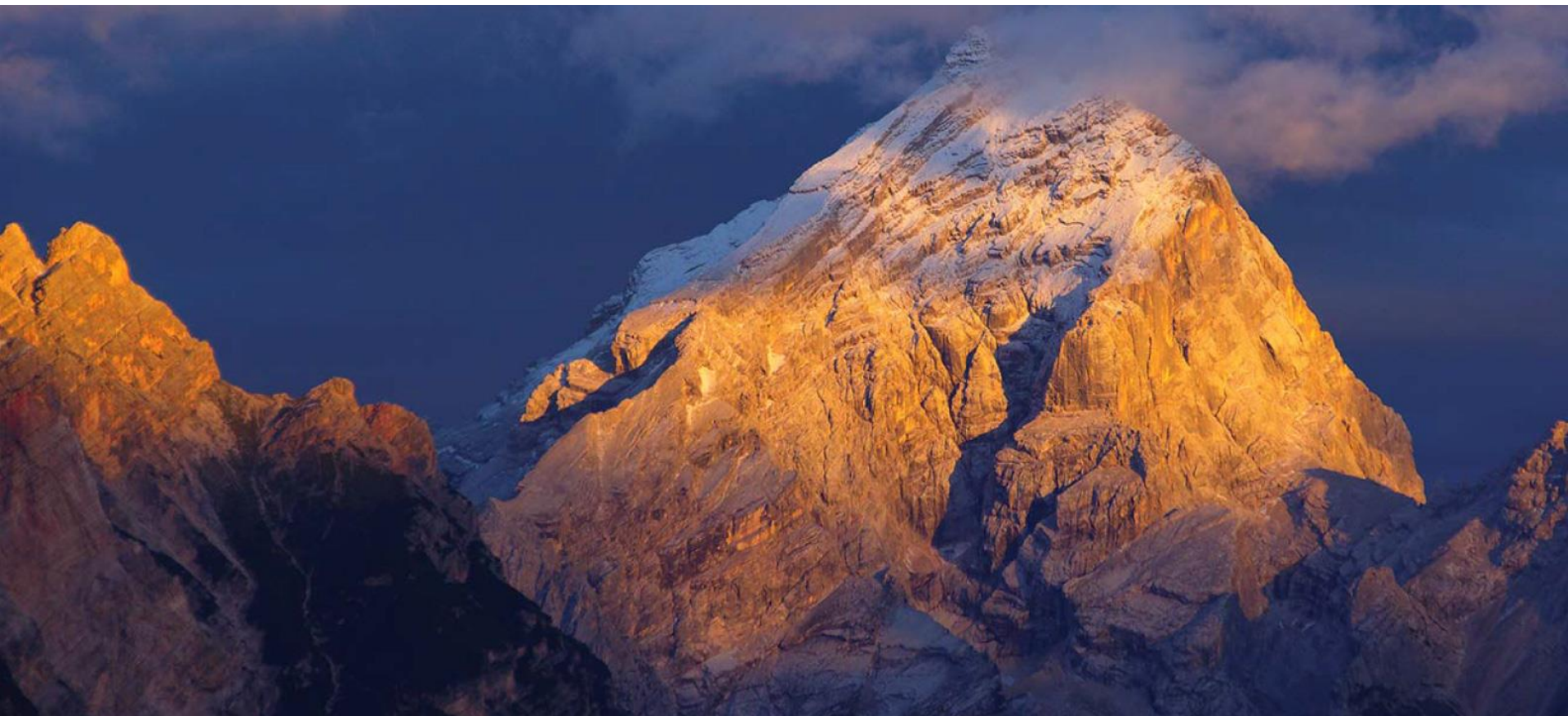




OPENGATE CAPITAL

A GLOBAL PRIVATE EQUITY FIRM



Portfolio Company Review – January 2019

March 4, 2019

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Summary of Portfolio Performance

| Ms in Local Currency | Currency | Revenue | | | | | | | | EBITDA | | | | | | | |
|-------------------------------------|-----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|----------|----------|---------|----------|----------|----------|
| | | MTD | | | | YTD | | | | MTD | | | | YTD | | | |
| | | Act | Rfc | Bud | PY | Act | Rfc | Bud | PY | Act | Rfc | Bud | PY | Act | Rfc | Bud | PY |
| Fund I | RC | | | | | | | | | | | | | | | | |
| North America | | | | | | | | | | | | | | | | | |
| Power Partners, Inc. | \$ | 8.8 | \$ 8.0 | \$ 8.0 | \$ 10.1 | \$ 8.8 | \$ 8.0 | \$ 8.0 | \$ 10.1 | \$ 0.7 | \$ 0.1 | \$ 0.1 | \$ 0.5 | \$ 0.7 | \$ 0.1 | \$ 0.1 | \$ 0.5 |
| Energi Fenestