,686	11,770	11,981	11,923	11,137	12,539	12,379	12,448
Debt Summary													
Rolled debt	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Credit facility	92,508	92,508	92,508	92,508	92,508	92,508	92,045	92,045	92,045	92,045	92,045	92,045	92,045
TOTAL DEBT	102,508	102,508	102,508	102,508	102,508	102,508	102,045	102,045	102,045	102,045	102,045	102,045	102,045
TOTAL NET DEBT	89,231	89,649	89,625	88,896	89,147	88,822	90,275	90,064	90,122	90,908	89,506	89,666	89,597
AVAILABILITY	-	-	-	-	-	-	-	-	-	-	-	-	-

Consolidated Financial Review | Covenant Analysis

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Fixed Charges:												
Interest paid (net of interest received)	8,243	7,736	7,842	7,418	7,596	7,671	7,487	7,556	7,611	7,487	7,537	7,581
Plus:												
Principal payments with respect to all debt	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850
Fixed Charges	10,093	9,587	9,692	9,268	9,446	9,521	9,337	9,406	9,461	9,337	9,388	9,431
EBITDA for defined Period	22,358	22,172	21,368	21,152	21,181	20,214	20,432	20,500	21,076	21,190	21,493	22,518
Less:												
Unfinanced Capital Expenditures	1,133	1,159	1,178	1,046	1,085	1,315	1,415	1,862	1,858	1,772	2,049	1,891
Fees and expenses paid/incurred under the Management Agreement	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Any federal, state, local or other income and franchise taxes paid or payable in cash net of any cash tax credits or other cash tax benefits	200	200	200	200	336	212	378	600	697	1,049	1,156	1,351
Operating Cash Flow	19,025	18,813	17,990	17,906	17,760	16,687	16,639	16,038	16,520	16,369	16,288	17,276
Fixed Charge Coverage Ratio	1.88	1.96	1.86	1.93	1.88	1.75	1.78	1.71	1.75	1.75	1.74	1.83
Minimum Ratio	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
In Compliance	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
TTM Minimum Operating Cash Flow	11,102	10,545	10,661	10,195	10,390	10,474	10,271	10,347	10,408	10,271	10,326	10,374
TTM Operating Cash Flow Cushion	7,922	8,268	7,328	7,711	7,369	6,214	6,368	5,691	6,112	6,098	5,962	6,903

Amounts for January 2019 through October 2019 defined per credit agreement

Assumptions

- 2020 EBITDA reflects YTD actuals + Budget for May 2020-Q4

Consolidated Financial Review | Covenant Analysis

000's	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Total Debt:												
Revolver Balance	1,250	1,250	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Plus: Term Loan Balance	92,508	92,508	92,045	92,045	92,045	91,583	91,583	91,583	91,120	91,120	91,120	90,658
Plus: Other Debt	-	-	-	-	-	-	-	-	-	-	-	-
Less: Qualified Cash	1,777	2,718	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Total Debt	91,981	91,040	97,045	97,045	97,045	96,583	96,583	96,583	96,120	96,120	96,120	95,658
EBITDA for the Defined Period (calculated in the manner required by Section 6.1 of the Compliance Certificate)	22,358	22,172	21,368	21,152	21,181	20,214	20,432	20,500	21,076	21,190	21,493	22,518
TTM Adjusted EBITDA	22,358	22,172	21,368	21,152	21,181	20,214	20,432	20,500	21,076	21,190	21,493	22,518
Total Debt to EBITDA Ratio (ratio of Total Debt to Adjusted EBITDA for the Defined Period)	4.11	4.11	4.54	4.59	4.58	4.78	4.73	4.71	4.56	4.54	4.47	4.25
Maximum Permitted Total Debt to EBITDA Ratio for the Defined Period	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.50
In Compliance	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Minimum TTM EBITDA required	15,997	15,833	16,877	16,877	16,877	16,797	16,797	16,797	16,717	16,717	16,717	17,392
TTM EBITDA Cushion	6,361	6,339	4,491	4,275	4,303	3,417	3,635	3,703	4,359	4,473	4,776	5,126

Amounts for January 2019 through October 2019 defined per credit agreement

Assumptions

- 2020 EBITDA reflects YTD actuals + Budget for May 2020-Q4
- \$5.0 maximum qualified cash for calculation per credit agreement

April 2020 Operating Review Meeting Agenda

➔ **Consolidated**

Executive Summary

Financial Review

Full Year Financial Outlook

➔ S&G

➔ Delaney

➔ Premier

➔ Appendix

Consolidated Full Year Financial Outlook | Summary P&L

\$'000

	FY		Variance		PY	Variance	
	Fcst	Bud	\$	%	Act	\$	%
Net Revenue	103,689	104,066	(378)	(0.4%)	95,854	7,834	8.2%
Material	44,134	44,099	35	0.1%	41,644	2,490	6.0%
Labor	12,103	12,207	(105)	(0.9%)	11,466	637	5.6%
Other COGS	5,315	5,107	208	4.1%	4,928	386	7.8%
Total COGS	61,552	61,414	138	0.2%	58,038	3,514	6.1%
Gross Margin	42,136	42,653	(516)	(1.2%)	37,816	4,320	11.4%
<i>Gross Margin %</i>	<i>40.6%</i>	<i>41.0%</i>			<i>39.5%</i>		
R&D	2,154	2,420	(266)	(11.0%)	1,495	659	44.1%
Sales & Marketing	9,145	9,687	(543)	(5.6%)	7,774	1,370	17.6%
Administrative	9,077	9,079	(1)	(0.0%)	13,894	(4,817)	(34.7%)
Other Opex	–	–	–	N/A	–	–	N/A
Total Opex	20,376	21,186	(810)	(3.8%)	23,164	(2,788)	(12.0%)
EBITDA	21,760	21,466	294	1.4%	14,652	7,108	48.5%
<i>EBITDA %</i>	<i>21.0%</i>	<i>20.6%</i>			<i>15.3%</i>		
Adj. EBITDA	22,938	23,015	(78)	(0.3%)	21,251	1,686	7.9%
<i>Adj. EBITDA %</i>	<i>22.1%</i>	<i>22.1%</i>			<i>22.2%</i>		
Net Income (Loss)	\$ 5,497	\$ 5,599	\$ (101)	(1.8%)	\$ 2,707	\$ 2,791	103.1%

April YTD Actuals + Budget

Consolidated Full Year Financial Outlook | Balance Sheet

\$'000	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	FY	FY	Var	
	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	\$	%
Current Assets																
Cash and cash equivalents	\$ 1,777	\$ 2,718	\$ 13,532	\$ 404	\$ 632	\$ 804	\$ 575	\$ 577	\$ 1,731	\$ 1,371	\$ 740	\$ 843	\$ 843	\$ 2,585	\$ (1,742)	(67.4%)
Accounts receivable, gross	12,292	13,268	12,007	6,627	6,697	6,808	6,837	7,071	7,217	7,261	6,930	7,164	7,164	10,675	(3,511)	(32.9%)
Accounts receivable, reserves	(237)	(240)	(243)	(133)	(134)	(136)	(137)	(141)	(144)	(145)	(139)	(143)	(143)	(234)	90	(38.7%)
Accounts receivable, net	12,055	13,028	11,764	12,706	12,544	12,554	12,979	13,359	13,301	13,437	13,344	13,274	13,274	10,441	2,833	27.1%
Inventory, gross	22,422	21,868	21,300	22,089	21,906	21,823	22,116	22,222	22,026	22,261	22,196	22,089	22,089	21,759	330	1.5%
Inventory, reserves	(2,720)	(2,283)	(2,270)	(2,631)	(2,636)	(2,651)	(2,672)	(2,682)	(2,691)	(2,709)	(2,718)	(2,590)	(2,590)	(2,029)	(560)	27.6%
Inventory, net	19,702	19,585	19,031	19,458	19,270	19,172	19,444	19,540	19,335	19,552	19,478	19,499	19,499	19,730	(230)	(1.2%)
Prepaid expenses and other current assets	187	155	49	204	204	204	204	204	204	204	204	204	204	213	(8)	(4.0%)
Other current assets	50,032	49,067	49,067	49,912	49,912	49,912	49,912	49,912	49,912	49,912	49,912	49,912	49,912	49,912	—	0.0%
Total Current Assets	83,753	84,553	93,442	82,685	82,562	82,647	83,114	83,594	84,484	84,477	83,679	83,733	83,733	82,881	852	1.0%
Non-Current Assets																
Property, plant & equipment, gross	14,380	14,451	14,464	15,092	15,210	15,595	15,772	16,274	16,326	16,353	16,725	16,752	16,752	14,326	2,425	16.9%
Accumulated depreciation	(1,920)	(2,059)	(2,313)	(2,427)	(2,607)	(2,749)	(2,892)	(3,040)	(3,191)	(3,344)	(3,501)	(3,658)	(3,658)	(1,779)	(1,879)	105.7%
Property, plant & equipment, net	12,460	12,392	12,151	12,665	12,602	12,845	12,880	13,234	13,135	13,009	13,224	13,094	13,094	12,548	546	4.4%
Goodwill	66,839	66,607	66,375	65,872	65,578	65,283	64,989	64,694	64,400	64,105	63,810	63,516	63,516	66,756	(3,240)	(4.9%)
Identifiable intangible assets, gross	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100	—	0.0%
Accumulated amortization	(789)	(1,233)	(1,678)	(2,018)	(2,350)	(2,682)	(3,014)	(3,346)	(3,678)	(4,010)	(4,342)	(4,674)	(4,674)	(690)	(3,984)	577.2%
Identifiable intangible assets, net	14,311	13,867	13,422	13,082	12,750	12,418	12,086	11,754	11,422	11,090	10,758	10,426	10,426	14,410	(3,984)	(27.6%)
Deferred financing cost	2,759	2,759	2,759	2,651	2,624	2,597	2,570	2,543	2,516	2,489	2,462	2,435	2,435	2,759	(324)	(11.7%)
Deferred tax asset	644	644	644	672	672	672	672	672	672	672	672	672	672	644	27	4.3%
Other non-current assets	2	2	2	131	131	131	131	131	131	131	131	131	131	131	—	0.0%
Total Non-Current Assets	97,016	96,271	95,353	95,073	94,357	93,946	93,328	93,028	92,275	91,496	91,057	90,273	90,273	97,248	(6,974)	(7.2%)
Total Assets	\$ 180,769	\$ 180,824	\$ 188,796	\$ 177,758	\$ 176,919	\$ 176,593	\$ 176,441	\$ 176,622	\$ 176,759	\$ 175,972	\$ 174,736	\$ 174,007	\$ 174,007	\$ 180,129	\$ (6,122)	(3.4%)
Current Liabilities																
Current portion of long-term debt	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,336	\$ 1,336	\$ 1,336	\$ 1,336	\$ 1,336	\$ 1,850	\$ (514)	(27.8%)
Notes payable	1,250	1,250	10,000	—	—	—	—	—	—	—	—	—	—	—	—	N/A
Accounts payable	3,375	4,151	3,570	5,289	4,970	5,465	5,256	5,239	5,788	5,925	5,760	5,646	5,646	3,690	1,956	53.0%
Accrued liabilities	3,472	3,197	3,814	3,107	3,179	3,253	3,337	3,417	3,495	3,573	3,657	3,727	3,727	3,361	366	10.9%
Accrued compensation	(498)	(362)	(425)	638	705	774	814	884	953	1,022	1,091	1,019	1,019	81	938	1163.4%
Income taxes payable	998	998	997	762	762	762	762	762	762	762	762	762	762	998	(236)	(23.7%)
Short-term unearned revenue	33	30	34	45	45	45	56	56	56	56	56	56	56	45	11	25.2%
Other current liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A
Total Current Liabilities	10,479	11,114	19,841	11,690	11,511	12,149	12,075	12,207	12,390	12,674	12,662	12,545	12,545	10,025	2,520	25.1%
Long-term liabilities																
Long-term debt less current maturities	90,658	90,658	90,658	90,435	90,435	90,212	90,212	89,712	89,892	88,892	87,392	87,058	87,058	90,658	(3,600)	(4.0%)
Capital lease	67	64	60	—	—	—	—	—	—	—	—	—	—	71	(71)	(100.0%)
Deferred income taxes	(1,081)	(1,081)	(1,081)	(831)	(831)	(831)	(831)	(831)	(831)	(831)	(831)	(831)	(831)	(1,081)	250	(23.2%)
Other non-current liabilities	36,867	35,867	35,859	33,761	32,874	31,660	30,920	30,809	29,386	28,400	27,902	27,012	27,012	36,470	(9,458)	(25.9%)
Total Long-Term Liabilities	126,510	125,507	125,495	123,365	122,478	121,041	120,301	119,690	118,448	116,461	114,463	113,239	113,239	126,117	(12,878)	(10.2%)
Total Liabilities	136,990	136,621	145,336	135,055	133,989	133,190	132,376	131,897	130,837	129,136	127,125	125,785	125,785	136,143	(10,358)	(7.6%)
Shareholders' Equity																
Common stock	29,631	29,631	29,631	40,228	40,228	40,228	40,228	40,228	40,228	40,228	40,228	40,228	40,228	29,631	10,597	35.8%
Retained earnings	2,293	2,718	1,966	(85)	142	615	1,277	1,936	3,133	4,048	4,822	5,433	5,433	2,388	3,046	127.6%
Accumulated other comprehensive income	1,258	1,256	1,265	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	—	0.0%
Other equity transactions	10,598	10,598	10,598	1	1	1	1	1	1	1	1	1	1	10,598	(10,597)	(100.0%)
Total Shareholders' Equity	43,779	44,203	43,459	41,513	41,740	42,213	42,875	43,535	44,731	45,647	46,421	47,032	47,032	43,986	3,046	6.9%
Total Liabilities and Shareholders' Equity	\$ 180,769	\$ 180,824	\$ 188,796	\$ 176,568	\$ 175,729	\$ 175,403	\$ 175,251	\$ 175,432	\$ 175,569	\$ 174,783	\$ 173,546	\$ 172,817	\$ 172,817	\$ 180,129	\$ (7,312)	(4.1%)

April YTD Actuals + Budget

Consolidated Full Year Financial Outlook | Cash Flow Summary

\$'000	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	FY	FY	Var	
	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	\$	%
Cash flow from operations																
Net Income (Loss)	\$ 308	\$ (98)	\$ (645)	\$ 168	\$ 383	\$ 523	\$ 645	\$ 738	\$ 1,119	\$ 1,038	\$ 490	\$ 828	\$ 5,497	\$ 5,599	\$ (101)	(1.8%)
Depreciation, amortization and other	157	816	931	956	807	768	769	775	778	779	784	784	9,103	9,461	(357)	(3.8%)
Change in operating assets and liabilities:																
Accounts receivable	(1,614)	(973)	1,264	(942)	162	(10)	(424)	(381)	59	(136)	93	70	(2,833)	(2,598)	(235)	9.0%
Inventory	27	118	554	(427)	188	98	(272)	(97)	205	(217)	74	(21)	230	11	219	1953.4%
Prepaid expenses and other current assets	26	33	106	(155)	—	—	—	—	—	—	—	—	8	8	—	0.0%
Accounts payable	(316)	776	(581)	1,719	(319)	495	(209)	(17)	549	137	(165)	(114)	1,956	2,033	(77)	(3.8%)
Accrued expenses	110	(275)	617	(707)	72	74	84	80	79	78	84	70	366	450	(84)	(18.7%)
Accrued income taxes	(0)	0	(0)	(236)	—	—	—	—	—	—	—	—	(236)	(236)	—	0.0%
Other changes in operating assets and liabilities	(188)	95	(70)	(1,972)	(820)	(1,367)	(689)	(542)	(1,687)	(1,917)	(1,929)	(1,296)	(12,383)	(9,511)	(2,872)	30.2%
Other cash flow from operations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A
Total Cash Flow from Operations	\$ (1,490)	\$ 491	\$ 2,176	\$(1,597)	\$ 474	\$ 580	\$ (95)	\$ 556	\$ 1,101	\$ (238)	\$ (570)	\$ 320	\$ 1,709	\$ 5,217	\$ (3,508)	(67.2%)
Cash flow from investing																
Additions to property, plant and equipment	\$ (54)	\$ (71)	\$ (13)	\$ (627)	\$ (118)	\$ (385)	\$ (177)	\$ (502)	\$ (52)	\$ (27)	\$ (372)	\$ (27)	\$ (2,425)	\$ (2,450)	\$ 25	(1.0%)
Investment in intangibles	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A
Total Cash Flow from Investing	\$ (54)	\$ (71)	\$ (13)	\$ (627)	\$ (118)	\$ (385)	\$ (177)	\$ (502)	\$ (52)	\$ (27)	\$ (372)	\$ (27)	\$ (2,425)	\$ (2,450)	\$ 25	(1.0%)
Cash flow from financing																
Proceeds from the issuance (repayment) of short-term debt	\$ 1,250	\$ —	\$ 8,750	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 10,000	\$ —	\$ 10,000	N/A
Common stock issued (repurchased)	—	—	—	10,597	—	—	—	—	—	—	—	—	10,597	10,597	—	0.0%
Other cash flow from financing costs	(515)	522	(99)	(12,603)	(129)	(23)	44	(51)	105	(96)	311	(190)	(12,725)	(10,797)	(1,927)	17.8%
Total Cash Flow from Financing	\$ 735	\$ 522	\$ 8,651	\$(2,007)	\$ (129)	\$ (23)	\$ 44	\$ (51)	\$ 105	\$ (96)	\$ 311	\$ (190)	\$ 7,872	\$ (4,314)	\$ 12,187	(282.5%)
Effect of FX rates on cash and cash equivalents	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	N/A
Net change in cash	\$ (808)	\$ 942	\$ 10,814	\$(4,230)	\$ 227	\$ 172	\$ (229)	\$ 3	\$ 1,154	\$ (360)	\$ (631)	\$ 103	\$ 7,156	\$ (1,548)	\$ 8,704	(562.3%)
Beginning cash	2,585	1,777	2,718	13,532	9,302	9,529	9,701	9,472	9,475	10,629	10,268	9,638	2,585	2,585	—	—
Change in cash	(808)	942	10,814	(4,230)	227	172	(229)	3	1,154	(360)	(631)	103	7,156	(1,548)	8,704	(562.3%)
Ending cash	\$ 1,777	\$ 2,718	\$ 13,532	\$ 9,302	\$ 9,529	\$ 9,701	\$ 9,472	\$ 9,475	\$ 10,629	\$ 10,268	\$ 9,638	\$ 9,741	\$ 9,741	\$ 1,037	\$ 8,703	839.0%

April YTD Actuals + Budget



April 2020 Operating Review Meeting Agenda

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➔ Appendix



S&G Executive Summary | Overview

April revenues of \$2.8M

Unfavorable to AOP (Budget) (\$1.4M)/(33%)

- Unfavorable performance to Budget in India (\$0.8M)
- Unfavorable performance to Budget in North America (\$0.3M)
- Unfavorable performance to Budget in APAC (\$0.1M)
- Unfavorable performance to Budget in EMEA (\$0.1M)
- Flat performance in LAG

Unfavorable to Prior Year(PY) (\$1.0M)/(27%)

YTD revenues of \$12.3M

Unfavorable to Budget (\$2.3M)/(16%)

- Unfavorable performance to Budget in India (\$0.8M)
- Unfavorable performance to Budget in LAG (\$0.6M)
- Unfavorable performance to Budget in APAC less India (\$0.4M)
- Unfavorable performance to Budget in EMEA (\$0.4M)
- Flat performance in Government and North America

Unfavorable to PY (\$2.8M)/(19%)



S&G Executive Summary | Overview

Hits

- Backlog favorable \$2.5M compared to the Budget and favorable \$1.8M compared to PY
 - Current calendar year convertible runoff favorable \$3.5M compared to equivalent period in PY
 - April backlog contains current year 2020 runoff of \$9.7M compared to PY 2019 runoff of \$6.2M
- YTD bookings of \$16.8M favorable to Budget by \$1.3M/8% and favorable to PY by \$1.5M/9%
- Stand Alone milestones fully transitioned from Stanley Black and Decker systems
 - CRM and ERP conversion to NetSuite completed on May 3rd for start of May period
 - Optimizing dashboard tools and reporting during May
 - Launch QMS plan from buildout in NetSuite with Aaron Olmstead and Rick Melito
- S&G fully operational due to designation by the U.S. GSA as an essential U.S. manufacturing supplier
 - Operating without any COVID-19 infection incidents
 - COVID-19 responses and contingency plans, including office “Work from Home” requirements and other CDC recommended practices

Misses

- April bookings 43 percent unfavorable to AOP by (\$1.9M) and 46 percent unfavorable to PY by (\$1.6M)
- Interruptions and deferments of booked customer shipments due to COVID-19 shutdowns globally
 - April Revenue of (\$0.8M) bound for India not shipped due to India national shutdown – re-opening of some transportation lanes on 05/12/2020 released \$0.5M of deferrals
 - Other various interruptions across all other regions total (\$0.6M) of customer requested deferment of booked April releases
 - One-week furlough of manufacturing team members in April, May, and June
 - Outlook for revenue demand scenario < 25% budget realization has triggered one-week furlough per month of non-essential salary and temporary suspension of the 401k match to all participants



S&G Executive Summary | Overview (continued)

Key Go-Forward Actions

- Proactive planning and response to COVID-19 pandemic – continuing business critical cost controls
- Partner, PQD, delivered Tier 1 working keypad prototypes
 - Focus 2020 on product rationalization and customer focused portfolio solutions
 - Supply agreement and supplier quality plan to be executed week of 05/25/2020
 - Customer ready new keypads to be manufactured in Taiwan to deliver September 2020
- Sales - Align expectations and drive performance
 - Channel partnerships properly engaged during Covid-19 shutdown to address shipments and order engagement prior to late Q2/early Q3 bottleneck
 - OEM agreements (12, 6 or 3-month) in-process by region aligned with blanket orders for remainder of FY2020
 - Completing CRM dashboard builds, strategy and pipeline deployment for NetSuite
- Marketing - Refreshed brand and messaging rollout
 - Brand properties: S&G logo redesign, color(s), typography, refresh brand with new website in June 2020
 - Obtaining “Voice of Customer” feedback to evaluate features and aesthetic design from 100 production sample keypads in July



S&G Executive Summary | Key Wins and Losses

Key Wins

APAC

- Hanson (Dist) – 3000 units of 2006 for additional projects - \$110K
- Takachiho Koheki (Dist) – Various product orders of 3000 units for ongoing customer projects - \$180K

EMEA

- Diebold Nixdorf (OEM) – Blanket order of Mechanical Keys and Combo Locks – 12,000 units – \$400K
- Format Germany (OEM) – Mix of Spartan/Titan – \$45K
- Polital (CIT) – 500 units of 8550 – \$40K

LAG

- Mapa Mexico (Dist) – Various quantities of Mechanical and Electronic locks. This is incremental on top of their blanket order and they are driving demand to S&G products - \$20K
- CEFECO (Dist) in Guatemala – Small order of Titans and 6741 Mechanical to replace quality issues end-user OEM is having with Lagard products. Good win as we don't have much share in Guatemala and could lead to increased opportunity - \$5K

NA

- Lockmasters (Dist) – 1000 units of 8077 for projects - \$162K win
- Stanley Hydraulics (Dist) – Increased orders for client demand of multiple products - \$95K
- Liberty Safe (OEM) – multiple Mechanical product stock purchase - \$26K

Key Losses

APAC

- Hyosung China (OEM) – 5K to 7K units of 6128 for Russia ATM project continues to be delayed due to Covid-19 virus issues – potential loss \$1.0M
- Wiratanu – SE Asia (Dist) – Planned restock order for April delayed and could stretch to June - \$125K

EMEA

- Loomis (CIT) – Submitted new price proposal regarding the European OTC tender, but they did not respond due to low-price bid by Technosecurizza – \$200K
- Printec (Dist) – Postponement of Raifaissen Bank project in Ukraine due to Covid-19 – 200 ASWD's at \$75K

LAG





- Continued delays by GSI Companies could result in overall loss of year of \$250K of forecasted 2020 plan. However currently re-forecasted plan of \$1M in orders still active.

NA

- No major losses outside of delayed shipments due to Covid-19 in California, Nevada and New York



S&G Executive Summary | 2020 Key Initiatives

Initiative	Status	Recent Progress	Next Steps	Risks
Launch refreshed brand and digital marketing presence (i.e. website)		<ul style="list-style-type: none"> Launch date determined for June 15 U.S. trademark application reviewed and approved by examiner. Mark will be published 6/9 and opposition period is open for 30 days Phased launch approach elements defined Website copy finalized and support documents loaded to the website 	<ul style="list-style-type: none"> Finalize user test for new website Continue to update marketing materials with new branding Finalize website imagery selections Understand risk assessment of launching new brand prior to the close of the 30-day opposition window for the new logo 	<ul style="list-style-type: none"> The logo could be opposed during the 30-day opposition window, which could create delays Achieve objective while managing potential for scope creep and diminishing returns <ul style="list-style-type: none"> ➢ Prioritize on core and growth Market, Product & Region
Develop new industrial design aesthetic for existing and new products		<ul style="list-style-type: none"> Firmware and electronic improvements from ES1 sample testing incorporated in ES1.5 samples Engineering Samples (ES1.5) received on May-11 Mechanical design complete. Tooling kickoff week of May-18 Extended validation test plan developed with assistance from Rick Melito. Weekly review of validation checklist scheduled. PO for 100pc Pilot Run (ES2) issued Supplier agreement under negotiation (PQD legal team) 	<ul style="list-style-type: none"> Continued testing of ES1.5 samples Test Plan for Validation test samples (100pc) Finalize packaging design May-29 Complete 3D rendering, demonstration video and survey for remote Customer engagement Manufacturing assembly / test equipment design Certification testing 	<ul style="list-style-type: none"> Bandwidth to apply new design across new product pipeline and core product (i.e. Titan, Spartan) <ul style="list-style-type: none"> ➢ Consider contractor for application across core product
Modularize core product lines		<ul style="list-style-type: none"> Financials updated based on a three tier keypad product platform offering Modular locking mechanism in Stage 1 Development. PCBA designed and out for quote. Proposal developed for Tier-2 keypad SKU's/features 	<ul style="list-style-type: none"> Define phase-out plan for historical keypad and locking mechanism SKU's. Initial proposal reviewed with internal team Finalize requirements for Digital Platform integration with new keypad (build-your-own keypad concept) 	<ul style="list-style-type: none"> Ensure modular design does not compromise performance and quality <ul style="list-style-type: none"> ➢ Leverage core product (Titan / Spartan) for modular platform
Develop new core products		<ul style="list-style-type: none"> Reviewing emerging technology trends and RMR opportunities with input from OGx. RMR engagement proposal received and under review. Sales Directors providing input/prioritization on current project backlog Tier 2 and Tier 3 keypad product offering proposal being developed by PQD 	<ul style="list-style-type: none"> Generate 2021 and beyond NPD Pipeline with ROC's and establish priorities Concept selection for Tier 2 and Tier 3 product offering to complement new keypad 	<ul style="list-style-type: none"> Effectual deployment of design resources including contract (i.e. biometric & network connect) <ul style="list-style-type: none"> ➢ Leverage OGx to identify firmware/software design partner(s)



Complete



On-Schedule



At Risk



Behind



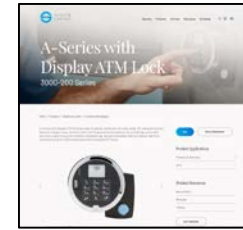
BRAND REFRESH *Timeline*



Style Guide
Phase 1



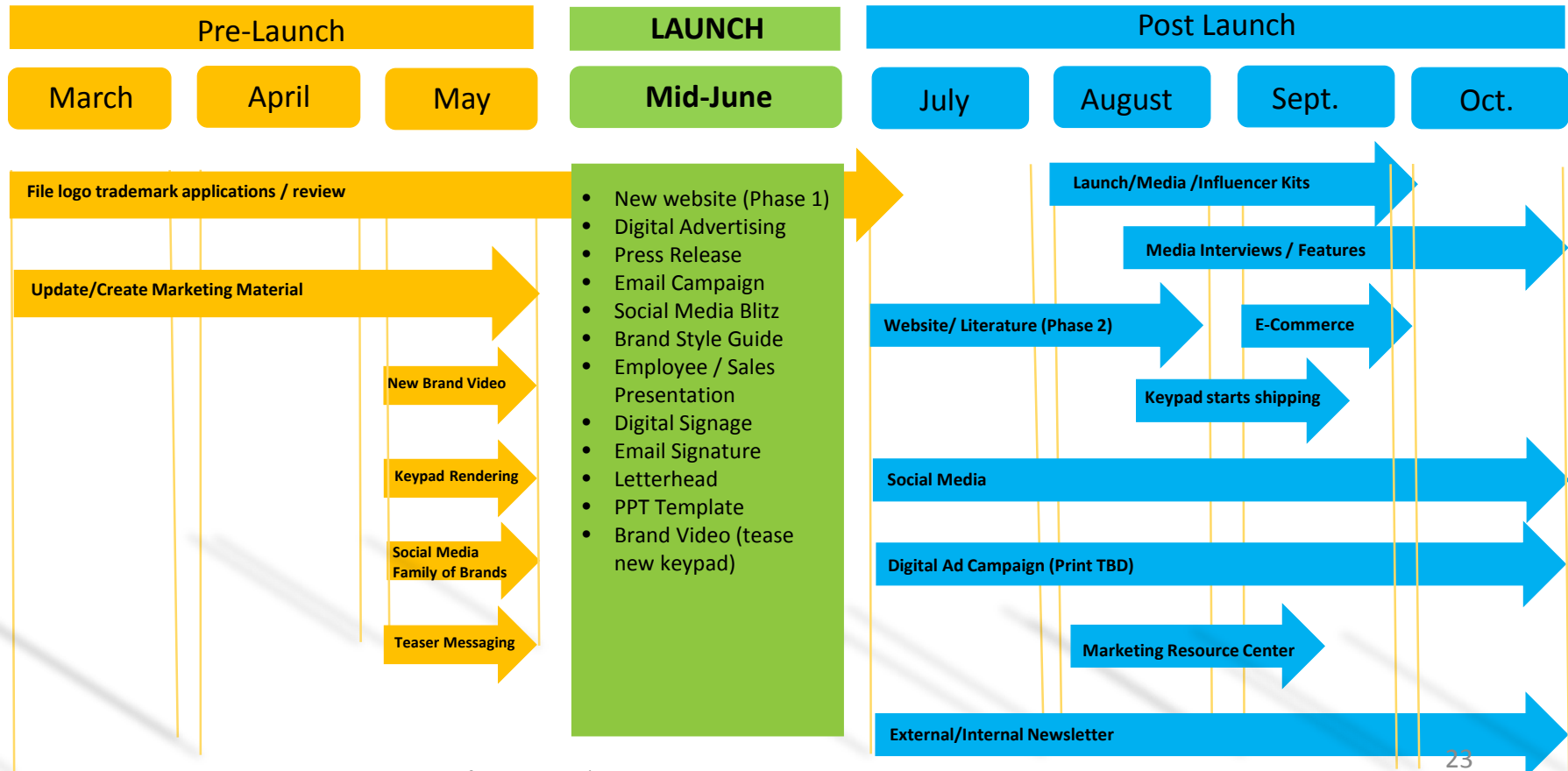
Business Cards
Phase 2



Website
Phase 1



Sell Sheets
Phase 2



S&G Finance and IT | Standalone Transition Milestones



Q2 2020

Transactional accounting supported temporarily in Nicholasville. Target date by May 31st for full AR, Collections, and AP for Cumming, GA located Shared Services.



SolidWorks Engineering June, 2020
NetSuite Go-Live May 3, 2020

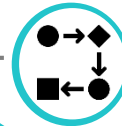


Q3 2020 and beyond

Focus on Phase II implementations for freight contract onboarding, consolidated reporting for all S&G companies, and CRM strategy outcomes.

► Q1 2020

NetSuite and SolidWorks testing and user acceptance. Gap closure, define financial shared services and initiate temporary financial transition role.



► Q3 2019

NetSuite and implementation agreement with RSM executed. Also, selected SolidWorks for product management Target Go-Live Date as March 1, 2020.



► February 19, 2020

Network, phones, and data storage changeover to cloud based in-house solutions. S&G controls connectivity and administrative rights to hardware.



► Q4 2019

Design and validation of NetSuite and SolidWorks. Coordinate network switchover from SBD to in-house.



► Completed Project

TSA with Stanley Black and Decker

One-year runout through May 2020 with two 3-month extensions. TSA includes network systems, SAP ERP, product management and freight contract sourcing. Leverage the SBD freight contracts through November 2020.

S&G Executive Summary | Quality

Recent Progress (as of 5/14)

ERP Launch, QMS focus on driving discipline with Quality team training & QMS tools

- Working on improving internal Quality: solid progress on furlough tasks (3 QE's)
- APQP tasks / meetings on track, Craig conducting weekly team meeting & weekly review with Mark
 - Still facing technical challenges to access (SharePoint) tracking document / process content
- Receiving inspection online with NetSuite – using PFMEA to reduce unnecessary inspections
- NetSuite launch underway
 - Working on RGA historical data migration (from Jan 2020) to support Dashboard development
 - Technical issues with database (since go-live) addressed
 - Completed Q&A with RSM to determine schema requirements
 - OpenGate is sorting through govt compliance issues that may prevent dashboards on WorkBench
- Targeting June launch for Quality Dashboards – will not impact budget
- Delays in NetSuite launch have cut short period of oversight to drive process understanding & discipline
- As of 5/14:
 - Aaron & Rick working remotely (3/23) – proposal to postpone 12 man days for handoff at future date
 - Recommend utilizing portion of postponed days for June oversight to avoid backslide

Draft "Not Final" - Internal Confidential



April 2020 Operating Review Meeting Agenda

➔ Consolidated

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➔ Governance Reporting

➔ Appendix



S&G Financial Review | Summary P&L - MTD

\$'000

	MTD		Variance		PY MTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
Net Revenue	2,766	4,142	(1,375)	(33.2%)	3,773	(1,006)	(26.7%)	
Material	1,161	1,450	(290)	(20.0%)	1,488	(327)	(22.0%)	
Labor	467	657	(190)	(29.0%)	632	(165)	(26.1%)	
Other COGS	221	237	(17)	(7.0%)	184	37	20.0%	
Total COGS	1,849	2,345	(497)	(21.2%)	2,303	(455)	(19.7%)	
Gross Margin	918	1,797	(879)	(48.9%)	1,469	(551)	(37.5%)	
<i>Gross Margin %</i>	<i>33.2%</i>	<i>43.4%</i>			<i>38.9%</i>			
R&D	197	235	(38)	(16.3%)	109	88	81.1%	
Sales & Marketing	342	547	(205)	(37.6%)	308	34	11.0%	
Administrative	515	241	273	113.2%	348	166	47.7%	
Other Opex	—	—	—	N/A	—	—	N/A	
Total Opex	1,053	1,024	29	2.9%	765	288	37.7%	
EBITDA	(135)	773	(908)	(117.5%)	705	(840)	(119.2%)	
<i>EBITDA %</i>	<i>(4.9%)</i>	<i>18.7%</i>			<i>18.7%</i>			
Adj. EBITDA	197	882	\$ (686)	(77.7%)	705	(508)	(72.1%)	
<i>Adj. EBITDA %</i>	<i>7.1%</i>	<i>21.3%</i>			<i>18.7%</i>			
Net Income (Loss)	\$ (1,851)	\$ (231)	\$ (1,620)	701.5%	\$ 609	\$ (2,461)	(403.8%)	
Unincurred Standalone Costs	30	—	30	N/A				
PF Adj EBITDA	\$ 166	\$ 882	\$ (716)	-81.2%				
<i>PF Adj. EBITDA %</i>	<i>6.0%</i>	<i>21.3%</i>						

Management Discussion

Budget

- April Revenue unfavorable (\$1.4M) vs Budget and unfavorable variance of (\$1.0M) vs PY
 - Unfavorable performance to Budget in India (\$0.8M)
 - Unfavorable performance to Budget in North America (\$0.3M)
 - Unfavorable performance to Budget in APAC (\$0.1M)
 - Unfavorable performance to Budget in EMEA (\$0.1M)
 - Flat performance in LAG
- April Adjusted EBITDA unfavorable (\$0.7M) to Budget. Gross margin is unfavorable to Budget (\$0.9M) with volume impact of (\$0.6M) and other impacts of approximately (\$0.3M) from period warranty cost and quality consulting[1x adjustment.]
- Opex is flat to Budget related to timing spend on strategic initiatives and spending controls
 - Actual 1x charges were \$0.3M versus Budget of \$0.1M
 - Rebranding and new keypad spending pushed to Q2
 - Recruitment and training timing pushed and on hold

PY

- April Adjusted EBITDA unfavorable (\$0.5M) vs PY. Gross margin is unfavorable (\$0.6M) with a volume impact of (\$0.4M) and other period warranty cost and quality consulting[1x adjustment] impact of (\$0.2M).
- Opex is unfavorable (\$0.3M) compared to PY related primarily to consulting costs included in 1x adjustments
 - Actual 1x adjustments were \$0.3M versus PY of \$0



S&G Financial Review | Summary P&L - YTD

\$'000

	YTD		Var		PY YTD	Variance	
	Act	Bud	\$	%	Act	\$	%
Net Revenue	12,319	14,615	(2,297)	(15.7%)	15,115	(2,796)	(18.5%)
Material	4,697	5,158	(461)	(8.9%)	5,266	(568)	(10.8%)
Labor	2,128	2,382	(254)	(10.7%)	2,342	(214)	(9.1%)
Other COGS	1,162	885	277	31.3%	921	241	26.1%
Total COGS	7,988	8,425	(438)	(5.2%)	8,529	(542)	(6.4%)
Gross Margin	4,331	6,190	(1,859)	(30.0%)	6,585	(2,255)	(34.2%)
<i>Gross Margin %</i>	<i>35.2%</i>	<i>42.4%</i>			<i>43.6%</i>		
R&D	690	994	(304)	(30.6%)	457	233	50.9%
Sales & Marketing	1,469	2,238	(769)	(34.4%)	1,333	136	10.2%
Administrative	1,520	1,217	303	24.9%	1,398	122	8.7%
Other Opex	—	—	—	N/A	—	—	N/A
Total Opex	3,679	4,449	(770)	(17.3%)	3,188	491	15.4%
EBITDA	652	1,741	(1,089)	(62.6%)	3,397	(2,745)	(80.8%)
<i>EBITDA %</i>	<i>5.3%</i>	<i>11.9%</i>			<i>22.5%</i>		
Adj. EBITDA	1,637	2,906	(1,268)	(43.7%)	3,397	(1,760)	(51.8%)
<i>Adj. EBITDA %</i>	<i>13.3%</i>	<i>19.9%</i>			<i>22.5%</i>		
Net Income (Loss)	\$ (4,821)	\$ (1,804)	\$ (3,017)	167.3%	\$ 2,986	\$ (7,807)	(261.4%)
	\$ 985.2	\$ 1,164.3					
Unincurred Standalone Costs	120	20	100	500.0%			
PF Adj EBITDA	\$ 1,517	\$ 2,886	\$ (1,368)	-47.4%			
<i>PF Adj. EBITDA %</i>	<i>12.3%</i>	<i>19.7%</i>					

Management Discussion

Budget

- YTD Revenue unfavorable (\$2.3M) vs Budget and unfavorable (\$2.8M) vs PY
 - Unfavorable performance to Budget in India (\$0.8M)
 - Unfavorable performance to Budget in LAG (\$0.6M)
 - Unfavorable performance to Budget in APAC less India (\$0.4M)
 - Unfavorable performance to Budget in EMEA (\$0.4M)
 - Flat performance in Government and North America
- YTD Adjusted EBITDA unfavorable (\$1.3M) vs Budget. Gross margin is unfavorable (\$1.9M) with a volume impact of (\$1.0M) and other impacts of approximately (\$0.9M) from material cost, warranty cost and, quality consulting and supply chain consulting[1x adjustment.]
- Opex is favorable \$0.8M vs Budget related timing spend on strategic initiatives and spending controls
 - Actual 1x charges were \$1.0M versus Budget of \$1.2M
 - Rebranding and new keypad spending pushed to 2Q
 - Recruitment and training timing on hold

PY

- YTD Adjusted EBITDA unfavorable (\$1.8M) vs PY. Gross margin is unfavorable (\$2.3M) with (\$1.2M) volume impact, material cost (\$0.6M,) and other warranty cost and quality consulting and supply chain consulting[1x adjustment] impact of (\$0.5M).
- Opex is unfavorable (\$0.5M) compared to PY
 - Actual 1x adjustments were \$1.0M versus PY of \$0

April 2020 Operating Review Meeting Agenda

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S&G Full Year Financial Outlook | Summary P&L

\$'000	FY		Variance		PY	Variance	
	Fcst	Bud	\$	%	Rfc / Act	\$	%
Net Revenue	43,081	45,377	(2,297)	(5.1%)	42,122	959	2.3%
Material	15,605	16,066	(461)	(2.9%)	15,580	25	0.2%
Labor	6,766	7,020	(254)	(3.6%)	6,746	20	0.3%
Other COGS	2,711	2,434	277	11.4%	2,528	183	7.3%
Total COGS	25,083	25,520	(438)	(1.7%)	24,854	229	0.9%
Gross Margin	17,998	19,857	(1,859)	(9.4%)	17,268	730	4.2%
<i>Gross Margin %</i>	<i>41.8%</i>	<i>43.8%</i>			<i>41.0%</i>		
R&D	2,116	2,420	(304)	(12.6%)	1,495	621	41.5%
Sales & Marketing	4,875	5,644	(769)	(13.6%)	3,929	946	24.1%
Administrative	3,116	2,813	303	10.8%	8,366	(5,250)	(62.8%)
Other Opex	—	—	—	N/A	—	—	N/A
Total Opex	10,107	10,877	(770)	(7.1%)	13,790	(3,683)	(26.7%)
EBITDA	7,891	8,980	(1,089)	(12.1%)	3,477	4,413	126.9%
<i>EBITDA %</i>	<i>18.3%</i>	<i>19.8%</i>			<i>8.3%</i>		
Adj. EBITDA	9,260	10,529	(1,268)	(12.0%)	10,077	(816)	(8.1%)
<i>Adj. EBITDA %</i>	<i>21.5%</i>	<i>23.2%</i>			<i>23.9%</i>		
Net Income (Loss)	\$ (3,847)	\$ (829)	\$ (3,017)	363.9%	\$ (2,628)	\$ (1,219)	46.4%

Fcst = YTD Actuals plus Budget



S&G Full Year Financial Outlook | Balance Sheet

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	FY	FY	Var	
\$'000	Act	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	\$	%
Current Assets																
Cash and cash equivalents	\$ 880	\$ 1,922	\$ 11,054	\$ 8,305	\$ (168)	\$ 4	\$ (225)	\$ (223)	\$ 931	\$ 571	\$ (60)	\$ 43	\$ 43	\$ 237	\$ (194)	(81.7%)
Accounts receivable, gross	5,944	6,754	5,856	5,647	6,697	6,808	6,837	7,071	7,217	7,261	6,930	7,164	7,164	7,164	—	0.0%
Accounts receivable, reserves	(220)	(220)	(221)	(231)	(134)	(136)	(137)	(141)	(144)	(145)	(139)	(143)	(143)	(143)	—	0.0%
Accounts receivable, net	5,724	6,534	5,635	5,416	6,563	6,672	6,701	6,929	7,073	7,116	6,791	7,021	7,021	7,021	—	0.0%
Inventory, gross	7,479	7,223	7,256	7,193	7,585	7,585	7,676	7,592	7,509	7,550	7,466	7,244	7,244	7,244	—	0.0%
Inventory, reserves	(625)	(697)	(669)	(651)	(496)	(496)	(502)	(497)	(491)	(494)	(488)	(345)	(345)	(345)	—	0.0%
Inventory, net	6,855	6,526	6,586	6,542	7,089	7,089	7,174	7,096	7,018	7,056	6,977	6,899	6,899	6,899	—	0.0%
Prepaid expenses and other current assets	(52)	(98)	(188)	(241)	(24)	(24)	(24)	(24)	(24)	(24)	(24)	(24)	(24)	(24)	—	0.0%
Other current assets	50,032	49,067	49,067	49,129	49,912	49,912	49,912	49,912	49,912	49,912	49,912	49,912	49,912	49,912	—	0.0%
Total Current Assets	63,439	63,950	72,154	69,151	63,372	63,653	63,538	63,691	64,910	64,630	63,597	63,852	63,852	64,046	(194)	(0.3%)
Non-Current Assets																
Property, plant & equipment, gross	11,714	11,731	11,731	11,731	12,353	12,713	12,865	12,867	12,894	12,896	12,898	12,900	12,900	12,900	—	0.0%
Accumulated depreciation	(1,011)	(1,102)	(1,309)	(1,435)	(1,547)	(1,638)	(1,729)	(1,820)	(1,914)	(2,009)	(2,104)	(2,199)	(2,199)	(2,199)	—	0.0%
Property, plant & equipment, net	10,703	10,629	10,423	10,296	10,806	11,075	11,136	11,047	10,980	10,887	10,794	10,701	10,701	10,701	—	0.0%
Goodwill	42,133	42,133	42,133	42,133	42,050	42,050	42,050	42,050	42,050	42,050	42,050	42,050	42,050	42,050	—	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	15,100	15,100	15,100	15,100	—	0.0%
Accumulated amortization	(789)	(1,233)	(1,678)	(2,123)	(2,350)	(2,682)	(3,014)	(3,346)	(3,678)	(4,010)	(4,342)	(4,674)	(4,674)	(4,674)	—	0.0%
Identifiable intangible assets, net	14,311	13,867	13,422	12,977	12,750	12,418	12,086	11,754	11,422	11,090	10,758	10,426	10,426	10,426	—	0.0%
Deferred financing cost	2,759	2,759	2,759	2,759	2,624	2,597	2,570	2,543	2,516	2,489	2,462	2,435	2,435	2,435	—	0.0%
Other non-current assets	2	2	2	2	131	131	131	131	131	131	131	131	131	131	—	0.0%
Total Non-Current Assets	69,908	69,390	68,739	68,167	68,361	68,271	67,973	67,525	67,099	66,647	66,195	65,743	65,743	65,743	—	0.0%
Total Assets	\$ 133,347	\$ 133,340	\$ 140,893	\$ 137,318	\$ 131,732	\$ 131,923	\$ 131,510	\$ 131,215	\$ 132,008	\$ 131,277	\$ 129,792	\$ 129,594	\$ 129,594	\$ 129,788	\$ (194)	(0.1%)
Current Liabilities																
Current portion of long-term debt	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,336	\$ 1,336	\$ 1,336	\$ 1,336	\$ 1,336	\$ 1,336	\$ —	0.0%
Accounts payable	2,515	2,746	2,610	2,220	3,544	4,040	3,559	3,693	4,291	4,233	4,186	4,139	4,139	4,139	—	0.0%
Accrued liabilities	1,558	2,189	2,653	1,684	1,975	1,975	1,975	1,975	1,975	1,975	1,975	1,975	1,975	1,975	—	0.0%
Accrued compensation	249	286	309	257	125	125	125	125	125	125	125	125	125	125	—	0.0%
Income taxes payable	128	128	128	170	128	128	128	128	128	128	128	128	128	128	—	0.0%
Short-term unearned revenue	33	30	34	36	45	45	56	56	56	56	56	56	56	56	—	0.0%
Total Current Liabilities	7,583	8,479	17,584	16,218	7,668	8,164	7,695	7,829	7,912	7,855	7,807	7,760	7,760	7,760	—	0.0%
Long-term liabilities																
Long-term debt less current maturities	90,658	90,658	90,658	90,195	90,435	90,212	90,212	89,712	89,892	88,892	87,392	87,058	87,058	87,058	—	0.0%
Deferred income taxes	(831)	(831)	(831)	(831)	(831)	(831)	(831)	(831)	(831)	(831)	(831)	(831)	(831)	(831)	—	0.0%
Other non-current liabilities	—	—	—	—	87	87	87	87	87	87	87	87	87	87	—	0.0%
Total Long-Term Liabilities	89,827	89,827	89,827	89,364	89,691	89,468	89,468	88,968	89,148	88,148	86,648	86,314	86,314	86,314	—	0.0%
Total Liabilities	97,410	98,306	107,411	105,582	97,359	97,632	97,162	96,796	97,060	96,002	94,455	94,074	94,074	94,074	—	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	40,228	40,228	40,228	40,228	—	0.0%
Retained earnings	(5,550)	(6,450)	(8,012)	(9,755)	(9,927)	(10,009)	(9,952)	(9,881)	(9,352)	(9,026)	(8,964)	(8,780)	(8,780)	(5,885)	(2,896)	49.2%
Accumulated other comprehensive income	1,258	1,256	1,265	1,262	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	—	0.0%
Other equity transactions	1	1	1	1	1	1	1	1	1	1	1	1	1	1	—	0.0%
Total Shareholders' Equity	35,937	35,035	33,482	31,736	31,672	31,590	31,646	31,717	32,247	32,573	32,635	32,818	32,818	35,714	(2,896)	(8.1%)
Total Liabilities and Shareholders' Equity	\$ 133,347	\$ 133,340	\$ 140,893	\$ 137,318	\$ 129,031	\$ 129,222	\$ 128,808	\$ 128,514	\$ 129,307	\$ 128,575	\$ 127,090	\$ 126,893	\$ 126,893	\$ 129,788	\$ (2,896)	(2.2%)

Fcst = YTD Actuals plus Budget

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Good News / Positives to Business and Plan

- **April net revenue up \$185k/5.8% to AOP and up \$239k/7.7% to PY.**
 - **Delaney vs AOP:** Multi-Family up \$269k/46.8%, Online up \$133k/59.2%, partially offset by Single Family down (\$82k)/(4.1%), Hollow Metal (\$147k)/(40.1%) and Bravura (\$36k)/(27.4%).
 - **Delaney vs PY:** Multi-Family up \$260k/44.6%, Online up \$192k/114.9%, partially offset by Single Family down (\$114k)/(5.7%), Hollow Metal (\$172k)/(43.9%), Bravura (\$19k)/(16.5%), and I/C sales to Premier (\$51k)/(92.1%).
 - **YTD Delaney vs AOP:** Sales up \$322k/2.5%. Hollow Metal up \$160k/11.6%, Online up \$263k/33.4%, Multi-Family up \$280k/12.5%, partially offset by Single family down (\$415k)/(4.9%), and Bravura (\$94k)/(20.8%).
 - **YTD Delaney vs PY:** Sales up \$1,184k/9.6% including sales to Premier. Single family up \$280k/3.6%, Multi-Family up \$322k/14.6%, Online up \$470k/80.7%, partially offset by Hollow Metal down (\$88k)/(5.4%), and Bravura down (\$121k)/(25.2%) part of which is driven by projects that occurred last year.

Risks / Challenges to the Business and Plan

- **Supply Issues/Backorders**
 - Increases in demand combined with extended factory shut-downs are creating backorder situations. Containers are arriving weekly to ease the pain, however Philippines factory remains closed until 5/31/20 causing a delay in Multi-family products. Potential impact to revenue in May/June ~\$50k - \$75k
- **Housing Market**
 - Housing Starts decreased 30.2% in April – which will likely impact the Single Family piece of our business over the next 60-90 days. However builder confidence rose 7 points in May which could be a sign the effects of covid-19 are stabilizing.
- **Coronavirus/Sales Calls**
 - Dealers are limiting face-to-face interaction with sales reps which makes it difficult to present new products and programs. Estimating June 1st at earliest to resume sales calls. Marketing team producing Product Spotlights digital marketing pieces and how-to videos.
 - Beginning to hear “Anything but China” sentiment from some customers.

Other Significant Matters / Events

- **Strategic Initiatives**
 - Successfully completed three-week Sales Planning Session with Kyle Brack and Sales Directors. Developed Action Plans for Bravura, National Accounts and Home Builders, as well as detailed data/market analysis.
 - Have narrowed the scope to most impactful initiatives and established weekly call schedules to drive success and track progress.
- **eCommerce**
 - Ecommerce sales up 115% in April vs. PY. Increased online shopping trends with the addition of new products to partner sites has resulted in record growth. Will monitor online shopping trends as stores open and consumers venture out.

Delaney Executive Summary | Key Wins and Losses

Key Wins

Region 1

- \$23K Cosmo Door & Window – first order placed
- \$15K C&R Building Supply converted two builders
- \$5.5K Windowrama – 20 condo project in Bohemia, NY
- \$20K BFS Conway, SC – stock order to service Hance Builders
- \$15K Timberland Lumber – MF Project
- \$50K BFS Ridgeland – 48 unit MF Project

Region 2

- \$18K – Allen Millwork 7 Condo buildings
- \$38K – Olathe MW 285 unit Watermark MF project
- \$28K – TCB Supply 183 unit MF project
- \$55K – BMC Texas 2 MF projects
- \$200K – converted Tri-Supply 4 locations from Pamex & Sureloc

National Accounts/Buying Groups/Builders

- Great success with Kyle Brack's assistance in putting together Builder Playbook and use of MSA Data. A huge time saver as we identify key targets
- LBM Advantage mgmt./traders identified & endorsed 171 target locations
- ABS Sanford as follow up from LMC show to position Delaney as key supplier for Multi Family lock, barn door, and bath hardware. Conservative value \$500K
- Launching new barn door container programs with Rhoden Door & BMC

MF/HM (Kevin/Mike)

- \$60K - Landed MF Job with Digital Locks for Haskell's Hardware
- \$70K – Commercial job with Shelter Products
- Haskell's Hardware placed first commercial hardware order - \$200K annually

Ecommerce

- New 5 packs (4 items) of entry combos become top sellers for us on Home Depot within less than a month. Just added to Lowes. Will add more of these bulk packs. (\$15K April sales at Home Depot)
- Home Depot to promote Delaney on SBOTW Special Buy of the Week 6/22 for new 5-pack bulk items (Est. opportunity – Additional \$5-7K sales)
- Had conference call with Build.com for planning 2020 back to growth plan. Scheduled next steps for Donald to engage.

Key Losses

Region 1

- Alexander Lumber \$100K Commercial Quote does not look good. BHP seems to have the inside track. Working with buyer on getting a 2nd look
- Woodhaven Lumber – lost two large MF jobs to Schlage due to delays with MF Smartlock

Region 2

- Lost Summit Homes Des Moines because of \$100/home Kwikset rebate
- Lost Commercial project with Darby due to inventory shortages - \$50K

National Accounts/Buying Groups/Builders

- CB-USA – Meeting with principals and presented Delaney Hardware and uncovered concerns to current philosophy of CB USA.
 - Concerns of moving existing business w/Schlage to Delaney
 - CB USA current market strengths in strong markets already for Delaney except in Texas
 - Front end expense 40-60K with no guarantee on ROI.

MF/HM (Kevin/Mike)

- Delays in shipping some jobs due to late containers (post CNY & Covid) - \$110K pushed out to late-May and June.

Ecommerce






- Lost sales due to some inventory shortages related to India shut-down and delays post CNY and COVID-19 quarantines (Est. \$7K in April)

Delaney Executive Summary | Overview

Key Go-Forward Actions

- **Company:** Covid-19 go-forward
 - Ease work-from-home staff back into the facility over the next 15-30 days
 - Continue to clearly communicate and practice social distancing and sanitization of facility
 - Push messaging out to customers and suppliers on consistent basis
 - Continue regular contingency plan meetings/tracking COVID-19 related expenses
- **Sales:** Execution of Strategic Growth Initiatives
 - Leverage Action Plans established for 3 specific growth initiatives through weekly check-in calls and planning sessions
 - Complete Bravura Strategic Growth Plan and begin execution
 - Implement Builder Action Plan and roll out to sales team
 - Execute National Account Strategic Action Plan
 - Identify opportunities in the West for geographic expansion, that include acquisition, specialized reps., new channels
 - Multi-Family is strong! Continue to promote services and product offering
- **Marketing:** Drive company message, eCommerce growth and brand awareness
 - Developed monthly Marketing Update e-blast, as well as focused weekly Product Spotlight campaigns
 - Leverage additional marketing hires to quickly develop digital marketing campaigns, virtual sales tools, how-to videos, and improved communications methods to stay relevant with customers while face-to-face interactions are limited
 - Execute eCommerce growth plans, utilizing increased band width and focus
- **NPD:** Define the product strategy and roadmap
 - Hire Residential Product Manager to lead MF Smartlock Launch, as well as NPD stage gate process – target 7/1/20
- **Supply Chain:** Pursue cost savings and complete SKU rationalization
 - Help manage supply issues and sourcing to mitigate delays due to covid-19
 - Assist Smart Ventures in completing Optimization of Supply Chain Functions project
 - Identify cost savings opportunities with alternate suppliers
 - Assist in implementation of NetSuite

Delaney Executive Summary | 2020 Key Initiatives

Initiative	Status	Recent Progress	Next Steps	Risks
Launch Multifamily Smartlock		<ul style="list-style-type: none"> Completed Launch Schedule with milestones Devon & Tom (S&G) are working with all development partners to expedite time to productions 	<ul style="list-style-type: none"> Execute tactical plan tracking progress on Smartsheet to give visibility and ownership to remaining milestones Complete commercialization plan for MF Smartlock Hire Residential Product Manager to drive project 	<ul style="list-style-type: none"> Late Q4 launch reduces revenue target Delayed launch could create competitor advantages and lack of credibility Hot leads will cool
Create eCommerce growth strategy		<ul style="list-style-type: none"> Introduced Donald to key partners, Home Depot, Build.com, Wayfair, Amazon and Lowes to perform line review and discuss optimization strategies and 2020 opportunities 	<ul style="list-style-type: none"> Identify opportunity with each e-Commerce partner and create 2020 growth plan to include: ideal catalog per partner, optimize merchandising, optimize images, copy & lifestyles images, start partner page (sponsored advertising), create a cross-channel promotion plan 	
Develop plan to drive Bravura growth		<ul style="list-style-type: none"> Donn worked with Kyle to outline Bravura Action Plan and detailed Milestones 	<ul style="list-style-type: none"> Provide ROI data to support suggested investments (website, catalog, product enhancements, specialized sales reps) 	<ul style="list-style-type: none"> Emtek proves to be too successful to penetrate
Develop strategy to increase share of wallet with current customers, national accounts, buying groups, and multifamily dealers through expanding products sold and penetrating all locations		<ul style="list-style-type: none"> Dick (Region 1), Donn (Region 2), Steve (National Accounts & Buying Groups) and Mike (Multifamily dealers) each have individual initiatives OSRs identified sales opportunities with existing dealers by product category, completed SWOT analysis 	<ul style="list-style-type: none"> OSRs to present programs to dealers Execute and track results of penetration strategy 	<ul style="list-style-type: none"> Delays due to covid-19 and lack of face-to-face customer interaction
Builder Initiative & National Accounts Expansion		<ul style="list-style-type: none"> Developed Builder Playbook with target list of Top Builders (250+ homes/annually) Targeting National Accounts & Buying Groups with specific high-volume programs 	<ul style="list-style-type: none"> Sales Directors are dividing Builder List by Region, by OSR Will begin to develop programs by June 1 Present programs to corporate partners to roll out at store level 	<ul style="list-style-type: none"> Kwikset and Schlage have lock on National Builders National Builders continue to buy smaller regional builders



Complete



On-Schedule



At Risk



Behind

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Delaney Financial Review | Summary P&L - MTD

\$'000	MTD		Variance		PY MTD	Variance	
	Act	Bud	\$	%	Act	\$	%
Net Revenue	3,344	3,159	185	5.8%	3,105	239	7.7%
Material	1,715	1,655	61	3.7%	1,756	(40)	(2.3%)
Labor	79	101	(21)	(21.4%)	80	(1)	(1.0%)
Other COGS	195	183	12	6.8%	201	(6)	(2.9%)
Total COGS	1,990	1,938	52	2.7%	2,037	(47)	(2.3%)
Gross Margin	1,354	1,221	133	10.9%	1,068	286	26.8%
<i>Gross Margin %</i>	<i>40.5%</i>	<i>38.7%</i>			<i>34.4%</i>		
Sales & Marketing	222	266	(44)	(16.7%)	262	(40)	(15.3%)
Administrative	420	400	20	5.0%	325	95	29.3%
Total Opex	642	667	(25)	(3.7%)	587	55	9.4%
EBITDA	712	554	158	28.4%	481	231	48.1%
<i>EBITDA %</i>	<i>21.3%</i>	<i>17.5%</i>			<i>15.5%</i>		
Adj. EBITDA	735	554	181	32.6%	481	254	52.9%
<i>Adj. EBITDA %</i>	<i>22.0%</i>	<i>17.5%</i>			<i>15.5%</i>		
Net Income (Loss)	\$ 445	\$ 222	\$ 223	100.3%	\$ 88	\$ 357	404.2%

Management Discussion

- April net revenue up \$185k to AOP and up \$239k to PY. Versus AOP: Multi-Family up \$269k, Online up \$133k, partially offset by Single Family down (\$82k), Hollow Metal (\$147k) and Bravura (\$36k). In addition revenue reductions were favorable \$42k, driven by favorable returns of \$24k. Versus PY: Multi-Family up \$260k, Online up \$192k, partially offset by Single Family down (\$114k), Hollow Metal (\$172k), Bravura (\$19k), and I/C sales to Premier (\$51k). In addition, revenue reductions were favorable by \$143k, largely due to tariff surcharge.
- Margins up to AOP largely driven by mix (lower Hollow Metal sales, which is lower margin than fleet) as well as lower labor costs.
- OPEX favorable by \$25k to AOP primarily driven by Marketing due to spending cuts and T&E. Insurance costs were favorable due to true up of accrual vs actual expense. In addition, Professional Fees higher due to audit bills (timing).
- Adjusted EBITDA up \$181k to AOP and up \$254k to PY.

Delaney Financial Review | Summary P&L - YTD

\$'000

	YTD		Var		PY YTD	Variance	
	Act	Bud	\$	%	Act	\$	%
Net Revenue	13,461	13,138	322	2.5%	12,277	1,184	9.6%
Material	7,161	6,953	208	3.0%	6,792	369	5.4%
Labor	313	381	(67)	(17.6%)	302	11	3.8%
Other COGS	767	767	(0)	(0.1%)	681	86	12.6%
Total COGS	8,241	8,101	140	1.7%	7,775	466	6.0%
Gross Margin	5,220	5,037	182	3.6%	4,502	718	16.0%
<i>Gross Margin %</i>	<i>38.8%</i>	<i>38.3%</i>			<i>36.7%</i>		
Sales & Marketing	1,185	1,292	(107)	(8.3%)	1,158	27	2.3%
Administrative	1,484	1,452	32	2.2%	1,378	106	7.7%
Total Opex	2,669	2,744	(75)	(2.7%)	2,537	132	5.2%
EBITDA	2,551	2,293	257	11.2%	1,965	586	29.8%
<i>EBITDA %</i>	<i>18.9%</i>	<i>17.5%</i>			<i>16.0%</i>		
Adj. EBITDA	2,601	2,293	307	13.4%	1,965	636	32.4%
<i>Adj. EBITDA %</i>	<i>19.3%</i>	<i>17.5%</i>			<i>16.0%</i>		
Net Income (Loss)	\$ 1,709	\$ 949	\$ 760	80.0%	\$ 419	\$ 1,290	307.8%

Management Discussion

- YTD April net revenue up \$322k vs AOP and \$1,184k to PY. Versus AOP: Hollow Metal up \$160k, Online up \$263k, Multi-Family up \$280k, partially offset by Single family down (\$415k), and Bravura (\$94k). In addition, revenue reductions were favorable \$122k, partially driven by favorable returns of \$59k, and tariff surcharge of \$56k. Versus PY: Single family up \$280k, Multi-Family up \$322k, Online up \$470k, partially offset by Hollow Metal down (\$88k), and Bravura down (\$121k) part of which is driven by projects that occurred last year. In addition, revenue reductions were favorable by \$310k, largely due to tariff surcharge.
- Margins up to AOP driven by lower labor costs as well as favorable revenue reductions.
- OPEX favorable by \$75k to AOP primarily driven by Marketing due to spending cuts and T&E. Insurance costs were favorable due to true up of accrual vs actual expense. In addition, Professional Fees higher due to audit bills (timing).
- Adjusted EBITDA up \$307k to AOP and up \$636k to PY.

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\$'000	FY		Variance		PY	Variance	
	Fcst	Bud	\$	%	Act	\$	%
Net Revenue	40,421	40,098	322	0.8%	36,656	3,765	10.3%
Material	21,278	21,070	208	1.0%	19,760	1,518	7.7%
Labor	1,133	1,200	(67)	(5.6%)	956	177	18.5%
Other COGS	2,300	2,301	(0)	(0.0%)	2,137	163	7.6%
Total COGS	24,711	24,571	140	0.6%	22,853	1,858	8.1%
Gross Margin	15,709	15,527	182	1.2%	13,802	1,907	13.8%
<i>Gross Margin %</i>	<i>38.9%</i>	<i>38.7%</i>			<i>37.7%</i>		
Sales & Marketing	3,255	3,362	(107)	(3.2%)	2,998	257	8.6%
Administrative	4,497	4,465	32	0.7%	4,080	416	10.2%
Total Opex	7,752	7,827	(75)	(1.0%)	7,079	673	9.5%
EBITDA	7,957	7,700	257	3.3%	6,724	1,234	18.3%
<i>EBITDA %</i>	<i>19.7%</i>	<i>19.2%</i>			<i>18.3%</i>		
Adj. EBITDA	8,008	7,700	307	4.0%	6,724	1,284	19.1%
<i>Adj. EBITDA %</i>	<i>19.8%</i>	<i>19.2%</i>			<i>18.3%</i>		
Net Income (Loss)	\$ 4,237	\$ 3,477	\$ 760	21.9%	\$ 1,868	\$ 2,368	126.8%

Delaney Full Year Financial Outlook | Balance Sheet

\$'000	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	FY	FY	Var	
	Act	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	\$	%
Current Assets																
Cash and cash equivalents	\$ 415	\$ 810	\$ 1,848	\$ 3,210	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 669	\$ (169)	(25.3%)
Accounts receivable, gross	4,379	4,551	4,805	4,969	—	—	—	—	—	—	—	—	—	3,988	(3,988)	(100.0%)
Accounts receivable, reserves	(17)	(20)	(23)	(26)	—	—	—	—	—	—	—	—	—	(14)	14	(100.0%)
Accounts receivable, net	4,363	4,531	4,782	4,944	4,319	4,045	4,313	4,527	4,259	4,276	4,508	4,345	4,345	3,974	371	9.3%
Inventory, gross	11,712	11,286	10,612	9,946	10,995	10,905	11,060	11,223	11,078	11,223	11,220	11,303	11,303	11,202	101	0.9%
Inventory, reserves	(1,918)	(1,408)	(1,423)	(1,438)	(1,963)	(1,978)	(1,993)	(2,008)	(2,023)	(2,038)	(2,053)	(2,068)	(2,068)	(1,378)	(689)	50.0%
Inventory, net	9,795	9,877	9,189	8,507	9,032	8,927	9,067	9,216	9,055	9,185	9,167	9,235	9,235	9,823	(589)	(6.0%)
Prepaid expenses and other current assets	115	163	140	110	184	184	184	184	184	184	184	184	184	193	(8)	(4.4%)
Total Current Assets	14,687	15,381	15,958	16,772	14,035	13,656	14,064	14,426	13,999	14,145	14,359	14,264	14,264	14,660	(396)	(2.7%)
Non-Current Assets																
Property, plant & equipment, gross	1,656	1,666	1,679	1,689	1,734	1,759	1,784	1,809	1,834	1,859	1,884	1,909	1,909	1,634	275	16.8%
Accumulated depreciation	(708)	(744)	(779)	(814)	(820)	(858)	(896)	(934)	(972)	(1,011)	(1,050)	(1,089)	(1,089)	(673)	(416)	61.9%
Property, plant & equipment, net	948	922	900	875	914	901	888	875	862	848	834	820	820	961	(141)	(14.7%)
Goodwill	18,846	18,614	18,382	18,150	17,918	17,685	17,453	17,221	16,989	16,757	16,524	16,292	16,292	18,846	(2,554)	(13.6%)
Deferred tax asset	644	644	644	644	672	672	672	672	672	672	672	672	672	644	27	4.3%
Total Non-Current Assets	20,439	20,181	19,926	19,669	19,503	19,258	19,013	18,768	18,522	18,276	18,030	17,783	17,783	20,452	(2,668)	(13.0%)
Total Assets	\$ 35,126	\$ 35,561	\$ 35,884	\$ 36,440	\$ 33,538	\$ 32,914	\$ 33,077	\$ 33,194	\$ 32,521	\$ 32,421	\$ 32,389	\$ 32,047	\$ 32,047	\$ 35,111	\$ (3,064)	(8.7%)
Current Liabilities																
Accounts payable	760	725	436	478	685	642	877	735	673	842	721	694	694	558	136	24.4%
Accrued liabilities	1,199	853	997	938	927	995	1,072	1,147	1,218	1,291	1,370	1,438	1,438	1,117	320	28.7%
Accrued compensation	(872)	(820)	(863)	(798)	451	489	497	534	571	608	645	630	630	(410)	1,040	(253.7%)
Income taxes payable	(8)	(8)	(8)	(8)	7	7	7	7	7	7	7	7	7	(8)	14	(186.1%)
Total Current Liabilities	1,080	750	562	609	2,070	2,131	2,453	2,423	2,468	2,748	2,743	2,768	2,768	1,257	1,511	120.2%
Long-term liabilities																
Other non-current liabilities	10,000	9,872	9,965	10,029	6,950	6,027	5,545	5,352	4,335	3,654	3,245	2,625	2,625	9,761	(7,136)	(73.1%)
Total Long-Term Liabilities	10,000	9,872	9,965	10,029	6,950	6,027	5,545	5,352	4,335	3,654	3,245	2,625	2,625	9,761	(7,136)	(73.1%)
Total Liabilities	11,080	10,622	10,527	10,638	9,020	8,158	7,998	7,775	6,803	6,402	5,987	5,393	5,393	11,018	(5,625)	(51.1%)
Shareholders' Equity																
Common stock	21,900	21,900	21,900	21,900	21,900	21,900	21,900	21,900	21,900	21,900	21,900	21,900	21,900	21,900	—	0.0%
Retained earnings	2,146	3,039	3,457	3,902	2,618	2,857	3,180	3,519	3,818	4,119	4,502	4,754	4,754	2,193	2,561	116.8%
Total Shareholders' Equity	24,046	24,939	25,357	25,802	24,518	24,757	25,080	25,419	25,718	26,019	26,402	26,654	26,654	24,093	2,561	10.6%
Total Liabilities and Shareholders' Equity	\$ 35,126	\$ 35,561	\$ 35,884	\$ 36,440	\$ 33,538	\$ 32,914	\$ 33,077	\$ 33,194	\$ 32,521	\$ 32,421	\$ 32,389	\$ 32,047	\$ 32,047	\$ 35,111	\$ (3,064)	(8.7%)

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Good News / Positives to Business and Plan

April sales favorable to AOP by \$8k (<1%) and \$91k (6.2%) to PY

YTD sales favorable to AOP by \$356k (5.7%) and \$685k (11.7%) to PY

Gross margins strong and above forecast with favorable steel costs and product mix

Adjusted YTD EBITDA up \$464k to AOP and \$471k to PY

We received the largest single order in dollar terms in Premier's history on April 24th totaling \$444k.

Risks / Challenges to the Business and Plan

COVID-19

Minimal impact on operations and supply chains to date. Some customers reporting elongated sales patterns relative to restock orders. However, a COVID-19 virus revival would have far reaching consequences on both supply chains and demand.

Construction Climate

While construction projects continue, many are realizing delays or slowdowns. New starts are declining, and many have been pushed back into 2021. Twenty-two (22) Marriott properties scheduled for R&R's were pushed back to 2021. Four of those were projects that Premier had initially bid.

Equipment Constraints

Mechanical breakdowns are occurring more frequently, and more demands on an aging factory infrastructure means that will likely continue. Three presses have gone down in 45 days. We received approval for a used CNC press that will aid in getting us back on par with capacity upon arrival. Still, production has been affected and more CAPEX is needed.

Other Significant Matters / Events

Cost controls remain in place.

Work from home continue where applicable and functionally possible

Backlog and bookings stable and favorable year over year

Order flow still solid and customer feedback is positive. Customers acknowledge areas of their businesses are affected, but they are still quoting and busier than they had anticipated.

Aggressively targeting new sales opportunities to bridge potential core customer declines.

Premier Executive Summary | Overview (con't)

Good – Revenue, bookings, and backlog are all up year over year. April revenue flat, but bookings were up 35% and backlog numbers are up 64% through April versus 2019.

Good – Up to date calls with customers reveal business is steady with only moderate reductions to date. Core customers state they are busier than expected even though their numbers are slightly down from previous year. Thus far we've been able to bridge those shortfalls with new sales activity.

Good - Raw inventory and supplies have not been impacted thus far, and a plan is in place to ensure the ability to operate without excessive burden on reserves. Lower steel pricing has been locked in for steel through October and has been supply chain has broadened given mill capacity reductions.

Good – A used CNC press and new finish paint system has been approved and is on order. The press was necessary and the finish paint system, once fully operational, will open up new sales opportunities.

Bad – Steel mills experiencing COVID-19 cases and reduced demand from automotive, manufacturing, OTCG (Oil Country Tubular Goods), and construction. Blast furnaces being idled to support pricing and service centers are also laying off. Should the country open back up with a better than expected demand for construction products, there could be short term steel supply issues.

Bad – While many state are re-starting, the construction climate may take several quarters to rebound to pre Covid-19 levels. Many scheduled new starts have been delayed to 2021 and some developers are taking a wait and see approach for the remainder of 2020.

Ugly – We've had major issues with four different presses and a shear in the last 60 days. The shear has been repaired and a newer press will be arriving the end of May. Other repairs are also ongoing. Still, because of equipment failures, incomplete implementation of planned changes due to pandemic-related factors, and distancing, Premier's augmented capacity is now stands at approximately 80% maximum compared to pre-event. More CAPEX is needed to address aging and inefficient equipment to support desired growth initiatives.

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Premier Financial Review | Summary P&L - MTD

\$'000	MTD		Variance		PY MTD	Variance	
	Act	Bud	\$	%	Act	\$	%
Net Revenue	1,555	1,547	8	0.5%	1,464	91	6.2%
Material	608	670	(62)	(9.3%)	645	(37)	(5.7%)
Labor	352	341	11	3.3%	306	46	15.1%
Other COGS	3	33	(30)	(90.0%)	9	(5)	(61.6%)
Total COGS	964	1,044	(80)	(7.7%)	960	4	0.4%
Gross Margin	591	503	88	17.5%	504	87	17.2%
<i>Gross Margin %</i>	<i>38.0%</i>	<i>32.5%</i>			<i>34.4%</i>		
Sales & Marketing	77	52	24	47.0%	63	14	22.4%
Administrative	127	148	(22)	(14.7%)	112	15	13.2%
Total Opex	203	200	3	1.3%	174	29	16.5%
EBITDA	388	303	85	28.3%	330	58	17.6%
<i>EBITDA %</i>	<i>25.0%</i>	<i>19.6%</i>			<i>22.5%</i>		
Adj. EBITDA	388	303	85	28.3%	330	58	17.6%
<i>Adj. EBITDA %</i>	<i>25.0%</i>	<i>19.6%</i>			<i>22.5%</i>		
Net Income (Loss)	\$ 376	\$ 177	\$ 198	112.1%	\$ 258	\$ 117	45.5%

Management Discussion

- April net revenue up \$8k to AOP and up \$91k to PY. Versus AOP: Pre-Assembled up \$38k, representing the largest single month of Pre-Assembled business (\$62k), partially offset by Distributor (\$16k), OEM (\$3k), and Cash (\$9k).
- Margins up to AOP largely driven by favorable material costs as well as favorable adjustment to insurance accrual.
- OPEX flat to AOP
- Adjusted EBITDA up \$85k to AOP and up \$58k to PY.

Premier Financial Review | Summary P&L - YTD

\$'000	YTD		Var		PY YTD	Variance	
	Act	Bud	\$	%	Act	\$	%
Net Revenue	6,545	6,189	356	5.7%	5,860	685	11.7%
Material	2,620	2,681	(61)	(2.3%)	2,596	24	0.9%
Labor	1,377	1,361	16	1.2%	1,238	139	11.2%
Other COGS	29	131	(103)	(78.2%)	107	(79)	(73.3%)
Total COGS	4,026	4,173	(147)	(3.5%)	3,941	85	2.1%
Gross Margin	2,520	2,016	503	24.9%	1,919	600	31.3%
<i>Gross Margin %</i>	<i>38.5%</i>	<i>32.6%</i>			<i>32.7%</i>		
Sales & Marketing	316	208	107	51.6%	254	61	24.1%
Administrative	508	574	(65)	(11.4%)	438	71	16.1%
Total Opex	824	782	42	5.4%	692	132	19.1%
EBITDA	1,696	1,235	461	37.3%	1,227	469	38.2%
<i>EBITDA %</i>	<i>25.9%</i>	<i>19.9%</i>			<i>20.9%</i>		
Adj. EBITDA	1,698	1,235	464	37.6%	1,227	471	38.4%
<i>Adj. EBITDA %</i>	<i>26.0%</i>	<i>19.9%</i>			<i>20.9%</i>		
Net Income (Loss)	\$ 1,646	\$ 689	\$ 957	139.0%	\$ 952	\$ 694	73.0%

Management Discussion

Budget

- YTD April net revenue up \$356k to AOP and up \$685k to PY. Versus AOP: Pre-Assembled up \$32k, due to the large favorability in April, which represented the largest single month of Pre-Assembled business. In addition, OEM is up \$283k, Distributor up \$41k, and Cash up \$4k.
- Margins up to AOP largely driven by favorable material costs and higher absorption.
- OPEX up to AOP by \$42k due to higher T&E, Repair & Maintenance and IT costs.
- Adjusted EBITDA up \$464k to AOP and up \$471k to PY.

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Premier Full Year Financial Outlook | Summary P&L

\$'000	FY		Variance		PY	Variance	
	Fcst	Bud	\$	%	Act	\$	%
Net Revenue	20,787	20,431	356	1.7%	18,885	1,902	10.1%
Material	8,742	8,803	(61)	(0.7%)	8,149	593	7.3%
Labor	4,003	3,987	16	0.4%	3,763	240	6.4%
Other COGS	270	373	(103)	(27.6%)	264	6	2.4%
Total COGS	13,015	13,162	(147)	(1.1%)	12,176	839	6.9%
Gross Margin	7,772	7,269	503	6.9%	6,709	1,063	15.8%
<i>Gross Margin %</i>	<i>37.4%</i>	<i>35.6%</i>			<i>35.5%</i>		
Sales & Marketing	789	682	107	15.8%	867	(78)	(9.0%)
Administrative	1,736	1,801	(65)	(3.6%)	1,448	288	19.9%
Total Opex	2,525	2,482	42	1.7%	2,315	210	9.1%
EBITDA	5,247	4,786	461	9.6%	4,394	853	19.4%
<i>EBITDA %</i>	<i>25.2%</i>	<i>23.4%</i>			<i>23.3%</i>		
Adj. EBITDA	5,250	4,786	464	9.7%	4,394	856	19.5%
<i>Adj. EBITDA %</i>	<i>25.3%</i>	<i>23.4%</i>			<i>23.3%</i>		
Net Income (Loss)	\$ 3,908	\$ 2,951	\$ 957	32.4%	\$ 3,437	\$ 472	13.7%

Premier Full Year Financial Outlook | Balance Sheet

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	FY	FY	Var	
\$'000	Act	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	\$	%
Current Assets																
Cash and cash equivalents	\$ 482	\$ (14)	\$ 630	\$ 767	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 309	\$ (9)	(3.1%)
Accounts receivable, net	1,969	1,963	1,346	1,523	1,662	1,837	1,965	1,904	1,968	2,045	2,045	1,908	1,908	1,731	176	10.2%
Inventory, gross	3,230	3,359	3,433	3,050	3,327	3,334	3,380	3,406	3,440	3,489	3,511	3,543	3,543	3,060	483	15.8%
Inventory, reserves	(177)	(177)	(177)	(177)	(177)	(177)	(177)	(177)	(177)	(177)	(177)	(177)	(177)	(177)	—	0.0%
Inventory, net	3,053	3,182	3,256	2,873	3,149	3,157	3,203	3,229	3,262	3,311	3,333	3,366	3,366	2,883	483	16.7%
Prepaid expenses and other current assets	124	90	98	137	44	44	44	44	44	44	44	44	44	44	0	0.0%
Total Current Assets	5,628	5,222	5,330	5,300	5,155	5,338	5,512	5,477	5,575	5,701	5,722	5,618	5,618	4,968	650	13.1%
Non-Current Assets																
Property, plant & equipment, gross	1,010	1,054	1,054	1,061	1,123	1,123	1,123	1,598	1,598	1,598	1,943	1,943	1,943	1,010	933	92.4%
Accumulated depreciation	(201)	(213)	(226)	(238)	(240)	(253)	(267)	(286)	(304)	(323)	(346)	(369)	(369)	(189)	(181)	95.8%
Property, plant & equipment, net	809	841	829	823	883	870	856	1,312	1,293	1,274	1,596	1,573	1,573	821	752	91.6%
Goodwill	5,860	5,860	5,860	5,860	5,610	5,548	5,486	5,423	5,361	5,299	5,236	5,174	5,174	5,860	(686)	(11.7%)
Total Non-Current Assets	6,669	6,701	6,688	6,683	6,493	6,418	6,342	6,736	6,654	6,573	6,833	6,747	6,747	6,681	67	1.0%
Total Assets	\$ 12,296	\$ 11,923	\$ 12,018	\$ 11,983	\$ 11,648	\$ 11,756	\$ 11,854	\$ 12,213	\$ 12,229	\$ 12,274	\$ 12,555	\$ 12,365	\$ 12,365	\$ 11,649	\$ 716	6.1%
Current Liabilities																
Accounts payable	100	681	524	177	741	783	819	810	824	850	853	813	813	345	468	135.8%
Accrued liabilities	715	155	164	140	277	283	289	294	301	306	311	314	314	268	45	17.0%
Accrued compensation	125	173	129	160	129	161	193	225	257	289	321	263	263	366	(102)	(28.0%)
Income taxes payable	877	877	877	877	627	627	627	627	627	627	627	627	627	877	(250)	(28.6%)
Total Current Liabilities	1,817	1,885	1,695	1,354	1,773	1,853	1,927	1,956	2,009	2,072	2,112	2,017	2,017	1,856	161	8.7%
Long-term liabilities																
Capital lease	67	64	60	57	—	—	—	—	—	—	—	—	—	71	(71)	(100.0%)
Deferred income taxes	(250)	(250)	(250)	(250)	—	—	—	—	—	—	—	—	—	(250)	250	(100.0%)
Other non-current liabilities	(5,630)	(6,502)	(6,603)	(6,671)	(6,660)	(6,950)	(7,208)	(7,127)	(7,532)	(7,838)	(7,926)	(8,196)	(8,196)	(5,874)	(2,322)	39.5%
Total Long-Term Liabilities	(5,814)	(6,689)	(6,794)	(6,865)	(6,660)	(6,950)	(7,208)	(7,127)	(7,532)	(7,838)	(7,926)	(8,196)	(8,196)	(6,054)	(2,142)	35.4%
Total Liabilities	(3,997)	(4,804)	(5,099)	(5,511)	(4,887)	(5,097)	(5,281)	(5,171)	(5,523)	(5,766)	(5,814)	(6,179)	(6,179)	(4,198)	(1,981)	47.2%
Shareholders' Equity																
Common stock	—	—	—	—	10,597	10,597	10,597	10,597	10,597	10,597	10,597	10,597	10,597	—	10,597	N/A
Retained earnings	5,696	6,130	6,521	6,896	5,939	6,255	6,538	6,787	7,155	7,443	7,772	7,948	7,948	5,250	2,697	51.4%
Other equity transactions	10,597	10,597	10,597	10,597	—	—	—	—	—	—	—	—	—	10,597	(10,597)	(100.0%)
Total Shareholders' Equity	16,293	16,727	17,118	17,493	16,536	16,852	17,135	17,383	17,752	18,040	18,369	18,544	18,544	15,847	2,697	17.0%
Total Liabilities and Shareholders' Equity	\$ 12,296	\$ 11,923	\$ 12,018	\$ 11,983	\$ 11,648	\$ 11,756	\$ 11,854	\$ 12,213	\$ 12,229	\$ 12,274	\$ 12,555	\$ 12,365	\$ 12,365	\$ 11,649	\$ 716	6.1%



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Consolidated Appendix| CoGS by Component

\$'000	MTD		Var		YTD		Var	
	Act	Bud	\$	%	Act	Bud	\$	%
Material								
Material costs at standard	\$ 3,288	\$ 3,641	\$ (354)	(9.7%)	\$ 13,483	\$ 14,095	\$ (612)	(4.3%)
Materials FX loss / (gain)	1	–	1	N/A	1	–	1	N/A
Purchase price variance	(23)	(59)	36	(61.6%)	(70)	(324)	254	(78.5%)
Freight in	105	67	38	56.1%	369	292	78	26.7%
Cost revision	15	25	(10)	(40.0%)	62	100	(38)	(38.4%)
Scrap costs	(1)	(9)	7	(85.2%)	40	(30)	69	(233.8%)
Consumables	(8)	9	(17)	(183.2%)	18	33	(15)	(44.7%)
Total Material COGS	\$ 3,376	\$ 3,675	\$ (299)	(8.1%)	\$ 13,903	\$ 14,166	\$ (263)	(1.9%)
Labor								
Direct labor	\$ 387	\$ 492	\$ (105)	(21.3%)	\$ 1,693	\$ 1,801	\$ (107)	(6.0%)
Direct labor - bonus	4	–	4	N/A	15	–	15	N/A
Direct labor - overtime	28	63	(35)	(55.0%)	160	245	(85)	(34.6%)
Direct labor - benefits	66	117	(52)	(43.9%)	284	476	(192)	(40.2%)
Indirect labor	308	291	16	5.6%	1,242	1,055	187	17.7%
Indirect labor – bonus	6	–	6	N/A	25	–	25	N/A
Indirect labor - overtime	18	11	7	62.2%	50	45	5	10.7%
Indirect labor – benefits	82	124	(43)	(34.2%)	349	502	(154)	(30.6%)
Total Labor COGS	\$ 898	\$ 1,099	\$ (200)	(18.2%)	\$ 3,818	\$ 4,123	\$ (305)	(7.4%)
Other								
Repairs and maintenance	\$ 25	\$ 31	\$ (6)	(19.6%)	\$ 154	\$ 118	\$ 37	31.1%
Absorption	(193)	(157)	(36)	23.2%	(811)	(627)	(185)	29.4%
Freight out	122	104	17	16.7%	461	451	11	2.4%
Rent / facilities	286	186	100	54.0%	1,058	706	352	49.9%
Utilities	50	48	2	4.0%	192	204	(12)	(6.0%)
Other cost of sales	130	241	(111)	(46.1%)	903	932	(29)	(3.1%)
Total Other COGS	\$ 420	\$ 453	\$ (34)	(7.4%)	\$ 1,957	\$ 1,783	\$ 174	9.7%
Total COGS	\$ 4,694	\$ 5,227	\$ (533)	(33.8%)	\$ 19,678	\$ 20,073	\$ (395)	0.5%



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S&G Appendix | CoGS by Component

\$'000	MTD		Var		YTD		Var	
	Act	Bud	\$	%	Act	Bud	\$	%
Material								
Material costs at standard	\$ 1,133	\$ 1,448	\$ (314)	(21.7%)	\$ 4,506	\$ 5,211	\$ (705)	(13.5%)
Purchase price variance	(23)	(59)	36	(61.6%)	(70)	(324)	254	(78.5%)
Freight in	69	54	15	27.5%	259	240	20	8.2%
Cost revision	–	10	(10)	(100.0%)	–	40	(40)	(100.0%)
Scrap costs	(12)	(12)	(0)	0.7%	(18)	(42)	24	(57.7%)
Consumables	(8)	9	(17)	(183.2%)	18	33	(15)	(44.7%)
Total Material COGS	\$ 1,161	\$ 1,450	\$ (290)	(20.0%)	\$ 4,697	\$ 5,158	\$ (461)	(8.9%)
Labor								
Direct labor	\$ 179	\$ 295	\$ (115)	(39.1%)	\$ 890	\$ 1,028	\$ (138)	(13.4%)
Direct labor - overtime	0	35	(35)	(99.7%)	35	116	(81)	(70.1%)
Direct labor - benefits	66	117	(52)	(43.9%)	284	476	(192)	(40.2%)
Indirect labor	160	179	(19)	(10.6%)	653	630	24	3.8%
Indirect labor – benefits	61	31	30	98.6%	266	133	133	100.0%
Total Labor COGS	\$ 467	\$ 657	\$ (190)	(29.0%)	\$ 2,128	\$ 2,382	\$ (254)	(10.7%)
Other								
Repairs and maintenance	\$ 12	\$ 20	\$ (8)	(38.2%)	\$ 78	\$ 74	\$ 4	5.8%
Rent / facilities	211	111	100	89.5%	754	408	346	84.8%
Utilities	22	21	0	2.2%	88	97	(9)	(8.8%)
Other cost of sales	(24)	85	(109)	(128.2%)	241	306	(65)	(21.2%)
Total Other COGS	\$ 221	\$ 237	\$ (17)	(7.0%)	\$ 1,162	\$ 885	\$ 277	31.3%
Total COGS	\$ 1,849	\$ 2,345	\$ (497)	(55.9%)	\$ 7,988	\$ 8,425	\$ (438)	11.7%

Management Discussion

April

- (\$314k) Volume decrease Material Costs (482K) Mix unfavorable 168k Decrease PPV \$36k on lower volume
- Direct/Indirect labor 1 week furlough and overtime reduction
- (147k) Other Cost of Sales-\$45k in Quality consulting

YTD

- (\$705k) Material costs – Volume decrease (\$902k) and higher mix of lower margin mechanical locks, (\$0.9M) @ 30.5% in Government 951 padlocks
- Unfavorable PPV from open market purchases at premium on obsolete processors for the 6120, 6123, 6124 and 6125 keypads (\$9K), 951 case pins(\$10K), 2740 PCB (\$6k) and brass rods(\$4K) reduced purchase volume
- Rent/Facilities Unfavorable Delaney Insurance (\$17K), Professional fees (\$85K) for testing UL \$8K, VDS \$14K, CNPP \$7K, Quality Consulting \$161k, Smart Ventures Supply Chain \$72k
- Other cost of sales includes (\$109K) from unfavorable warranty returns of ASWD from EMEA customers



S&G Appendix | Cash Flow Statement

\$'000	YTD		Variance	
	Act	Bud	\$	%
<i>Cash flow from operations</i>				
Net Income (Loss)	\$ (4,821)	\$ (1,804)	\$ (3,017)	167.3%
Depreciation, amortization and other	1,867	1,828	39	2.2%
<i>Change in operating assets and liabilities:</i>				
Accounts receivable	(680)	(1,758)	1,079	(61.3%)
Inventory	481	(210)	691	(328.9%)
Prepaid expenses and other current assets	216	–	216	N/A
Accounts payable	(568)	829	(1,397)	(168.6%)
Accrued expenses	(291)	–	(291)	N/A
Accrued income taxes	42	–	42	N/A
Other changes in operating assets and liabilities	486	–	486	N/A
Total Cash Flow from Operations	\$ (3,268)	\$ (1,116)	\$ (2,152)	192.9%
<i>Cash flow from investing</i>				
Additions to property, plant and equipment	\$ (48)	\$ (577)	\$ 529	(91.6%)
Total Cash Flow from Investing	\$ (48)	\$ (577)	\$ 529	(91.6%)
<i>Cash flow from financing</i>				
Proceeds from the issuance (repayment) of short-term det	\$ 10,000	\$ –	\$ 10,000	N/A
Other cash flow from financing costs	14	108	(94)	(86.8%)
Total Cash Flow from Financing	\$ 10,014	\$ (115)	\$ 10,129	(8808.0%)
	\$ –	\$ –	\$ –	N/A
Net change in cash	\$ 6,698	\$ (1,808)	\$ 8,506	(470.5%)
Beginning cash	1,606	1,606	–	0.0%
Change in cash	6,698	(1,808)	8,506	(470.5%)
Ending cash	\$ 8,305	\$ (202)	\$ 8,507	(4218.0%)



S&G Appendix | 13-Week Cash Flow Projection

In US\$	Forecast 5/18	Forecast 5/25	Forecast 6/1	Forecast 6/8	Forecast 6/15	Forecast 6/22	Forecast 6/29	Forecast 7/6	Forecast 7/13	Forecast 7/20	Forecast 7/27	Forecast 8/3	Forecast 8/10	Forecast 8/17
Cash Inflows - Operational														
Collections from customers (Actual)														
Collections from customers based on projected aging (Forecast)	709	758	436	795	438	377	278	573	194	132	153	110	70	60
Collections from new forecasted sales	-	-	-	-	-	245	315	140	355	525	765	300	620	710
Total AR Collections	709	758	436	795	438	622	593	713	549	657	918	410	690	770
Other non-AR inflows														
Total Cash Inflows - Operational	709	758	436	795	438	622	593	713	549	657	918	410	690	770
Cash Outflows - Operational														
Product inventory (SAP AP)	(620)	(312)	(233)	(324)	(239)	(232)	(235)	(232)	(259)	(256)	(270)	(259)	(276)	(298)
Payroll	(77)	(202)	(195)	(160)	(85)	(210)	(203)	(220)	(70)	(220)	(70)	(230)	(213)	(230)
Commissions									(60)					
Bonus														
Facilities & other (Freight)	(95)	(20)	(20)	(20)	(113)	(20)	(20)	(20)	(20)	(113)	(20)	(20)	(20)	(65)
Professional services	(155)	(87)	(42)	(62)	(100)	(75)	(87)	(75)	(105)	(75)	(87)	(75)	(75)	(105)
Marketing														
Recruiter fees		(30)												
Other expenses (Insurance, TSA, CC)	(62)	(95)	-	-	(32)	(210)	-	-	-	(70)	-	-	-	-
Total Cash Outflows - Operational	(1,009)	(746)	(490)	(566)	(568)	(747)	(545)	(547)	(514)	(734)	(447)	(584)	(584)	(698)
Cashflows - Financial and Other														
Revolving Loan Draw (Paydown)														
Term Loan paydowns							(463)							
Interest and financial amortization							(1,785)							
Other financial income/expense (e.g. fx, hedging)														
Non-financial income/expense														
Estimated Tax Payments														
Monitoring fees (including travel expenses)							(500)							
Non-recurring items														
Total Cash Outflows - Financial and Other	-	-	-	-	-	-	(2,748)	-	-	-	-	-	-	-
TOTAL CASH FLOW	(300)	11	(54)	229	(130)	(125)	(2,700)	166	36	(76)	471	(174)	106	72
Cash Rollforward														
Beginning cash balance	8,420	8,120	8,131	8,077	8,306	8,176	8,051	5,351	5,517	5,552	5,476	5,947	5,773	5,879
Cash activity	(300)	11	(54)	229	(130)	(125)	(2,700)	166	36	(76)	471	(174)	106	72
ENDING CASH BALANCE	8,120	8,131	8,077	8,306	8,176	8,051	5,351	5,517	5,552	5,476	5,947	5,773	5,879	5,951
Debt Summary														
Rolled debt	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Credit facility	92,508	92,508	92,508	92,508	92,508	92,508	92,045	92,045	92,045	92,045	92,045	92,045	92,045	92,045
TOTAL DEBT	102,508	102,508	102,508	102,508	102,508	102,508	102,045	102,045	102,045	102,045	102,045	102,045	102,045	102,045
TOTAL NET DEBT	94,388	94,377	94,431	94,202	94,332	94,457	96,694	96,528	96,493	96,569	96,098	96,272	96,166	96,094
AVAILABILITY	-	-	-	-	-	-	-	-	-	-	-	-	-	-



S&G Appendix | Full Year Outlook | Monthly P&L

\$'000	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	FY	FY	Var	
	Act	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	\$	%
Net Revenue	4,147	3,290	2,115	2,766	3,189	3,404	4,273	3,535	4,245	4,777	3,465	3,873	43,081	45,377	(2,297)	(5.1%)
Material	1,622	1,250	665	1,161	1,108	1,228	1,491	1,229	1,547	1,696	1,226	1,384	15,605	16,066	(461)	(2.9%)
Labor	631	538	492	467	527	549	664	546	549	658	543	602	6,766	7,020	(254)	(3.6%)
Other COGS	226	312	403	221	199	191	214	204	185	200	177	179	2,711	2,434	277	11.4%
Total COGS	2,479	2,100	1,560	1,849	1,834	1,969	2,369	1,978	2,280	2,553	1,946	2,165	25,083	25,520	(438)	(1.7%)
Gross Margin	1,667	1,190	555	918	1,355	1,435	1,904	1,557	1,965	2,224	1,519	1,708	17,998	19,857	(1,859)	(9.4%)
<i>Gross Margin %</i>	40.2%	36.2%	26.3%	33.2%	42.5%	42.2%	44.6%	44.0%	46.3%	46.6%	43.8%	44.1%	41.8%	43.8%		
R&D	212	201	79	197	128	144	161	198	156	274	151	215	2,116	2,420	(304)	(12.6%)
Sales & Marketing	447	347	333	342	447	439	485	396	380	448	405	405	4,875	5,644	(769)	(13.6%)
Administrative	325	405	276	515	197	218	237	178	183	210	185	188	3,116	2,813	303	10.8%
Other Opex	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	N/A
Total Opex	984	954	688	1,053	772	801	883	772	719	932	741	808	10,107	10,877	(770)	(7.1%)
EBITDA	683	236	(133)	(135)	583	634	1,021	785	1,246	1,292	778	899	7,891	8,980	(1,089)	(12.1%)
<i>EBITDA %</i>	16.5%	7.2%	(6.3%)	(4.9%)	18.3%	18.6%	23.9%	22.2%	29.4%	27.1%	22.4%	23.2%	18.3%	19.8%		
Adj. EBITDA	928	455	58	197	672	695	1,076	858	1,271	1,315	811	924	9,260	10,529	(1,268)	(12.0%)
<i>Adj. EBITDA %</i>	22.4%	13.8%	2.7%	7.1%	21.1%	20.4%	25.2%	24.3%	29.9%	27.5%	23.4%	23.9%	21.5%	23.2%		
Net Income (Loss)	\$ (616)	\$ (900)	\$ (1,454)	\$ (1,851)	\$ (172)	\$ (82)	\$ 57	\$ 71	\$ 529	\$ 326	\$ 62	\$ 183	\$ (3,847)	\$ (829)	\$ (3,017)	363.9%

Fcst = YTD Actuals plus Budget



S&G Appendix | Full Year Outlook | Monthly CoGS by Component

\$'000	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY	FY	Var	
	Act	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	\$	%
Material																
Material costs at standard	\$ 1,579	\$ 1,164	\$ 630	\$ 1,133	\$ 1,102	\$ 1,250	\$ 1,494	\$ 1,171	\$ 1,480	\$ 1,655	\$ 1,265	\$ 1,341	\$ 15,264	\$ 15,969	\$ (705)	(4.4%)
Purchase price variance	(38)	(13)	4	(23)	(63)	(103)	(69)	(23)	(23)	(29)	(113)	(53)	(546)	(800)	254	(31.8%)
Freight in	44	77	69	69	61	73	57	73	81	62	66	88	821	801	20	2.5%
Cost revision	—	—	—	—	10	10	10	10	10	10	10	10	80	120	(40)	(33.3%)
Scrap costs	(13)	19	(12)	(12)	(9)	(9)	(12)	(9)	(9)	(12)	(9)	(9)	(96)	(120)	24	(20.0%)
Consumables	50	3	(26)	(8)	7	7	9	7	7	9	7	7	81	96	(15)	(15.5%)
Total Material COGS	\$ 1,622	\$ 1,250	\$ 665	\$ 1,161	\$ 1,108	\$ 1,228	\$ 1,491	\$ 1,229	\$ 1,547	\$ 1,696	\$ 1,226	\$ 1,384	\$ 15,605	\$ 16,066	\$ (461)	(2.9%)
Labor																
Direct labor	\$ 270	\$ 232	\$ 209	\$ 179	\$ 229	\$ 242	\$ 301	\$ 237	\$ 240	\$ 294	\$ 234	\$ 280	\$ 2,946	\$ 3,084	\$ (138)	(4.5%)
Direct labor - overtime	19	11	5	0	25	29	37	27	27	35	27	27	268	349	(81)	(23.3%)
Direct labor - benefits	75	75	69	66	102	106	114	109	109	116	109	114	1,165	1,356	(192)	(14.1%)
Direct labor - overtime	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A
Indirect labor	191	155	147	160	143	145	182	145	145	182	145	153	1,894	1,870	24	1.3%
Indirect labor – benefits	76	66	62	61	28	28	31	28	28	31	28	28	494	361	133	36.8%
Total Labor COGS	\$ 631	\$ 538	\$ 492	\$ 467	\$ 527	\$ 549	\$ 664	\$ 546	\$ 549	\$ 658	\$ 543	\$ 602	\$ 6,766	\$ 7,020	\$ (254)	(3.6%)
Other																
Repairs and maintenance	\$ 24	\$ 21	\$ 21	\$ 12	\$ 17	\$ 17	\$ 20	\$ 17	\$ 17	\$ 20	\$ 17	\$ 17	\$ 220	\$ 216	\$ 4	2.0%
Rent / facilities	141	151	251	211	90	92	111	90	92	111	95	96	1,534	1,188	346	29.1%
Utilities	21	23	22	22	22	25	21	22	21	21	24	25	270	279	(9)	(3.1%)
Other cost of sales	39	117	109	(24)	70	57	62	74	54	47	40	40	687	751	(65)	(8.6%)
Total Other COGS	\$ 226	\$ 312	\$ 403	\$ 221	\$ 199	\$ 191	\$ 214	\$ 204	\$ 185	\$ 200	\$ 177	\$ 179	\$ 2,711	\$ 2,434	\$ 277	11.4%
Total COGS	\$ 2,479	\$ 2,100	\$ 1,560	\$ 1,849	\$ 1,834	\$ 1,969	\$ 2,369	\$ 1,978	\$ 2,280	\$ 2,553	\$ 1,946	\$ 2,165	\$ 25,083	\$ 25,520	\$ (438)	4.9%

Fcst = YTD Actuals plus Budget



S&G Appendix | Full Year Outlook | Opex Summary

\$'000

\$'000	FY				Variance		PY		Variance			
	Fcst	Bud			\$	%	Act		\$	%		
<u>Opex Overview:</u>												
Payroll	\$	3,841	\$	3,928	\$	(87)	(2.2%)	\$	3,481	\$	359	10.3%
Benefits		573		609		(36)	(5.9%)		744		(171)	(23.0%)
Bonus		706		806		(100)	(12.4%)		104		602	580.4%
Commissions		463		481		(18)	(3.8%)		395		68	17.3%
Marketing		197		394		(196)	(49.9%)		281		(84)	(29.9%)
Travel and Entertainment		605		734		(128)	(17.5%)		521		84	16.2%
Rent and Facilities		17		17		0	1.1%		17		0	0.4%
Insurance		4		1		3	260.7%		1		3	256.8%
Professional Fees		2,417		2,666		(249)	(9.4%)		6,347		(3,931)	(61.9%)
Utl., Repair, Maint., & Sec.		34		42		(8)	(18.6%)		25		9	36.8%
IT		761		630		131	20.8%		1,264		(504)	(39.8%)
Bad Debts		11		–		11	N/A		101		(90)	(89.3%)
Supplies		82		72		10	13.3%		39		43	112.1%
Other Expenses		397		499		(102)	(20.5%)		469		(73)	(15.5%)
Total Opex	\$	10,106	\$	10,877	\$	(771)	(7.1%)	\$	13,790	\$	(3,684)	(26.7%)

Fcst = YTD Actuals plus Budget



S&G Appendix | Full Year Outlook | Cash Flow Summary

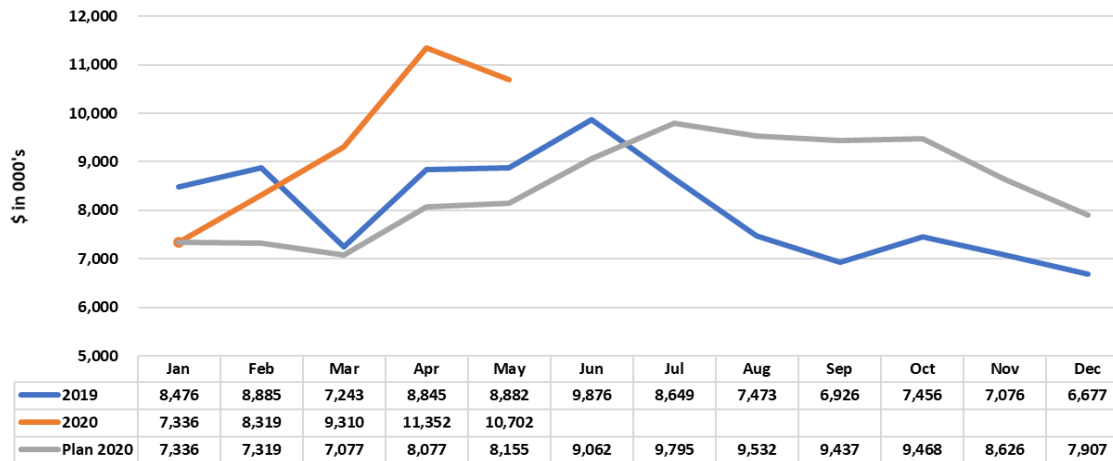
\$'000	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	FY	FY	Var	
	Act	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	\$	%
Cash flow from operations																
Net Income (Loss)	\$ (616)	\$ (900)	\$ (1,454)	\$ (1,851)	\$ (172)	\$ (82)	\$ 57	\$ 71	\$ 529	\$ 326	\$ 62	\$ 183	\$ (3,847)	\$ (829)	\$ (3,017)	363.9%
Depreciation, amortization and other	109	535	651	571	423	423	423	423	426	427	427	427	5,266	5,266	—	0.0%
Change in operating assets and liabilities:																
Accounts receivable	(988)	(810)	899	219	(1,148)	(109)	(29)	(229)	(144)	(43)	324	(230)	(2,285)	(2,285)	—	0.0%
Inventory	168	329	(61)	44	(546)	—	(85)	78	78	(38)	78	78	124	124	—	0.0%
Prepaid expenses and other current assets	28	46	90	52	(216)	—	—	—	—	—	—	—	—	—	—	N/A
Accounts payable	(273)	231	(136)	(390)	1,325	496	(481)	134	598	(58)	(47)	(47)	1,351	1,351	—	0.0%
Accrued expenses	(418)	631	463	(968)	291	—	—	—	—	—	—	—	—	—	—	N/A
Accrued income taxes	(0)	0	(0)	42	(42)	—	—	—	—	—	—	—	—	—	—	N/A
Other changes in operating assets and liabilities	35	999	28	(576)	(709)	(223)	11	(500)	(334)	(1,000)	(1,500)	(334)	(4,103)	11	(4,114)	(36223.6%)
Total Cash Flow from Operations	\$ (1,955)	\$ 1,062	\$ 481	\$ (2,856)	\$ (795)	\$ 505	\$ (104)	\$ (22)	\$ 1,154	\$ (385)	\$ (656)	\$ 78	\$ (3,493)	\$ 3,638	\$ (7,131)	(196.0%)
Cash flow from investing																
Additions to property, plant and equipment	\$ (31)	\$ (17)	\$ (0)	\$ 0	\$ (622)	\$ (360)	\$ (152)	\$ (2)	\$ (27)	\$ (2)	\$ (2)	\$ (2)	\$ (1,217)	\$ (1,217)	\$ —	0.0%
Total Cash Flow from Investing	\$ (31)	\$ (17)	\$ (0)	\$ 0	\$ (622)	\$ (360)	\$ (152)	\$ (2)	\$ (27)	\$ (2)	\$ (2)	\$ (2)	\$ (1,217)	\$ (1,217)	\$ —	0.0%
Cash flow from financing																
Proceeds from the issuance (repayment) of short-term debt	\$ 1,250	\$ —	\$ 8,750	\$ —	\$ (10,000)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	N/A
Other cash flow from financing costs	10	(2)	(99)	106	243	27	27	27	27	27	27	27	446	324	122	37.6%
Total Cash Flow from Financing	\$ 1,260	\$ (2)	\$ 8,651	\$ 106	\$ (9,757)	\$ 27	\$ 27	\$ 27	\$ 27	\$ 27	\$ 27	\$ 27	\$ 446	\$ (3,790)	\$ 4,236	(111.8%)
Effect of FX rates on cash and cash equivalents	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	N/A
Net change in cash	\$ (726)	\$ 1,042	\$ 9,132	\$ (2,750)	\$ (11,174)	\$ 172	\$ (229)	\$ 3	\$ 1,154	\$ (360)	\$ (631)	\$ 103	\$ (4,265)	\$ (1,369)	\$ (2,896)	211.5%
Beginning cash	1,606	880	1,922	11,054	8,305	(2,869)	(2,697)	(2,926)	(2,923)	(1,770)	(2,130)	(2,761)	1,606	1,606	—	—
Change in cash	(726)	1,042	9,132	(2,750)	(11,174)	172	(229)	3	1,154	(360)	(631)	103	(4,265)	(1,369)	(2,896)	211.5%
Ending cash	\$ 880	\$ 1,922	\$ 11,054	\$ 8,305	\$ (2,869)	\$ (2,697)	\$ (2,926)	\$ (2,923)	\$ (1,770)	\$ (2,130)	\$ (2,761)	\$ (2,657)	\$ (2,657)	\$ 237	\$ (2,895)	(1219.7%)

Fcst = YTD Actuals plus Budget



S&G Financial Summary | Backlog Trends

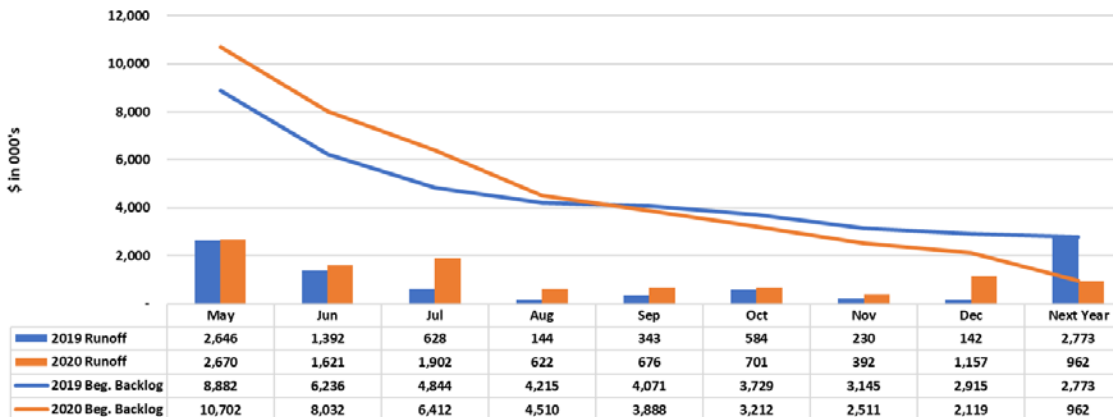
Trended Backlog - Comparative April



Management Discussion

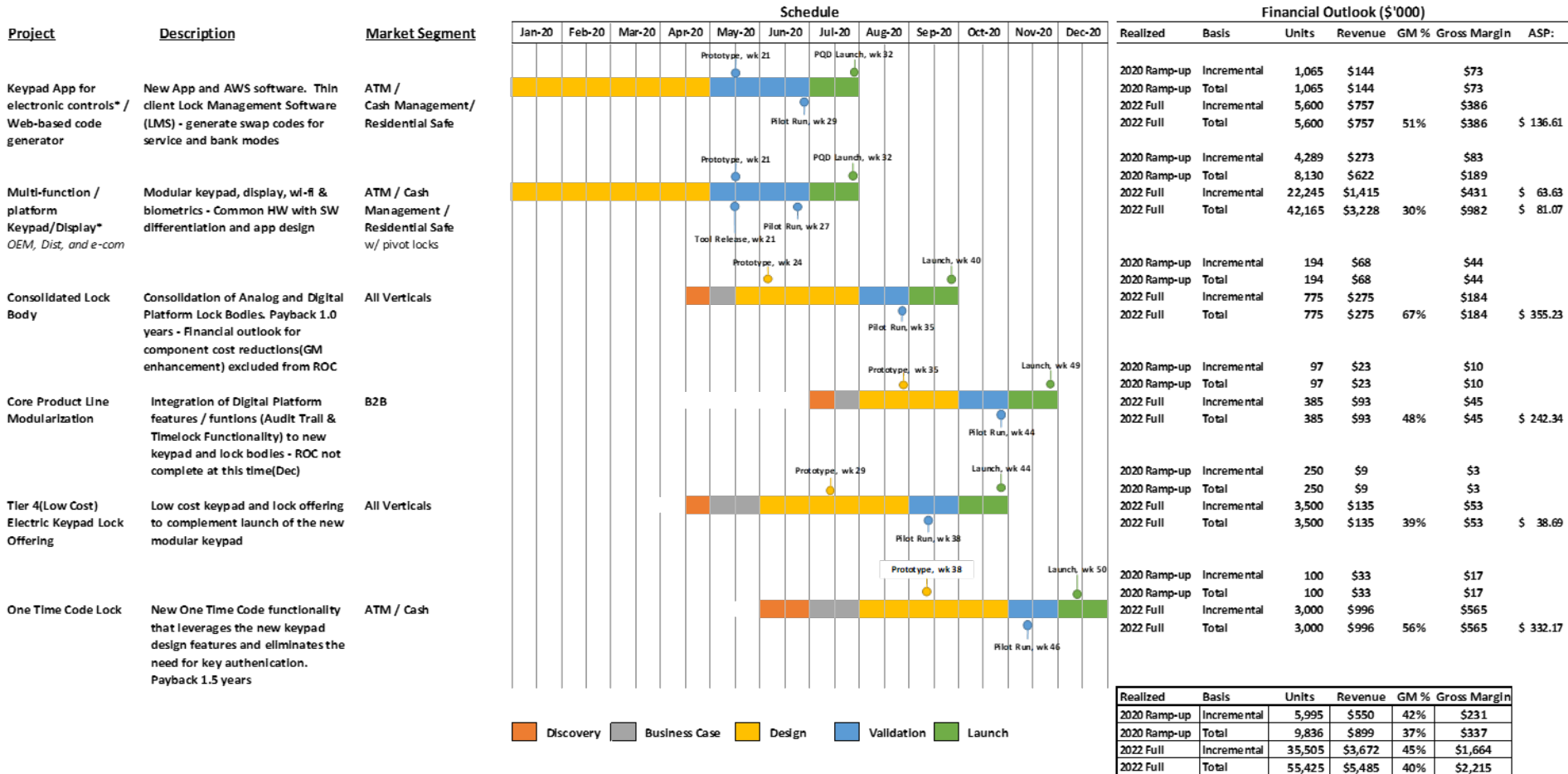
- April backlog of \$10.7M contains:
 - ARYA blanket order of \$2.6M
 - Timemaster blanket order of \$1.5M
 - Government 951 orders of \$0.8M
 - American Locks orders of \$0.7M
 - Shanghai Qiahne orders of \$0.4M
- 2019 Backlog of \$8.9M contained:
 - Timemaster blanket order of \$1.4M
 - ARYA of \$1.4M
 - Government 951 orders of \$1.1M
 - Lockmasters of \$0.6M
 - NCR orders of \$0.4M

Backlog Runoff-Comparative April











S&G Executive Summary | NPD Update



Discovery Business Case Design Validation Launch



S&G Executive Summary | NPD Update

Initiative	Status	Recent Progress	Next Steps
New Software and App Platform		<ul style="list-style-type: none">• LMS application testing underway. Screen configurations complete.• Review meeting with Engineering and Marketing held on 5/19	<ul style="list-style-type: none">• Define user architecture• Define upgrade process• FW / App integration• Naming convention
Tier 1 Keypad		<ul style="list-style-type: none">• ES1.5 samples received. Testing underway• 2 functioning prototypes complete• PO for 100pc Pilot issued• Samples sent to OGx for Mobile App integration	<ul style="list-style-type: none">• Kick-off tooling (May-22)• Supplier quality audit• Complete supplier agreement (target 5/22)
Consolidated Lock Body		<ul style="list-style-type: none">• Initial electronic design complete. Design out for quote• Product line simplification impact being developed. Initial meeting held on May-7• Preliminary scheduled developed	<ul style="list-style-type: none">• Alignment meeting with Mark• Complete PLS impact analysis
Core Product Line Modularization		<ul style="list-style-type: none">• Proposal developed for Tier-2 keypad offering• Product line simplification business impact being assessed. Initial meeting held on May-7• Proposal sent to PQD for potential development partnership	<ul style="list-style-type: none">• Alignment meeting with Mark• Complete PLS impact analysis
Tier 3 (Low Cost) Keypad Offering		<ul style="list-style-type: none">• Initial design concept complete (improved 1004 lock body with quick mount keypad)• Proposal sent to PQD for potential development partnership	<ul style="list-style-type: none">• Design review on potential lock body changes
One Time Code Lock (No Key)		<ul style="list-style-type: none">• Framework for integration in Tier 1 keypad being developed in conjunction with web-based LMS• Review meeting with Engineering and Marketing held on 5/19	<ul style="list-style-type: none">• Marketing / communication plan• Identify beta customers



Complete



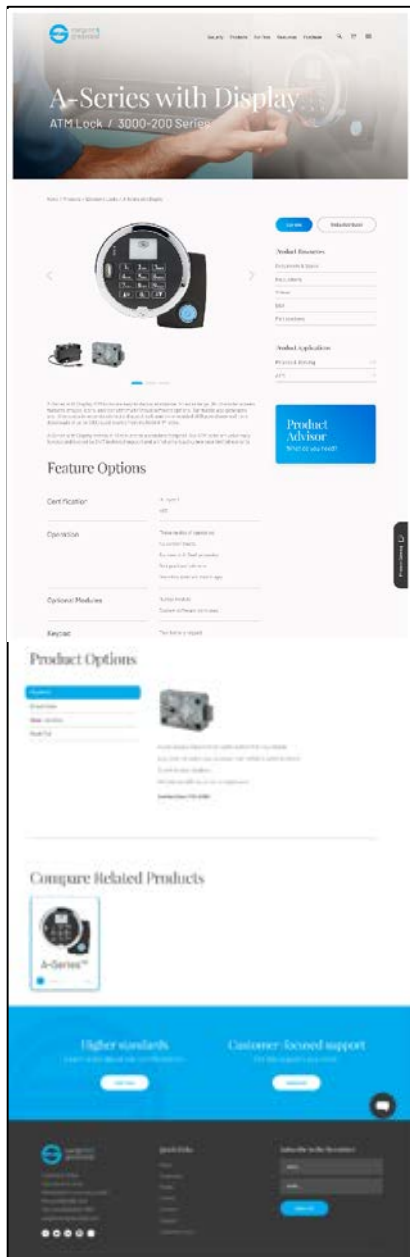
On-Schedule



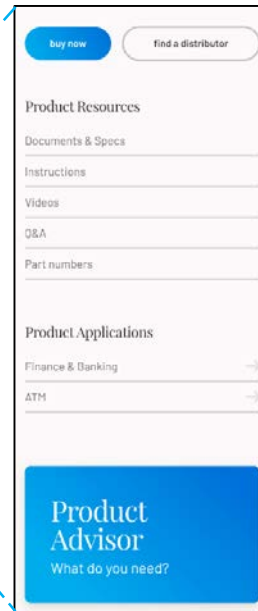
At Risk



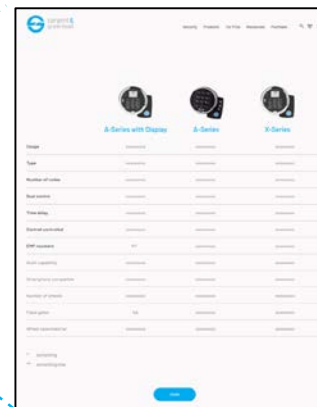
Behind



Product page template



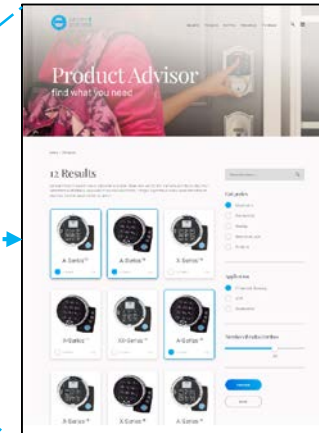
Easy-to-find, consolidated product resources



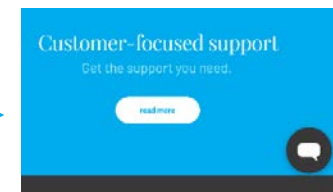
Product Comparison Tool for quick, easy view of related products

S&G Website Objective:

Optimize visitor experience by providing user-friendly, easy-to-navigate online destination, allowing visitors to easily and quickly identify appropriate product solutions, resources, and troubleshooting. Attract and engage site visitors to drive traffic and generate leads.



Product Advisor to guide product selection



Live Chat for quick, easy way to get support, ask questions



S&G Executive Summary | Net Suite Implementation

Open Items to be Addressed and Completed by May 29th

- Customer portal – query orders and billing, pay on-line
- Manufacturing components without backflush
- Electronic packing list fields missing – dates, quantity, text
- Recreate currencies assigned to vendors
- Direct RGA from SA customer directly to Nicholasville location
- Partial fill pick tickets

Optimization to be Addressed and Completed by June 19th

- Dashboards customization for sales(CRM), operations, finance, and executive
- Demand planning settings
- Booking sales order approval – scripting and simplify process
- Customer billing routine to be moved to AR shared services
- Consolidate multiple shipments to one customer bill
- Add tax depreciation to fixed assets
- Work order page scrolling

Phase 2 TBD

- Link RGA history to quality dashboards
- Integration to new S&G website
- Project tracking



S&G Financial Review | Incurred Standalone Costs

\$'000		Apr		Variance		YTD		Variance	
	Description	Act	Bud	\$	%	Act	Bud	\$	%
IT		39	30	8	27.5%	132	118	14	12.2%
Manager	Salary and Benefits	10	10	-	0.0%	38	38	-	0.0%
Direct Technology Charges	Office 365, AvePoint, WebRoot, Duo MFA, voice services, Creo, Windchill	-	5	(5)	-100.0%	15	21	(6)	-27.8%
ERP tranisition licensing fees	Licensing	11	11	-	0.0%	42	42	-	0.0%
Data Communications	Licensing	18	4	14	314.6%	37	17	20	117.0%
Legal		103	13	89	664.9%	115	51	64	125.9%
External legal fees and other expenses	Legal Fees	103	11	91	798.6%	115	43	72	168.3%
Patent fees	Patent Fees	-	2	(2)	-100.0%	-	8	(8)	-100.0%
Finance		24	37	(13)	-36.3%	85	134	(49)	-36.4%
CFO	Salary and Benefits	24	24	-	0.0%	85	85	-	0.0%
Base compensation (2 FTEs)	Salary and Benefits	-	13	(13)	-100.0%	-	49	(49)	-100.0%
Sales		25	46	(21)	-45.3%	91	166	(76)	-45.4%
VP of Sales	Salary and Benefits	25	25	-	0.0%	91	91	-	0.0%
Customer Relationship Manager	Salary and Benefits	-	21	(21)	-100.0%	-	76	(76)	-100.0%
HR		2	2	-	0.0%	7	7	-	0.0%
Business Travel and Accident	Business Travel and Accident	0	0	-	0.0%	1	1	-	0.0%
Global Emergency Travel Services	Global Emergency Travel Services	1	1	-	0.0%	6	6	-	0.0%
Trade Compliance		1	1	-	0.0%	5	5	-	0.0%
Export Compliance Daily/ICPA annual fee	Export Compliance Daily/ICPA annual fee	0	0	-	0.0%	1	1	-	0.0%
Trade Flow software license	Trade Flow software license	1	1	-	0.0%	4	4	-	0.0%
Bonuses	Incremental management bonuses	21	63	(42)	-66.9%	138	251	(113)	-45.2%
Risk	Incremental cost of business insurances	17	12	5	37.5%	85	48	37	75.6%
Freight	Adjust freight to actual charges versus allocation	69	77	(8)	-10.9%	279	309	(31)	-9.9%
401(k) compensation	Estimated incremental 401(k) expense	17	22	(5)	-24.1%	57	82	(24)	-29.9%
Total Standalone Costs		316	304	12	4.1%	994	1,172	(178)	-15.2%



S&G Financial Review | PF Standalone Costs

\$'000	Description	Apr						YTD					
		Budget			Actual			Budget			Actual		
		Incurred	Unincurred	PF	Incurred	Unincurred	PF	Incurred	Unincurred	PF	Incurred	Unincurred	PF
IT		30	-	30	39	(8)	30	116	2	118	136	(18)	118
Manager	Salary and Benefits	10	-	10	10	-	10	38	-	38	38	-	38
Direct Technology Charges	Office 365, AvePoint, WebRoot, Duo MFA, voice services, Creo, Windchill	5	-	5	-	5	5	23	(2)	21	11	9	21
ERP transition licensing fees	Licensing	11	-	11	11	-	11	42	-	42	42	-	42
Data Communications	Licensing	4	-	4	18	(14)	4	14	4	17	44	(28)	17
Legal		6	7	13	103	(89)	13	18	33	51	134	(83)	51
External legal fees and other expenses	Legal Fees	6	5	11	103	(91)	11	18	25	43	130	(87)	43
Patent fees	Patent Fees	-	2	2	-	2	2	-	8	8	4	4	8
Finance		24	13	37	24	13	37	85	49	134	86	48	134
CFO	Salary and Benefits	24	-	24	24	-	24	85	-	85	85	-	85
Base compensation (2 FTEs)	Salary and Benefits	-	13	13	-	13	13	-	49	49	1	48	49
Sales		25	21	46	25	21	46	91	76	166	95	72	166
VP of Sales	Salary and Benefits	25	-	25	25	-	25	91	-	91	91	-	91
Customer Relationship Manager	Salary and Benefits	-	21	21	-	21	21	-	76	76	4	72	76
HR		2	-	2	2	-	2	7	-	7	7	-	7
Business Travel and Accident	Business Travel and Accident	0	-	0	0	-	0	1	-	1	1	-	1
Global Emergency Travel Services	Global Emergency Travel Services	1	-	1	1	-	1	6	-	6	6	-	6
Trade Compliance		1	-	1	1	-	1	5	-	5	5	-	5
Export Compliance Daily/ICPA annual fee	Export Compliance Daily/ICPA annual fee	0	-	0	0	-	0	1	-	1	1	-	1
Trade Flow software license	Trade Flow software license	1	-	1	1	-	1	4	-	4	4	-	4
Bonuses		21	42	63	21	42	63	138	113	251	165	86	251
Incremental management bonuses		21	42	63	21	42	63	138	113	251	165	86	251
Risk		17	(5)	12	17	(5)	12	73	(25)	48	58	(10)	48
Incremental cost of business insurances		17	(5)	12	17	(5)	12	73	(25)	48	58	(10)	48
Freight		69	8	77	69	8	77	279	31	309	292	16	309
Adjust freight to actual charges versus allocation		69	8	77	69	8	77	279	31	309	292	16	309
401(k) compensation		17	5	22	17	5	22	57	24	82	71	11	82
Estimated incremental 401(k) expense		17	5	22	17	5	22	57	24	82	71	11	82
Total Standalone Costs		211	93	304	316	(12)	304	870	302	1,173	1,047	124	1,173



S&G Financial Review | 1X Costs

	Apr				YTD			
	Actual	Bud	Var	% Chg	Actual	Bud	Var	% Chg
Engineering	-	55	(55)	-100.0%	63	475	(413)	-86.9%
Market Parity	-	33	(33)	-100.0%	-	291	(291)	-100.0%
OGX	-	23	(23)	-100.0%	54	185	(131)	-70.7%
Six Sigma Training	-	-	-	N/A	9	-	9	N/A
Marketing	4	40	(36)	-90.7%	99	335	(236)	-70.3%
Brand Refresh	4	30	(26)	-87.7%	57	310	(253)	-81.5%
Ecommerce	-	10	(10)	-100.0%	24	20	4	20.0%
Market Parity	-	-	-	N/A	18	5	13	260.0%
Sales	15	-	15	N/A	30	-	30	N/A
SmartVentures	15	-	15	N/A	30	-	30	N/A
Admin	291	37	254	692.1%	656	444	212	47.6%
Legal Services (policy reviews)	-	-	-	N/A	-	20	(20)	-100.0%
HR Consultant	19	-	19	N/A	40	23	18	79.4%
Recruiting Fees	-	-	-	N/A	41	73	(32)	-44.3%
NetSuite Reports Consulting	12	8	4	56.9%	21	28	(7)	-24.9%
TSA	62	17	46	278.1%	272	163	109	67.1%
Planned Engineering Separation Project Start	-	10	(10)	-100.0%	-	40	(40)	-100.0%
IT Services - Transition Support	10	3	8	300.0%	28	39	(10)	-27.0%
RSM Consulting	118	-	118	N/A	165	60	105	174.4%
Six Sigma Training	11	-	11	N/A	11	-	11	N/A
KPMG Consulting	-	-	-	N/A	20	-	20	N/A
Board Member Fees	59	-	59	N/A	59	-	59	N/A
Manufacturing	22	-	22	N/A	152	40	112	281.1%
Quality Consulting	22	-	22	N/A	134	-	134	N/A
SmartVentures-Supply Chain Optimization	-	-	-	N/A	79	-	79	N/A
Kaizen Training	-	-	-	N/A	-	40	(40)	-100.0%
Total	332	132	200	151.7%	985	1,295	(310)	-23.9%



S&G Financial Review | Balance Sheet

\$'000	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20		Variance	
	Act	Act	Act	Act	Act	Bud	\$	%
Current Assets								
Cash and cash equivalents	\$ 1,606	\$ 880	\$ 1,922	\$ 11,054	\$ 8,305	\$ (202)	\$ 8,506	(4217.6%)
Accounts receivable, gross	4,956	5,944	6,754	5,856	5,647	6,627	(980)	(14.8%)
Accounts receivable, reserves	(220)	(220)	(220)	(221)	(231)	(133)	(99)	74.6%
Accounts receivable, net	4,736	5,724	6,534	5,635	5,416	6,494	(1,079)	(16.6%)
Inventory, gross	7,497	7,479	7,223	7,256	7,193	7,740	(546)	(7.1%)
Inventory, reserves	(474)	(625)	(697)	(669)	(651)	(506)	(145)	28.6%
Inventory, net	7,023	6,855	6,526	6,586	6,542	7,233	(691)	(9.6%)
Prepaid expenses and other current assets	(24)	(52)	(98)	(188)	(241)	(24)	(216)	897.9%
Other current assets	49,912	50,032	49,067	49,067	49,129	49,912	(783)	(1.6%)
Total Current Assets	63,253	63,439	63,950	72,154	69,151	63,414	5,737	9.0%
Non-Current Assets								
Property, plant & equipment, gross	11,683	11,714	11,731	11,731	11,731	12,260	(529)	(4.3%)
Accumulated depreciation	(917)	(1,011)	(1,102)	(1,309)	(1,435)	(1,417)	(18)	1.3%
Property, plant & equipment, net	10,765	10,703	10,629	10,423	10,296	10,843	(547)	(5.0%)
Goodwill	42,050	42,133	42,133	42,133	42,133	42,050	83	0.2%
Identifiable intangible assets, gross	15,100	15,100	15,100	15,100	15,100	15,100	—	0.0%
Accumulated amortization	(690)	(789)	(1,233)	(1,678)	(2,123)	(2,018)	(104)	5.2%
Identifiable intangible assets, net	14,410	14,311	13,867	13,422	12,977	13,082	(104)	(0.8%)
Deferred financing cost	2,759	2,759	2,759	2,759	2,759	2,651	108	4.1%
Other non-current assets	131	2	2	2	2	131	(129)	(98.2%)
Total Non-Current Assets	70,115	69,908	69,390	68,739	68,167	68,757	(589)	(0.9%)
Total Assets	\$ 133,369	\$ 133,347	\$ 133,340	\$ 140,893	\$ 137,318	\$ 132,170	\$ 5,148	3.9%
Current Liabilities								
Current portion of long-term debt	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ —	0.0%
Accounts payable	2,788	2,515	2,746	2,610	2,220	3,617	(1,397)	(38.6%)
Accrued liabilities	1,975	1,558	2,189	2,653	1,684	1,975	(291)	(14.7%)
Accrued compensation	125	249	286	309	257	125	132	105.9%
Income taxes payable	128	128	128	128	170	128	42	32.8%
Short-term unearned revenue	45	33	30	34	36	45	(9)	(20.1%)
Total Current Liabilities	6,912	7,583	8,479	17,584	16,218	7,740	8,477	109.5%
Long-term liabilities								
Long-term debt less current maturities	90,658	90,658	90,658	90,658	90,195	90,435	(240)	(0.3%)
Deferred income taxes	(831)	(831)	(831)	(831)	(831)	(831)	—	0.0%
Other non-current liabilities	87	—	—	—	—	87	(87)	(100.0%)
Total Long-Term Liabilities	89,914	89,827	89,827	89,827	89,364	89,691	(326)	(0.4%)
Total Liabilities	96,825	97,410	98,306	107,411	105,582	97,431	8,151	8.4%
Shareholders' Equity								
Common stock	40,228	40,228	40,228	40,228	40,228	40,228	—	0.0%
Retained earnings	(5,055)	(5,550)	(6,450)	(8,012)	(9,755)	(6,859)	(2,896)	42.2%
Accumulated other comprehensive income	1,370	1,258	1,256	1,265	1,262	1,370	(108)	(7.9%)
Other equity transactions	1	1	1	1	1	1	—	0.0%
Total Shareholders' Equity	36,543	35,937	35,035	33,482	31,736	34,739	(3,003)	(8.6%)
Total Liabilities and Shareholders' Equity	\$ 133,369	\$ 133,347	\$ 133,340	\$ 140,893	\$ 137,318	\$ 132,170	\$ 5,148	3.9%

Management Discussion

- Lower Accounts Receivable by \$1.1M compared to Budget due to soft revenue
- Slow pay A/R > than 16 days DFAS \$258k, ARYA \$164k, BRINKS THAILAND \$154k, PT WIRATANU \$127k, CHAMPION SAFE \$94k
- Accounts Payable lower by (\$1.4M) compared to Budget due to lower Capex spend and purchasing controls
- Favorable inventory position \$0.7M



April 2020 Operating Review Meeting Agenda

➔ Consolidated

➔ S&G

➔ Delaney

➔ Premier

➔ **Appendix**

Consolidated

S&G

Delaney

Premier

Delaney Appendix | Business Split Comparison



Summary item class:	(\$M)				Chg		Sales % Growth & Mgn %		
	Sales		GM		Sales	GM	Sales	2019 Mgn	2020 Mgn
	2019	2020	2019	2020	\$	\$	Growth	%	%
Single Family									
Callan	4,158	4,069	2,109	2,083	(89)	(26)	-2.1%	50.7%	51.2%
Delaney	1,338	1,345	640	691	7	51	0.5%	47.8%	51.4%
Builders hardware	616	717	346	400	101	54	16.5%	56.2%	55.7%
Barn door hardware	659	784	408	464	125	56	18.9%	61.9%	59.1%
Bath accessories	481	563	264	319	82	54	17.1%	54.9%	56.5%
Commercial	240	277	106	123	37	17	15.3%	43.9%	44.3%
Other	334	354	185	201	21	17	6.2%	55.4%	56.8%
Single family (excl. interco, online, special, hollow, samples, displays, online)	2,330	2,696	1,308	1,506	366	197	15.7%	56.1%	55.8%
Bravura	439	354	197	182	(85)	(15)	-19.3%	45.0%	51.6%
Special order items	21	10	8	2	(11)	(6)	-54.5%	40.0%	25.6%
Hollow metal	-	-	-	-	-	-	0.0%	0.0%	0.0%
Samples and Displays	4	-	(13)	(2)	(4)	10	-100.0%	-323.3%	0.0%
Online	583	1,051	334	622	468	288	80.2%	57.2%	59.2%
Single Family (excl. intercompany)	8,873	9,525	4,584	5,085	652	501	7.3%	51.7%	53.4%
Multi-family									
Delaney	797	1,118	355	551	321	195	40.2%	44.6%	49.3%
Callan	307	207	145	97	(100)	(48)	-32.5%	47.1%	46.8%
Commercial	349	509	158	222	160	63	45.7%	45.4%	43.6%
Bath accessories	273	256	124	118	(17)	(7)	-6.1%	45.6%	45.9%
Barn door hardware	261	145	156	79	(116)	(77)	-44.5%	59.9%	54.5%
Builders hardware	142	171	68	87	28	20	19.9%	47.5%	51.1%
Other	72	118	56	78	46	22	63.7%	77.5%	66.1%
Multi-family (excl. interco, online, special, hollow, samples, displays, online)	1,098	1,199	563	584	101	21	9.2%	51.3%	48.7%
Special order items	428	524	129	139	96	10	22.4%	30.1%	26.5%
Hollow metal	1,178	1,006	327	257	(172)	(70)	-14.6%	27.8%	25.6%
Bravura	42	5	20	3	(36)	(17)	-87.0%	46.9%	56.4%
Samples and Displays	-	-	-	-	-	-	0.0%	0.0%	0.0%
Multi-family (excl. intercompany)	3,850	4,059	1,538	1,631	209	92	5.4%	40.0%	40.2%
Intercompany	219	231	0	0	12	0	5.6%	0.0%	0.1%
Total	12,942	13,815	6,123	6,716	873	593	6.7%	47.3%	48.6%

Delaney Appendix | CoGS by Component

\$'000	MTD		Var		YTD		Var	
	Act	Bud	\$	%	Act	Bud	\$	%
<u>Material</u>								
Material costs at standard	\$ 1,669	\$ 1,624	\$ 45	2.8%	\$ 7,009	\$ 6,829	\$ 180	2.6%
Purchase price variance	(0)	—	(0)	N/A	(0)	—	(0)	N/A
Freight in	30	13	17	130.5%	79	52	27	51.3%
Cost revision	15	15	—	0.0%	62	60	2	2.6%
Scrap costs	2	3	(1)	(41.6%)	11	12	(1)	(6.1%)
Total Material COGS	\$ 1,715	\$ 1,655	\$ 61	3.7%	\$ 7,161	\$ 6,953	\$ 208	3.0%
<u>Labor</u>								
Direct labor	\$ —	\$ —	\$ —	N/A	\$ (4)	\$ —	\$ (4)	N/A
Indirect labor	58	83	(26)	(30.7%)	247	314	(67)	(21.2%)
Indirect labor - overtime	14	8	6	72.9%	36	32	4	13.1%
Indirect labor – benefits	7	9	(2)	(18.7%)	34	35	(1)	(2.9%)
Total Labor COGS	\$ 79	\$ 101	\$ (21)	(21.4%)	\$ 313	\$ 381	\$ (67)	(17.6%)
<u>Other</u>								
Repairs and maintenance	\$ —	\$ 1	\$ (1)	(100.0%)	\$ 0	\$ 4	\$ (4)	(91.7%)
Freight out	133	122	11	9.1%	531	523	9	1.7%
Rent / facilities	42	41	1	2.3%	165	164	1	0.8%
Utilities	6	6	(0)	(1.5%)	25	26	(1)	(5.3%)
Other cost of sales	14	12	1	12.0%	45	50	(5)	(10.8%)
Total Other COGS	\$ 195	\$ 183	\$ 12	6.8%	\$ 767	\$ 767	\$ (0)	(0.1%)
Total COGS	\$ 1,990	\$ 1,938	\$ 52	(10.9%)	\$ 8,241	\$ 8,101	\$ 140	(14.7%)

Delaney Appendix | Inventory

Item Class	Apr-20	Dec-19	Chg to Dec-19	2020 Turns	Mar-20	Chg to last Month	Apr-19	Change to PY
BRAVURA GR2 BOX	\$2,463	\$2,514	(\$51)	0.3	\$2,514	(\$51)	\$2,100	\$363
DELANEY GR3 BOX	\$1,807	\$2,085	(\$278)	1.6	\$1,918	(\$111)	\$2,086	(\$280)
CALLAN GR3 BOX	\$828	\$723	\$105	6.8	\$759	\$69	\$1,357	(\$529)
DELANEY GR2 VIEW	\$720	\$784	(\$64)	0.3	\$733	(\$12)	\$867	(\$147)
BATH ACCESSORIES	\$433	\$645	(\$211)	2.8	\$532	(\$98)	\$578	(\$144)
COMMERCIAL EXIT DEVICES	\$363	\$395	(\$32)	1.1	\$405	(\$42)	\$495	(\$132)
COMMERCIAL GR2 LOCKS	\$330	\$422	(\$92)	2.2	\$359	(\$28)	\$420	(\$90)
DELANEY SANDCAST GR3 BOX	\$424	\$366	\$57	1.2	\$454	(\$31)	\$516	(\$92)
CALLAN SQUARE GR3 BOX	\$215	\$238	(\$23)	2.8	\$276	(\$61)	\$153	\$62
COMMERCIAL DOOR CLOSERS	\$183	\$285	(\$102)	2.4	\$201	(\$18)	\$289	(\$106)
BUILDERS HARDWARE	\$263	\$302	(\$39)	4.7	\$350	(\$87)	\$352	(\$89)
BARN DOOR HARDWARE	\$336	\$566	(\$229)	3.5	\$338	(\$2)	\$214	\$123
DISPLAYS	\$137	\$140	(\$3)	1.3	\$140	(\$3)	\$166	(\$29)
ZWAVE SMARTLOCK	\$180	\$193	(\$13)	0.4	\$183	(\$4)	\$169	\$11
CALLAN GR2 BOX	\$102	\$128	(\$26)	2.7	\$104	(\$3)	\$163	(\$61)
CALLAN GR3 VIEW	\$101	\$107	(\$5)	1.9	\$112	(\$11)	\$150	(\$49)
CALLAN GR2 VIEW	\$87	\$119	(\$32)	1.3	\$95	(\$8)	\$130	(\$43)
DIGITAL DOOR LOCKS	\$72	\$57	\$15	1.9	\$82	(\$9)	\$95	(\$23)
COMMERCIAL GR1 LOCKS	\$59	\$69	(\$10)	1.3	\$61	(\$2)	\$69	(\$11)
HINGES RESIDENTIAL	\$61	\$72	(\$11)	1.9	\$66	(\$5)	\$77	(\$16)
HINGES COMMERCIAL	\$52	\$61	(\$9)	2.7	\$55	(\$3)	\$69	(\$18)
CALLAN PARTS	\$48	\$45	\$3	0.7	\$47	\$1	\$52	(\$5)
EZSET GR3 BOX	\$63	\$39	\$23	2.1	\$36	\$27	\$54	\$9
CONSTRUCTION LOCKS	\$34	\$29	\$5	4.1	\$44	(\$11)	\$0	\$34
EZSET PARTS	\$22	\$22	\$0	0.2	\$22	\$0	\$21	\$1
HINGES SPRING	\$11	\$16	(\$6)	1.4	\$12	(\$2)	\$22	(\$11)
SPECIAL ORDER ITEMS	\$14	\$24	(\$10)	62.9	\$12	\$3	\$9	\$5
HOLLOW METAL	\$0	\$6	(\$5)	13,624.5	\$0	\$0	\$0	(\$0)
KEYING CHARGES	\$0	\$0	\$0	-	\$0	\$0	\$0	\$0
COMMERCIAL HARDWARE	\$0	\$0	\$0	-	\$0	\$0	\$0	\$0
DELANEY PARTS	\$75	\$63	\$11	0.6	\$63	\$12	\$64	\$10
CATALOGS & BROCHURES	\$0	\$1	(\$1)	303.9	\$0	\$0	\$0	\$0
Sub-Total	\$9,481	\$10,515	(\$1,034)	2.2	\$9,970	(\$489)	\$10,738	(\$1,257)
Prepaid Inventory	\$471	\$685	(\$214)	N/A	\$652	(\$181)	\$391	\$80
Grand Total	\$9,952	\$11,200	(\$1,248)	2.1	\$10,622	(\$670)	\$11,129	(\$1,177)

Delaney Appendix | Cash Flow Statement

\$'000	YTD		Variance		PY YTD		Variance					
	Act	Bud	\$	%	Act	\$	%					
Cash flow from operations												
Net Income (Loss)	\$	1,709	\$	949	\$	760	80.0%	\$	419	\$	1,290	307.8%
Depreciation, amortization and other		838		1,076		(238)	(22.2%)		1,040		(202)	(19.4%)
Change in operating assets and liabilities:												
Accounts receivable		(970)		(345)		(624)	180.7%		(589)		(380)	64.5%
Inventory		1,316		792		524	66.2%		(639)		1,955	(305.9%)
Prepaid expenses and other current assets		83		8		74	873.0%		(12)		95	(782.1%)
Accounts payable		(80)		128		(207)	(162.5%)		(222)		143	(64.2%)
Accrued expenses		(180)		(190)		11	(5.5%)		(188)		8	(4.5%)
Accrued income taxes		—		14		(14)	(100.0%)		(8)		8	(100.0%)
Other changes in operating assets and liabilities		(120)		(1,977)		1,856	(93.9%)		290		(410)	(141.6%)
Total Cash Flow from Operations	\$	2,596	\$	455	\$	2,141	470.5%	\$	90	\$	2,506	2787.6%
Cash flow from investing												
Additions to property, plant and equipment	\$	(55)	\$	(100)	\$	45	(45.3%)	\$	(137)	\$	82	(60.0%)
Total Cash Flow from Investing	\$	(55)	\$	(100)	\$	45	(45.3%)	\$	(137)	\$	82	(60.0%)
Cash flow from financing												
Common stock issued (repurchased)		—		—		—	N/A		—		—	N/A
Other cash flow from financing costs		0		(524)		524	(100.0%)		165		(165)	(100.0%)
Total Cash Flow from Financing	\$	0	\$	(524)	\$	524	(100.0%)	\$	165	\$	(165)	(100.0%)
Net change in cash	\$	2,541	\$	(169)	\$	2,710	(1600.8%)	\$	119	\$	2,423	2042.6%
Beginning cash		669		669		—	0.0%		325		344	106.0%
Change in cash		2,541		(169)		2,710	(1600.8%)		119		2,423	2042.6%
Ending cash	\$	3,210	\$	500	\$	2,710	542.1%	\$	443	\$	2,767	623.9%

Delaney Appendix | 13-Week Cash Flow Projection

In US\$	Forecast 5/18	Forecast 5/25	Forecast 6/1	Forecast 6/8	Forecast 6/15	Forecast 6/22	Forecast 6/29	Forecast 7/6	Forecast 7/13	Forecast 7/20	Forecast 7/27	Forecast 8/3	Forecast 8/10
Cash Inflows - Operational													
Collections from customers (Actual)													
Collections from customers based on projected aging (Forecast)	295	439	254	1,254	180	140	241	189	14	-	-	-	-
Collections from new forecasted sales	-	-	-	-	121	724	676	241	263	131	789	736	267
Total AR Collections	295	439	254	1,254	300	864	917	430	277	131	789	736	267
Other non-AR inflows													
Total Cash Inflows - Operational	295	439	254	1,254	300	864	917	430	277	131	789	736	267
Cash Outflows - Operational													
Product inventory (SAP AP)	(429)	(539)	(182)	(486)	(288)	(180)	(231)	(315)	(356)	(617)	-	(639)	(274)
Payroll	(122)	-	(122)	(40)	(122)	-	(122)	(40)	(122)	-	(122)	(40)	(122)
Commissions	-	-	-	-	(165)	-	-	-	(165)	-	-	-	(165)
Bonus													
Facilities & other (Freight)	(50)	(250)	(90)	(57)	(50)	(250)	(90)	(57)	(50)	(250)	(50)	(57)	(50)
Professional services	-	-	-	-	-	-	(11)	-	-	-	-	-	-
Marketing													
Recruiter fees													
Other expenses (Insurance, TSA, CC)	-	(0)	-	(100)	-	(18)	-	-	-	-	-	-	-
Total Cash Outflows - Operational	(601)	(789)	(394)	(683)	(625)	(448)	(455)	(412)	(693)	(867)	(172)	(736)	(611)
Cashflows - Financial and Other													
Revolving Loan Draw (Paydown)													
Term Loan paydowns													
Interest and financial amortization													
Other financial income/expense (e.g. fx, hedging)													
Non-financial income/expense													
Estimated Tax Payments													
Monitoring fees (including travel expenses)													
Non-recurring items													
Total Cash Outflows - Financial and Other	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH FLOW	(306)	(350)	(140)	571	(325)	416	462	18	(416)	(736)	617	1	(344)
Cash Rollforward													
Beginning cash balance	4,085	3,779	3,429	3,288	3,859	3,534	3,950	4,412	4,430	4,014	3,279	3,896	3,896
Cash activity	(306)	(350)	(140)	571	(325)	416	462	18	(416)	(736)	617	1	(344)
ENDING CASH BALANCE	3,779	3,429	3,288	3,859	3,534	3,950	4,412	4,430	4,014	3,279	3,896	3,896	3,552
Debt Summary													
Rolled debt													
Credit facility													
TOTAL DEBT	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NET DEBT	(3,779)	(3,429)	(3,288)	(3,859)	(3,534)	(3,950)	(4,412)	(4,430)	(4,014)	(3,279)	(3,896)	(3,896)	(3,552)
AVAILABILITY													

Delaney Appendix | Full Year Outlook | Monthly P&L

\$'000	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	FY	FY	Var	
	Act	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	\$	%
Net Revenue	3,240	3,369	3,508	3,344	3,100	3,570	3,428	3,264	3,347	3,621	3,097	3,533	40,421	40,098	322	0.8%
Material	1,710	1,843	1,893	1,715	1,613	1,955	1,779	1,696	1,729	1,931	1,595	1,820	21,278	21,070	208	1.0%
Labor	81	69	84	79	104	101	104	104	101	104	101	104	1,133	1,200	(67)	(5.6%)
Other COGS	190	190	191	195	181	193	196	189	191	200	182	201	2,300	2,301	(0)	(0.0%)
Total COGS	1,981	2,103	2,168	1,990	1,897	2,249	2,079	1,989	2,021	2,234	1,878	2,124	24,711	24,571	140	0.6%
Gross Margin	1,259	1,266	1,340	1,354	1,202	1,322	1,349	1,276	1,326	1,387	1,219	1,409	15,709	15,527	182	1.2%
<i>Gross Margin %</i>	<i>38.9%</i>	<i>37.6%</i>	<i>38.2%</i>	<i>40.5%</i>	<i>38.8%</i>	<i>37.0%</i>	<i>39.4%</i>	<i>39.1%</i>	<i>39.6%</i>	<i>38.3%</i>	<i>39.4%</i>	<i>39.9%</i>	<i>38.9%</i>	<i>38.7%</i>		
Sales & Marketing	388	280	295	222	254	274	268	251	264	252	258	249	3,255	3,362	(107)	(3.2%)
Administrative	358	350	356	420	372	364	376	372	405	373	365	386	4,497	4,465	32	0.7%
Total Opex	746	630	651	642	627	638	643	623	668	625	623	636	7,752	7,827	(75)	(1.0%)
EBITDA	513	636	690	712	576	684	706	653	657	762	595	773	7,957	7,700	257	3.3%
<i>EBITDA %</i>	<i>15.8%</i>	<i>18.9%</i>	<i>19.7%</i>	<i>21.3%</i>	<i>18.6%</i>	<i>19.2%</i>	<i>20.6%</i>	<i>20.0%</i>	<i>19.6%</i>	<i>21.0%</i>	<i>19.2%</i>	<i>21.9%</i>	<i>19.7%</i>	<i>19.2%</i>		
Adj. EBITDA	513	656	696	735	576	684	706	653	657	762	595	773	8,008	7,700		
<i>Adj. EBITDA %</i>	<i>15.8%</i>	<i>19.5%</i>	<i>19.8%</i>	<i>22.0%</i>	<i>18.6%</i>	<i>19.2%</i>	<i>20.6%</i>	<i>20.0%</i>	<i>19.6%</i>	<i>21.0%</i>	<i>19.2%</i>	<i>21.9%</i>	<i>19.8%</i>	<i>19.2%</i>		
Net Income (Loss)	\$ 477	\$ 368	\$ 418	\$ 445	\$ 239	\$ 323	\$ 340	\$ 298	\$ 302	\$ 383	\$ 252	\$ 391	\$ 4,237	\$ 3,477	\$ 760	21.9%



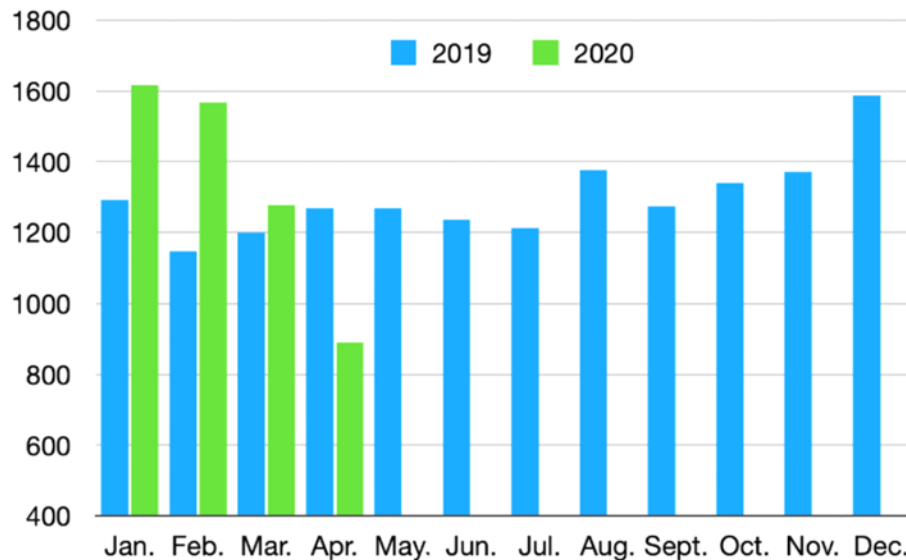
Delaney Appendix | Full Year Outlook | Cash Flow Summary

\$'000	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	FY	FY	Var	
	Act	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	\$	%
Cash flow from operations																
Net Income (Loss)	\$ 477	\$ 368	\$ 418	\$ 445	\$ 239	\$ 323	\$ 340	\$ 298	\$ 302	\$ 383	\$ 252	\$ 391	\$ 4,237	\$ 3,477	\$ 760	21.9%
Depreciation, amortization and other	36	268	268	267	238	270	270	270	271	271	271	272	2,971	3,243	(272)	(8.4%)
<i>Change in operating assets and liabilities:</i>																
Accounts receivable	(389)	(168)	(251)	(161)	624	274	(268)	(213)	267	(17)	(232)	163	(371)	(311)	(60)	19.4%
Inventory	29	(83)	689	681	(524)	105	(140)	(149)	160	(130)	18	(68)	589	422	166	39.4%
Prepaid expenses and other current assets	77	(48)	23	30	(74)	—	—	—	—	—	—	—	8	8	—	0.0%
Accounts payable	202	(35)	(289)	42	207	(43)	236	(142)	(63)	169	(121)	(27)	136	281	(145)	(51.6%)
Accrued expenses	82	(346)	145	(60)	(11)	68	78	75	71	73	79	67	320	397	(77)	(19.4%)
Accrued income taxes	—	—	—	—	14	—	—	—	—	—	—	—	14	14	—	0.0%
Other changes in operating assets and liabilities	(222)	(76)	50	129	(1,829)	(887)	(474)	(156)	(980)	(643)	(373)	(635)	(6,096)	(6,878)	782	(11.4%)
Total Cash Flow from Operations	\$ 292	\$ (120)	\$ 1,051	\$ 1,372	\$ (1,115)	\$ 109	\$ 42	\$ (16)	\$ 28	\$ 106	\$ (105)	\$ 163	\$ 1,808	\$ 655	\$ 1,153	176.1%
Cash flow from investing																
Additions to property, plant and equipment	\$ (23)	\$ (10)	\$ (13)	\$ (10)	\$ (45)	\$ (25)	\$ (25)	\$ (25)	\$ (25)	\$ (25)	\$ (25)	\$ (25)	\$ (275)	\$ (300)	\$ 25	(8.3%)
Total Cash Flow from Investing	\$ (23)	\$ (10)	\$ (13)	\$ (10)	\$ (45)	\$ (25)	\$ (25)	\$ (25)	\$ (25)	\$ (25)	\$ (25)	\$ (25)	\$ (275)	\$ (300)	\$ 25	(8.3%)
Cash flow from financing																
Common stock issued (repurchased)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A
Other cash flow from financing costs	(524)	524	(0)	0	(1,523)	(84)	(17)	41	(3)	(81)	130	(139)	(1,675)	(524)	(1,151)	219.5%
Total Cash Flow from Financing	\$ (524)	\$ 524	\$ (0)	\$ 0	\$ (1,523)	\$ (84)	\$ (17)	\$ 41	\$ (3)	\$ (81)	\$ 130	\$ (139)	\$ (1,675)	\$ (524)	\$ (1,151)	219.5%
Net change in cash	\$ (255)	\$ 395	\$ 1,038	\$ 1,363	\$ (2,683)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)	\$ (142)	\$ (169)	\$ 27	(16.2%)
Beginning cash	669	415	810	1,848	3,210	527	527	527	527	527	527	527	669	669	—	—
Change in cash	(255)	395	1,038	1,363	(2,683)	0	0	0	0	0	0	(0)	(142)	(169)	27	(16.2%)
Ending cash	\$ 415	\$ 810	\$ 1,848	\$ 3,210	\$ 527	\$ 527	\$ 527	\$ 527	\$ 527	\$ 527	\$ 527	\$ 527	\$ 527	\$ 500	\$ 27	5.5%

Delaney Executive Summary | Housing Market

Total Housing Starts

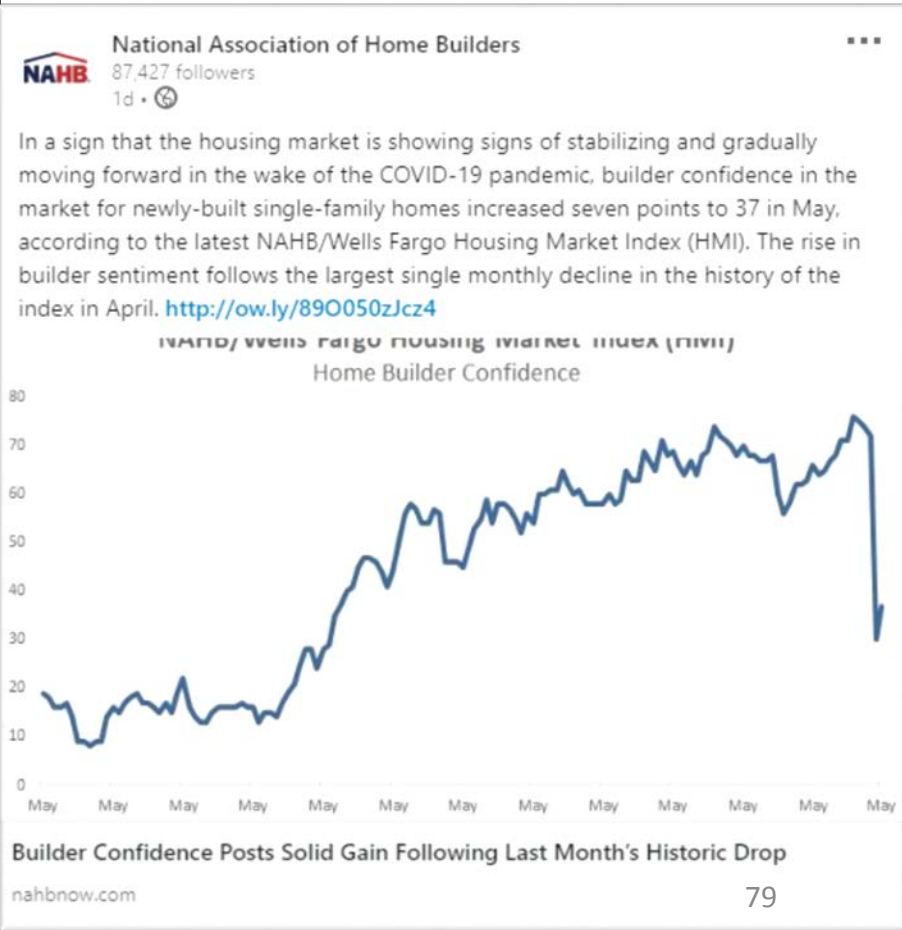
Through April, SAAR, in thousands



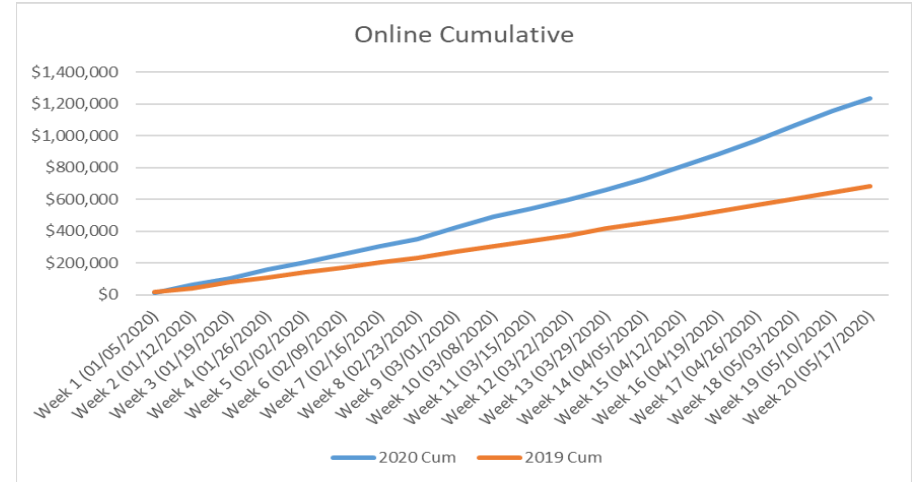
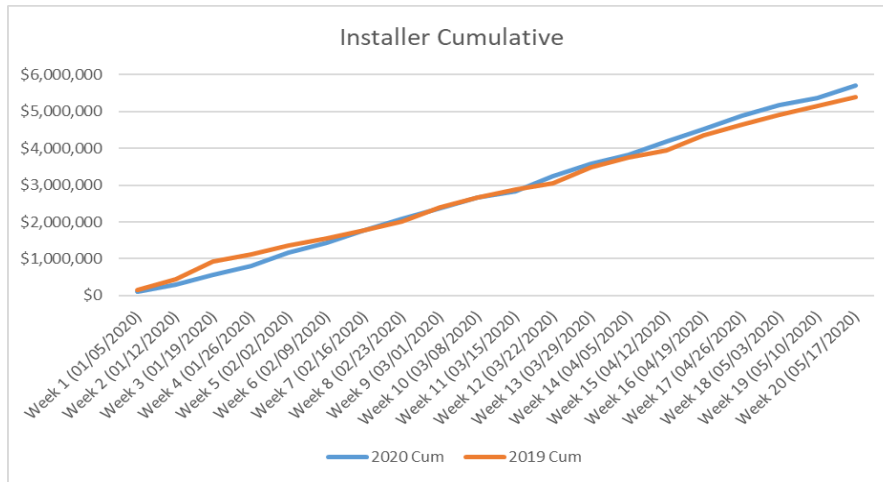
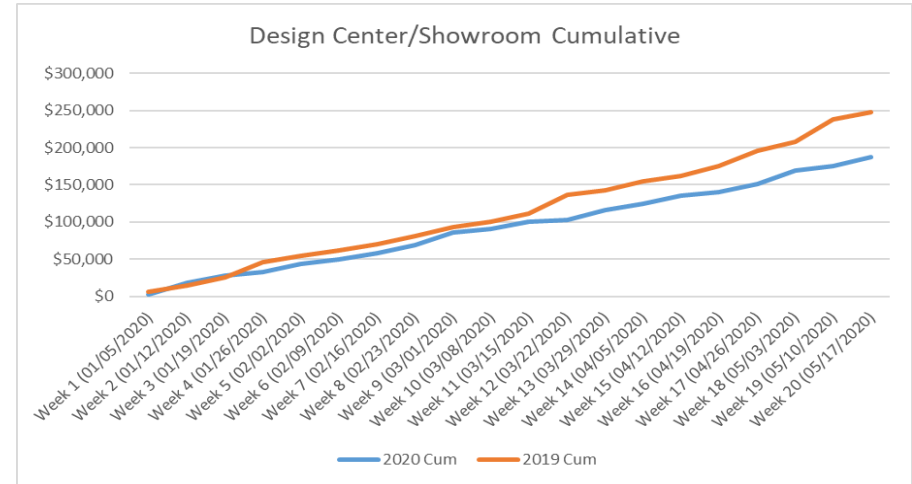
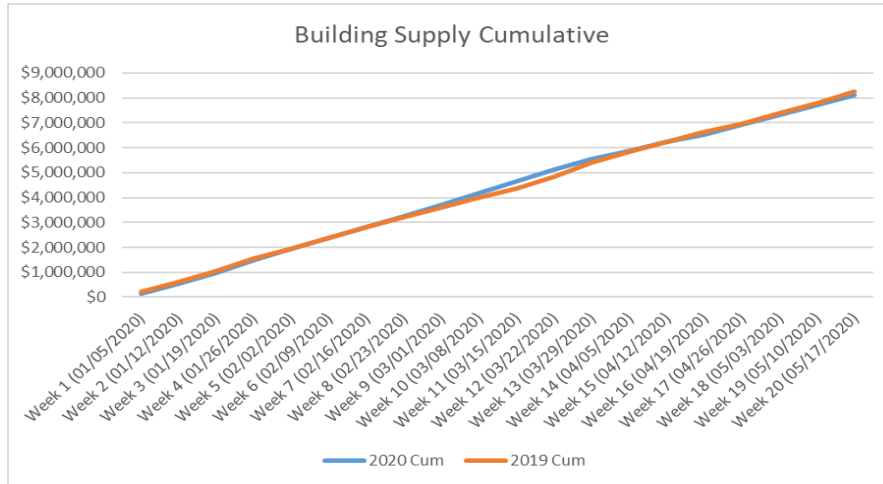
Source: Commerce Department

Reflecting the continued impact of the COVID-19 pandemic, total housing starts decreased 30.2% in April to a seasonally adjusted annual rate of 891,000 units, the largest single monthly decline in the history of the index, according to a report from the U.S. Housing and Urban Development and Commerce Department.

However, on a regional and year-to-date basis (January through April of 2020 compared to that same timeframe a year ago), combined single-family and multifamily starts are 6.8% **higher** in the Midwest, 9% **higher** in the South, 7.7% **higher** in the West and 1.3% lower in the Northeast. In a sign that the housing market is stabilizing...builder confidence increased 7 points in May.



Delaney Executive Summary | Commercial Dashboard



Customer Name	2020 Gross Sales	2020 Prod Mgn %	2019 Gross Sales	2019 Prod Mgn %
BUILDG SUP	\$7,334	52.1%	\$7,258	51.0%
DESIGN	\$167	50.7%	\$200	45.9%
INSTALLER	\$5,029	43.4%	\$4,679	42.6%
ONLINE	\$1,051	59.2%	\$583	57.2%
SALES/EMPLOYEE	\$2	42.5%	\$4	49.7%
Grand Total	\$13,584	49.4%	\$12,723	48.1%

Gross Sales \$ Chg	Gross Sales % Chg	Margin Chg
\$76	1.0%	114 bps
(\$33)	-16.4%	482 bps
\$351	7.5%	80 bps
\$468	80.2%	195 bps
(\$2)	-45.9%	-727 bps
\$860	6.8%	132 bps

Delaney Executive Summary | eCommerce

April Total = \$358,305 Up 115%  vs. 2019

Exceeded April AOP by 59%

Top Partners (ranked in April sales):

- Home Depot – April Sales \$146,464 – 150% Growth over April 2019
- Lowes – April Sales \$89,722 – 1,696% Growth over April 2019
- Build.com – April Sales \$54,733 – 53% Growth over April 2019
- Wayfair – April Sales \$43,712 – 8% Growth over April 2019

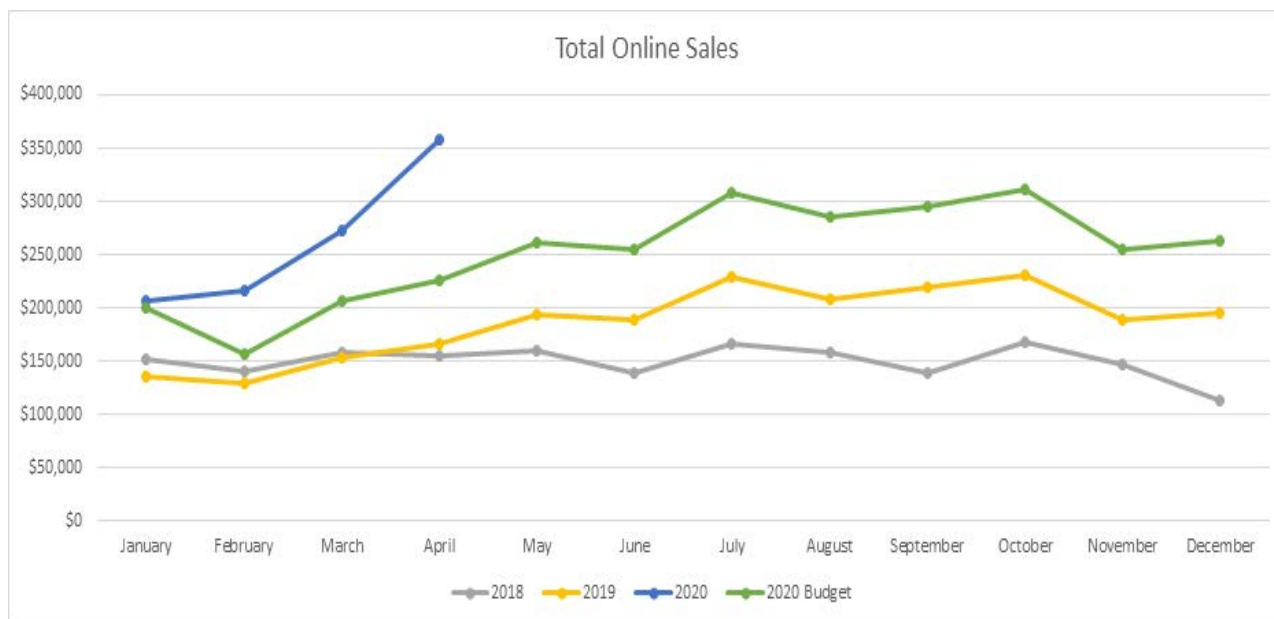
**May Online Sales
are currently
UP 50% vs. 2019
and
UP 22% vs. AOP**

Orders May Avg 2020 – 550

Orders May Avg 2019 – 348

Line Items May Avg 2020 – 1,468

Line Items May Avg 2019 – 1,236



Breakdown of E-commerce Orders in May

Date	Order Count	
01 May 2020	244	52% of Total Orders
04 May 2020	443	63% of Total Orders
05 May 2020	228	49% of Total Orders
06 May 2020	187	39% of Total Orders
07 May 2020	195	45% of Total Orders
08 May 2020	272	62% of Total Orders
11 May 2020	430	62% of Total Orders
12 May 2020	215	43% of Total Orders
13 May 2020	222	47% of Total Orders
14 May 2020	194	40% of Total Orders
15 May 2020	200	40% of Total Orders
18 May 2020	576	71% of Total Orders

Delaney Executive Summary | MF Smartlock Launch



Milestone	Status	Owner	Date(s)	Status Update
ES1 Electronic Design	●	Tom/BL	1/30-3/27	Complete
ES1 Mechanical Design	●	Tom/TL	1/30-3/27	Complete
ES1 FW Development	●	BuLogics	1/30-3/31	Complete
ES1 Prototype Testing	●	Tom/TL	3/31-5/8	Complete – Several issues discovered, see PCB revision below
Internal Fire Test	●	Tong Long	3/31-4/7	Complete
Packaging Design	●	Tong Long	5/4-6/30	
PCBA Revision (ES2)	●	Tom/TL	5/11-5/29	ESD protection, short circuit issue, and card credential performance
FW Revision (ES2)	●	Tom/TL	5/11-5/29	
App Development	○	Stratis IOT	5/13-TBD	Units shipping to Stratis IOT on 5/13
ES2 Prototype Testing	○	Tom/TL	6/1-7/1	
UL Fire Test	○	S&G/TL	TBD	
Product Validation	○	S&G/Delaney	7/1-8/14	
Production/Cycle Testing	○	Tom/TL	7/1-8/14	
User/Install Manuals	○	Tong Long	6/1-7/17	
ITS G2 Test	○	Tong Long	7/1-8/14	
Mfg. Fixtures/JIGS	○	Tong Lung	7/13-8/14	
FCC Certification	○	Tong Lung	7/1-8/14	
Bluetooth Certification	○	Tong Lung	7/1-8/14	
Pilot Run	○	Tong Lung	8/24-9/11	
MP Material Prep	○	Tong Lung	9/14-10/16	
Mass Production	○	Tong Lung	10/19-10/30	

PRIMARY GATING ITEM – Functional Units

Activity

- Shipped samples to the Stratis APP developers
 - Two (2) Complete Assemblies (mechanical/PCBAs)
 - One (1) Set of PCBAs
- Provide two (2) samples for your UL testing
- Obtain final pricing from Tong Lung
- Define EOL (end of line) Testing
- Obtain source for mechanical test firmware from Bulogics

Status

- S&G Compliance Engineer to arrange UL Testing and confirm whether PCBAs need to be operational
- Tong Lung waiting on final spin for pricing
- End of line testing protocol to be completed

DESIGN PARTNERS

BuLogics –
 Electronic
 Hardware Design
 and Firmware
 Design
 Stratis IoT –
 Software as a
 Service (SaaS)
 Provider (Property
 Management
 Application,
 Installer
 Application, Mobile
 Application for
 residents)
 Tong Lung
 (Spectrum Brands)
 – Manufacturing
 Partner
 Field Theory – RF
 contractor engaged
 to finalize the RFID
 antenna design.



Delaney Financial Review | Balance Sheet

\$'000	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20		Variance	
	Act	Act	Act	Act	Act	Bud	\$	%
Current Assets								
Cash and cash equivalents	\$ 669	\$ 415	\$ 810	\$ 1,848	\$ 3,210	\$ 500	\$ 2,710	542.1%
<i>Accounts receivable, gross</i>	3,988	4,379	4,551	4,805	4,969	–	4,969	N/A
<i>Accounts receivable, reserves</i>	(14)	(17)	(20)	(23)	(26)	–	(26)	N/A
Accounts receivable, net	3,974	4,363	4,531	4,782	4,944	4,319	624	14.5%
<i>Inventory, gross</i>	11,202	11,712	11,286	10,612	9,946	10,995	(1,049)	(9.5%)
<i>Inventory, reserves</i>	(1,378)	(1,918)	(1,408)	(1,423)	(1,438)	(1,963)	524	(26.7%)
Inventory, net	9,823	9,795	9,877	9,189	8,507	9,032	(524)	(5.8%)
Prepaid expenses and other current assets	193	115	163	140	110	184	(74)	(40.3%)
Total Current Assets	14,660	14,687	15,381	15,958	16,772	14,035	2,736	19.5%
Non-Current Assets								
<i>Property, plant & equipment, gross</i>	1,634	1,656	1,666	1,679	1,689	1,734	(45)	(2.6%)
<i>Accumulated depreciation</i>	(673)	(708)	(744)	(779)	(814)	(820)	6	(0.8%)
Property, plant & equipment, net	961	948	922	900	875	914	(39)	(4.3%)
Goodwill	18,846	18,846	18,614	18,382	18,150	17,918	232	1.3%
Deferred tax asset	644	644	644	644	644	672	(27)	(4.1%)
Total Non-Current Assets	20,452	20,439	20,181	19,926	19,669	19,503	166	0.8%
Total Assets	\$ 35,111	\$ 35,126	\$ 35,561	\$ 35,884	\$ 36,440	\$ 33,538	\$ 2,902	8.7%
Current Liabilities								
Accounts payable	558	760	725	436	478	685	(207)	(30.2%)
Accrued liabilities	1,117	1,199	853	997	938	927	11	1.1%
Accrued compensation	(410)	(872)	(820)	(863)	(798)	451	(1,250)	(276.8%)
Income taxes payable	(8)	(8)	(8)	(8)	(8)	7	(14)	(216.1%)
Total Current Liabilities	1,257	1,080	750	562	609	2,070	(1,461)	(70.6%)
Long-term liabilities								
Other non-current liabilities	9,761	10,000	9,872	9,965	10,029	6,950	3,079	44.3%
Total Long-Term Liabilities	9,761	10,000	9,872	9,965	10,029	6,950	3,079	44.3%
Total Liabilities	11,018	11,080	10,622	10,527	10,638	9,020	1,618	17.9%
Shareholders' Equity								
Common stock	21,900	21,900	21,900	21,900	21,900	21,900	–	0.0%
Retained earnings	2,193	2,146	3,039	3,457	3,902	2,618	1,284	49.0%
Total Shareholders' Equity	24,093	24,046	24,939	25,357	25,802	24,518	1,284	5.2%
Total Liabilities and Shareholders' Equity	\$ 35,111	\$ 35,126	\$ 35,561	\$ 35,884	\$ 36,440	\$ 33,538	\$ 2,902	8.7%



April 2020 Operating Review Meeting Agenda

➔ Consolidated

➔ S&G

➔ Delaney

➔ Premier

➔ **Appendix**

Consolidated

S&G

Delaney

Premier

Premier Appendix | CoGS by Component

\$'000	MTD		Var		YTD		Var	
	Act	Bud	\$	%	Act	Bud	\$	%
<u>Material</u>								
Material costs at standard	\$ 594	\$ 670	\$ (76)	(11.4%)	\$ 2,543	\$ 2,681	\$ (138)	(5.1%)
Freight in	6	–	6	N/A	31	–	31	N/A
Scrap costs	9	–	9	N/A	46	–	46	N/A
Total Material COGS	\$ 608	\$ 670	\$ (62)	(9.3%)	\$ 2,620	\$ 2,681	\$ (61)	(2.3%)
<u>Labor</u>								
Direct labor	\$ 208	\$ 198	\$ 10	5.2%	\$ 807	\$ 773	\$ 34	4.4%
Direct labor - bonus	4	–	4	N/A	15	–	15	N/A
Direct labor - overtime	28	28	0	1.0%	125	129	(3)	(2.6%)
Indirect labor	89	29	61	213.0%	341	112	230	206.0%
Indirect labor – bonus	6	–	6	N/A	25	–	25	N/A
Indirect labor - overtime	4	3	1	33.0%	13	13	1	4.7%
Indirect labor – benefits	13	84	(71)	(84.5%)	49	335	(286)	(85.3%)
Total Labor COGS	\$ 352	\$ 341	\$ 11	3.3%	\$ 1,377	\$ 1,361	\$ 16	1.2%
<u>Other</u>								
Repairs and maintenance	\$ 12	\$ 10	\$ 3	26.2%	\$ 76	\$ 40	\$ 36	90.9%
Absorption	(193)	(157)	(36)	23.2%	(811)	(627)	(185)	29.4%
Freight out	(12)	(18)	6	(34.8%)	(70)	(72)	2	(2.7%)
Rent / facilities	33	34	(0)	(0.4%)	139	134	5	3.6%
Utilities	22	20	2	7.7%	79	81	(2)	(3.0%)
Other cost of sales	140	144	(4)	(2.5%)	617	575	41	7.2%
Total Other COGS	\$ 3	\$ 33	\$ (30)	(90.0%)	\$ 29	\$ 131	\$ (103)	(78.2%)
Total COGS	\$ 964	\$ 1,044	\$ (80)	(95.9%)	\$ 4,026	\$ 4,173	\$ (147)	(79.3%)

Premier Appendix| Cash Flow Statement

\$'000	YTD		Variance		PY YTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
<i>Cash flow from operations</i>								
Net Income (Loss)	\$ 1,646	\$ 689	\$ 957	139.0%	\$ 952	\$ 694	73.0%	
Depreciation, amortization and other	49	301	(251)	(83.6%)	282	(233)	(82.5%)	
<i>Change in operating assets and liabilities:</i>								
Accounts receivable	209	70	139	198.7%	(125)	333	(267.6%)	
Inventory	10	(266)	277	(103.9%)	(227)	237	(104.6%)	
Prepaid expenses and other current assets	(93)	(0)	(93)	465349950.2%	11	(104)	(959.8%)	
Accounts payable	(168)	396	(564)	(142.3%)	418	(585)	(140.1%)	
Accrued expenses	(128)	8	(136)	(1647.3%)	17	(145)	(859.7%)	
Accrued income taxes	—	(250)	250	(100.0%)	—	—	N/A	
Other changes in operating assets and liabilities	(1,017)	(843)	(174)	20.6%	(1,100)	83	(7.5%)	
Total Cash Flow from Operations	\$ 509	\$ 104	\$ 406	391.4%	\$ 228	\$ 281	123.5%	
<i>Cash flow from investing</i>								
Additions to property, plant and equipment	\$ (52)	\$ (113)	\$ 61	(54.4%)	\$ (144)	\$ 93	(64.2%)	
Total Cash Flow from Investing	\$ (52)	\$ (113)	\$ 61	(54.4%)	\$ (144)	\$ 93	(64.2%)	
<i>Cash flow from financing</i>								
Common stock issued (repurchased)	—	10,597	(10,597)	(100.0%)	—	—	N/A	
Other cash flow from financing costs	(0)	(10,597)	10,597	(100.0%)	(94)	94	(100.0%)	
Total Cash Flow from Financing	\$ (0)	\$ (0)	\$ 0	(100.0%)	\$ (94)	\$ 94	(100.0%)	
Net change in cash	\$ 458	\$ (9)	\$ 467	(4947.8%)	\$ (10)	\$ 468	(4655.8%)	
Beginning cash	309	309	—	0.0%	11	298	2719.7%	
Change in cash	458	(9)	467	(4947.8%)	(10)	468	(4655.8%)	
Ending cash	\$ 767	\$ 300	\$ 467	155.7%	\$ 1	\$ 766	82302.6%	

Premier Appendix | 13-Week Cash Flow Projection

In US\$	Forecast 5/18	Forecast 5/25	Forecast 6/1	Forecast 6/8	Forecast 6/15	Forecast 6/22	Forecast 6/29	Forecast 7/6	Forecast 7/13	Forecast 7/20	Forecast 7/27	Forecast 8/3	Forecast 8/10
Cash Inflows - Operational													
Collections from customers (Actual)													
Collections from customers based on projected aging (Forecast)	351	356	249	308	-	-	-	-	-	-	-	-	-
Collections from new forecasted sales	-	-	-	-	414	414	407	407	407	407	398	393	393
Total AR Collections	351	356	249	308	414	414	407	407	407	407	398	393	393
Other non-AR inflows													
Total Cash Inflows - Operational	351	356	249	308	414	414	407	407	407	407	398	393	393
Cash Outflows - Operational													
Product inventory (SAP AP)	-	(350)	-	(350)	(125)	(350)	-	(350)	-	(350)	-	(350)	-
Payroll	(30)	(85)	(30)	(30)	(85)	(30)	(85)	(30)	(85)	(30)	(85)	(30)	(85)
Commissions													
Bonus													
Facilities & other (Freight)	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional services	-	-	-	-	-	-	-	-	-	-	-	-	-
Marketing													
Recruiter fees													
Other expenses (Insurance, TSA, CC)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Outflows - Operational	(30)	(435)	(30)	(380)	(210)	(380)	(85)	(380)	(85)	(380)	(85)	(380)	(85)
Cashflows - Financial and Other													
Revolving Loan Draw (Paydown)													
Term Loan paydowns													
Interest and financial amortization													
Other financial income/expense (e.g. fx, hedging)													
Non-financial income/expense													
Estimated Tax Payments													
Monitoring fees (including travel expenses)													
Non-recurring items													
Total Cash Outflows - Financial and Other	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH FLOW	321	(79)	219	(72)	204	34	322	27	322	27	313	13	308
Cash Rollforward													
Beginning cash balance	1,058	1,379	1,299	1,518	1,447	1,651	1,685	2,007	2,034	2,356	2,383	2,697	2,709
Cash activity	321	(79)	219	(72)	204	34	322	27	322	27	313	13	308
ENDING CASH BALANCE	1,379	1,299	1,518	1,447	1,651	1,685	2,007	2,034	2,356	2,383	2,697	2,709	3,017
Debt Summary													
Rolled debt													
Credit facility													
TOTAL DEBT	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NET DEBT	(1,379)	(1,299)	(1,518)	(1,447)	(1,651)	(1,685)	(2,007)	(2,034)	(2,356)	(2,383)	(2,697)	(2,709)	(3,017)
AVAILABILITY													







Premier Appendix | Full Year Outlook | Monthly P&L

\$'000	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	FY	FY	Var	
	Act	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	\$	%
Net Revenue	1,790	1,640	1,560	1,555	1,832	1,782	1,719	1,960	1,801	1,959	1,550	1,639	20,787	20,431	356	1.7%
Material	730	668	614	608	786	766	740	839	774	838	671	707	8,742	8,803	(61)	(0.7%)
Labor	367	331	326	352	321	341	341	333	340	338	331	282	4,003	3,987	16	0.4%
Other COGS	19	(11)	17	3	30	30	31	28	30	28	33	32	270	373	(103)	(27.6%)
Total COGS	1,117	987	957	964	1,137	1,137	1,112	1,200	1,144	1,204	1,035	1,021	13,015	13,162	(147)	(1.1%)
Gross Margin	673	652	603	591	695	645	607	761	657	756	515	617	7,772	7,269	503	6.9%
<i>Gross Margin %</i>	<i>37.6%</i>	<i>39.8%</i>	<i>38.6%</i>	<i>38.0%</i>	<i>37.9%</i>	<i>36.2%</i>	<i>35.3%</i>	<i>38.8%</i>	<i>36.5%</i>	<i>38.6%</i>	<i>33.2%</i>	<i>37.7%</i>	<i>37.4%</i>	<i>35.6%</i>		
Sales & Marketing	79	82	78	77	61	53	53	54	53	94	52	53	789	682	107	15.8%
Administrative	136	124	122	127	152	154	154	153	154	154	152	154	1,736	1,801	(65)	(3.6%)
Total Opex	215	206	200	203	213	207	207	207	207	248	204	207	2,525	2,482	42	1.7%
EBITDA	458	446	403	388	481	437	400	554	450	507	310	411	5,247	4,786	461	9.6%
<i>EBITDA %</i>	<i>25.6%</i>	<i>27.2%</i>	<i>25.8%</i>	<i>25.0%</i>	<i>26.3%</i>	<i>24.6%</i>	<i>23.3%</i>	<i>28.3%</i>	<i>25.0%</i>	<i>25.9%</i>	<i>20.0%</i>	<i>25.1%</i>	<i>25.2%</i>	<i>23.4%</i>		
Adj. EBITDA	458	449	403	388	481	437	400	554	450	507	310	411	5,250	4,786		
<i>Adj. EBITDA %</i>	<i>25.6%</i>	<i>27.4%</i>	<i>25.8%</i>	<i>25.0%</i>	<i>26.3%</i>	<i>24.6%</i>	<i>23.3%</i>	<i>28.3%</i>	<i>25.0%</i>	<i>25.9%</i>	<i>20.0%</i>	<i>25.1%</i>	<i>25.3%</i>	<i>23.4%</i>		
Net Income (Loss)	\$ 446	\$ 433	\$ 391	\$ 376	\$ 317	\$ 282	\$ 249	\$ 369	\$ 288	\$ 329	\$ 175	\$ 254	\$ 3,908	\$ 2,951	\$ 957	32.4%

Premier Appendix | Full Year Outlook | Cash Flow Summary

\$'000	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	FY	FY	Var	
	Act	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	\$	%
Cash flow from operations																
Net Income (Loss)	\$ 446	\$ 433	\$ 391	\$ 376	\$ 317	\$ 282	\$ 249	\$ 369	\$ 288	\$ 329	\$ 175	\$ 254	\$ 3,908	\$ 2,951	\$ 957	32.4%
Depreciation, amortization and other	12	12	12	13	251	76	76	81	81	81	85	85	866	952	(85)	(9.0%)
Change in operating assets and liabilities:																
Accounts receivable	(237)	5	617	(176)	(139)	(176)	(128)	61	(65)	(77)	1	137	(176)	(2)	(174)	8848.3%
Inventory	(170)	(129)	(74)	383	(277)	(7)	(46)	(26)	(33)	(49)	(22)	(32)	(483)	(535)	53	(9.8%)
Prepaid expenses and other current assets	(80)	34	(8)	(40)	93	—	—	—	—	—	—	—	(0)	(0)	0	(0.0%)
Accounts payable	(245)	580	(156)	(347)	564	42	36	(9)	13	26	3	(40)	468	400	68	17.0%
Accrued expenses	446	(560)	9	(23)	136	6	6	5	7	5	5	2	45	52	(7)	(13.3%)
Accrued income taxes	—	—	—	—	(250)	—	—	—	—	—	—	—	(250)	(250)	—	0.0%
Other changes in operating assets and liabilities	(1)	(827)	(148)	(41)	174	(257)	(226)	113	(373)	(274)	(56)	(328)	(2,244)	(2,644)	400	(15.1%)
Total Cash Flow from Operations	\$ 172	\$ (451)	\$ 644	\$ 144	\$ 868	\$ (34)	\$ (33)	\$ 595	\$ (81)	\$ 41	\$ 191	\$ 78	\$ 2,135	\$ 924	\$ 1,211	131.1%
Cash flow from investing																
Additions to property, plant and equipment	\$ —	\$ (44)	\$ —	\$ (7)	\$ (61)	\$ —	\$ —	\$ (475)	\$ —	\$ —	\$ (345)	\$ —	\$ (933)	\$ (933)	\$ —	0.0%
Total Cash Flow from Investing	\$ —	\$ (44)	\$ —	\$ (7)	\$ (61)	\$ —	\$ —	\$ (475)	\$ —	\$ —	\$ (345)	\$ —	\$ (933)	\$ (933)	\$ —	0.0%
Cash flow from financing																
Common stock issued (repurchased)	—	—	—	—	10,597	—	—	—	—	—	—	—	10,597	10,597	—	0.0%
Other cash flow from financing costs	(0)	—	—	—	(11,871)	34	33	(120)	81	(41)	154	(78)	(11,808)	(10,597)	(1,211)	11.4%
Total Cash Flow from Financing	\$ (0)	\$ —	\$ —	\$ —	\$ (1,274)	\$ 34	\$ 33	\$ (120)	\$ 81	\$ (41)	\$ 154	\$ (78)	\$ (1,211)	\$ (0)	\$ (1,211)	212483754.1%
Net change in cash	\$ 172	\$ (495)	\$ 644	\$ 137	\$ (467)	\$ 0	\$ (0)	\$ (0)	\$ 0	\$ 0	\$ (0)	\$ 0	\$ (9)	\$ (9)	\$ (0)	0.0%
Beginning cash	309	482	(14)	630	767	300	300	300	300	300	300	300	309	309	—	—
Change in cash	172	(495)	644	137	(467)	0	(0)	(0)	0	0	(0)	0	(9)	(9)	(0)	0.0%
Ending cash	\$ 482	\$ (14)	\$ 630	\$ 767	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 0	0.0%

Premier Executive Summary | Project Updates

Project	Lead	Status	Comments
CRM-ERP	Dale		Onsite visit from Gray in February <u>UPDATE:</u> postponed
Lean&6, CI	Dale	 	Yellow belt training completed; white belt training scheduled on-site for Mid-March <u>UPDATE:</u> Postponed until further notice Door line restructuring and storage underway <u>UPDATE:</u> postponed until social distancing guidance relaxes
SBDM Manager	Joey		Candidate Robert “Bob” West, AHC accepted our offer to come on board with a delayed start date of July 15, 2020.
Warehouse Size/Stock Level Eval	Joey		Houston expansion costs under evaluation <u>UPDATE:</u> Cost/need analysis being reviewed given need to curtail expenses - postponed
Integration of new press/Finish Paint System/Viral Mitigation/Building Damage	Joey		Current project focus will be on getting new press and finish paint system operational. Additional steps to address viral mitigation are also taking priority. North wall to be replaced.

Most projects requiring outlays of consequence and direct interactions in close proximity between people have been postponed.

Steps have been taken to maximize cash and reduce expenses, and those steps remain in place.

SBDM position filled by Robert West, AHC with a start date of date July 15th.

Premier Executive Summary | Overview (con't)

States are beginning to plan for phased reopening of businesses. Safety precautions and designs are being evaluated for long-term viability given the likelihood of reoccurrence of either covid-19 waves or other broad public health issues like influenza.

30 Days	60 Days	90 Days
<p>All non-critical travel has been cancelled along with vendor visits (virtual only).</p> <p>Three-person teams have been put in place to manage responses at each of the three locations.</p> <p>Delivery/pickup isolation in place</p> <p>Communications: Applicable posters and handouts have been distributed (PPA, CARE etc)</p> <p>Clear plastic sheet dividers are being evaluated to separate employees and processes with proximity constraints. Clear plastic sheets received.</p> <p>No-touch soap dispensers, washing stations, and water fountains have been procured and are being installed to mitigate traditional touch points – translation to all three locations in process</p>	<p>Ongoing sanitization operations in place including full sanitation one day a week off-shift</p> <p>Cleaning service fogging offices, breakrooms, and all common areas with disinfectant three times per week in Monroe facility. Touch/clean, thermo scan, and distancing implemented</p> <p>Office staff working remotely through fully encrypted services</p> <p>Supply expansion and communication is ongoing to mitigate risk</p> <p>Operation shifts are segregated in terms of distance and schedules</p> <p>Cash burdening outlays have been delayed or cancelled (consulting, CAPEX, etc) Hiring and wage freeze in place</p> <p>Workforce evaluation ongoing</p>	<p>Alignment of inventory, capacity, and operational needs</p> <p>Continued communication with customers, governmental members, employees</p> <p>Management of cash, backlog, customers, and employees</p> <p>Address substantial production impacts from old machinery replacement delays expected to continue at least in the short-term</p> <p>Determination of pandemic impact and short and long-term adjustments</p> <p>Determine CAPEX impact with new-normal</p> <p>Near-term plan determination for economic situation developed with scalar impact projections through October</p>



Premier Executive Summary | April Financial Performance

- \$262K cash contribution for April, and \$1.31M YTD
- APR EBITDA up \$85K vs AOP . Up \$461K versus AOP YTD. Up \$471K, or 38.2%, YTD versus PY
- Credits were again negligible.
- RBB are all favorable

\$262K
CASH
CONTRIBUTIONS
FOR DEBT / I/C

YTD  \$1.31M

Fav \$85K
EBITDA

AOP  \$85K/28.3%
YTD  \$464K/37.6%
PY  \$58K/17.6%


\$516.00

CREDITS
of REV  0.00%
YTD  \$9.4k


\$1.55M
NET REVENUE

AOP  \$8K/0.1%
YTD  \$356K/5.7%
PY  \$91k/6.2%

\$2.04M
BOOKINGS

PY \$1.51M
 PY \$531k/35.1%

\$1.31m
BACKLOG

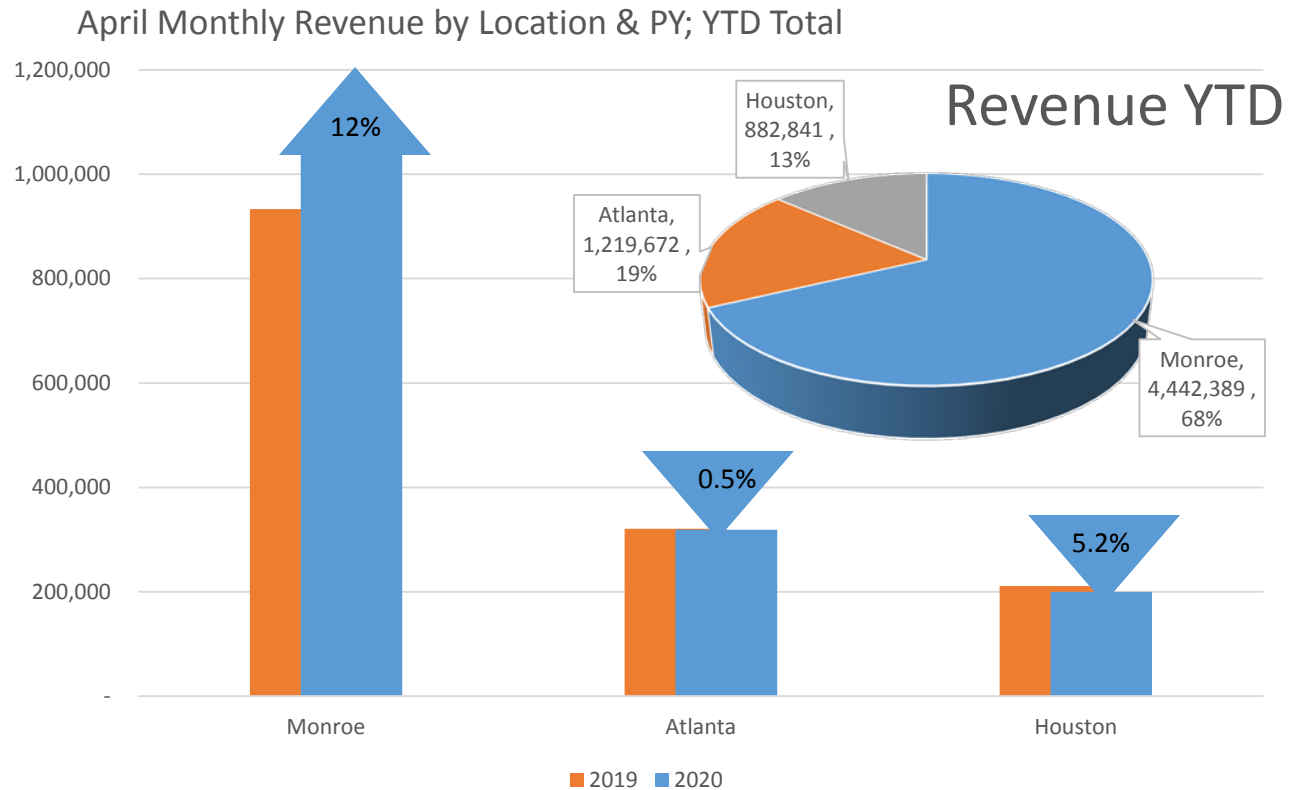
PY \$798k
 PY \$510K/64%

Premier Financial Review | Revenue by Location

- April revenue was favorable but mostly flat to AOP.
- YTD, Monroe accounts for majority of growth - up 12%. Atlanta and Houston are down slightly YTD at 0.5% and 5.2% respectively offset by the substantial increase in Monroe.
- Lack of FG in warehouses is still a contributing factor to lower growth rates. Pandemic mitigation measures and persistent machine issues are hampering abilities to fill both factory and warehouse orders.
- **Intercompany HM purchases down \$103,875 YTD.**

APRIL 2020 = \$343,873

APRIL 2019 = \$447,748



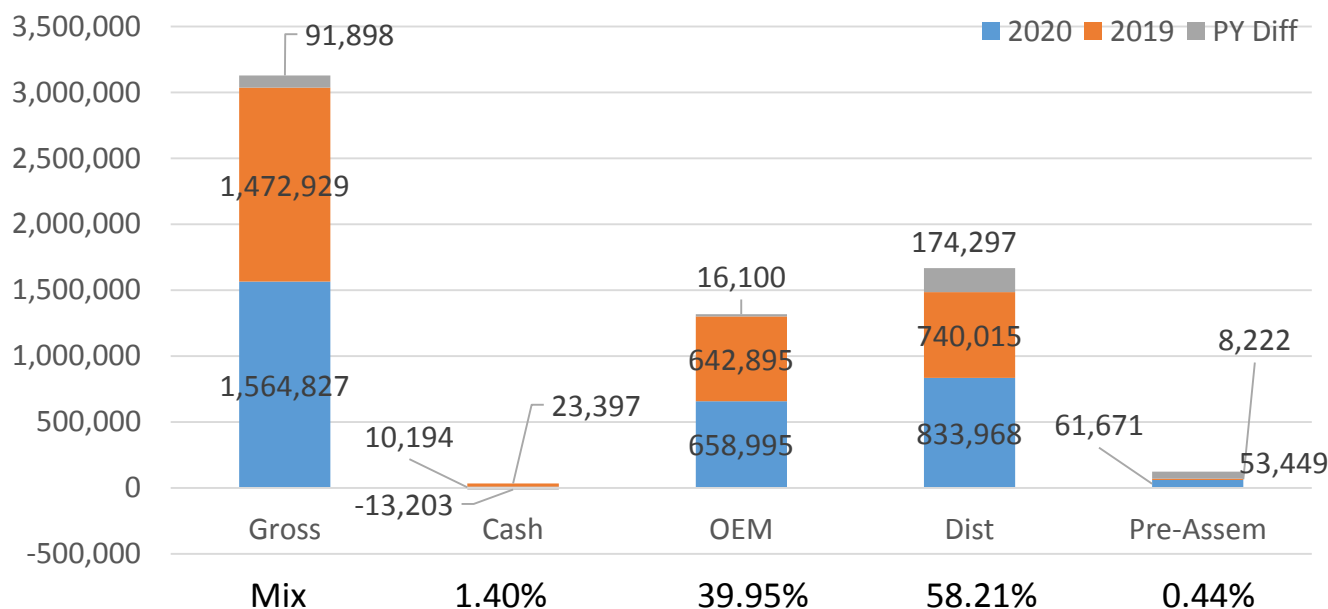
Premier Financial Review | Revenue Segmentation

Gross sales increased 6.24% from PY and beat the AOP. Cash sales were down as expected due to distancing but was substantially outpaced by increases in all other categories.

OEM was relatively steady beating PY and giving some ground to AOP in favor of Distributor sales.

Distributor sales up despite continued reduced intercompany HM demand which is down \$104K YTD.

April Segmentation and Mix



Element	2020	2019	PY Diff	% Change	AOP	AOP Diff	Over/Under
Gross	1,564,827	1,472,929	91,898	6.24%	1,555,012	9,815	0.63%
Cash	10,194	23,397	-13,203	-56.43%	18,909	-8,715	-46.09%
OEM	658,995	642,895	16,100	2.50%	662,772	-3,777	-0.57%
Dist	833,968	652,679	181,289	27.78%	749,623	84,345	11.25%
Pre-Assem	61,671	8,222	53,449	650.07%	23,496	38,175	162.47%

Premier Financial Review | Balance Sheet

\$'000	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20		Variance	
	Act	Act	Act	Act	Act	Bud	\$	%
<u>Current Assets</u>								
Cash and cash equivalents	\$ 309	\$ 482	\$ (14)	\$ 630	\$ 767	\$ 300	\$ 467	155.7%
Accounts receivable, net	1,731	1,969	1,963	1,346	1,523	1,662	(139)	(8.4%)
<i>Inventory, gross</i>	3,060	3,230	3,359	3,433	3,050	3,327	(277)	(8.3%)
<i>Inventory, reserves</i>	(177)	(177)	(177)	(177)	(177)	(177)	–	0.0%
Inventory, net	2,883	3,053	3,182	3,256	2,873	3,149	(277)	(8.8%)
Prepaid expenses and other current assets	44	124	90	98	137	44	93	209.7%
Total Current Assets	4,968	5,628	5,222	5,330	5,300	5,155	144	2.8%
<u>Non-Current Assets</u>								
<i>Property, plant & equipment, gross</i>	1,010	1,010	1,054	1,054	1,061	1,123	(61)	(5.5%)
<i>Accumulated depreciation</i>	(189)	(201)	(213)	(226)	(238)	(240)	2	(0.8%)
Property, plant & equipment, net	821	809	841	829	823	883	(59)	(6.7%)
Goodwill	5,860	5,860	5,860	5,860	5,860	5,610	249	4.4%
Total Non-Current Assets	6,681	6,669	6,701	6,688	6,683	6,493	190	2.9%
Total Assets	\$ 11,649	\$ 12,296	\$ 11,923	\$ 12,018	\$ 11,983	\$ 11,648	\$ 334	2.9%
<u>Current Liabilities</u>								
Accounts payable	345	100	681	524	177	741	(564)	(76.1%)
Accrued liabilities	268	715	155	164	140	277	(136)	(49.3%)
Accrued compensation	366	125	173	129	160	129	31	24.3%
Income taxes payable	877	877	877	877	877	627	250	40.0%
Total Current Liabilities	1,856	1,817	1,885	1,695	1,354	1,773	(418)	(23.6%)
<u>Long-term liabilities</u>								
Capital lease	71	67	64	60	57	–	57	N/A
Deferred income taxes	(250)	(250)	(250)	(250)	(250)	–	(250)	N/A
Other non-current liabilities	(5,874)	(5,630)	(6,502)	(6,603)	(6,671)	(6,660)	(11)	0.2%
Total Long-Term Liabilities	(6,054)	(5,814)	(6,689)	(6,794)	(6,865)	(6,660)	(205)	3.1%
Total Liabilities	(4,198)	(3,997)	(4,804)	(5,099)	(5,511)	(4,887)	(623)	12.7%
<u>Shareholders' Equity</u>								
Common stock	–	–	–	–	–	10,597	(10,597)	(100.0%)
Retained earnings	5,250	5,696	6,130	6,521	6,896	5,939	957	16.1%
Other equity transactions	10,597	10,597	10,597	10,597	10,597	–	10,597	N/A
Total Shareholders' Equity	15,847	16,293	16,727	17,118	17,493	16,536	957	5.8%
Total Liabilities and Shareholders' Equity	\$ 11,649	\$ 12,296	\$ 11,923	\$ 12,018	\$ 11,983	\$ 11,648	\$ 334	2.9%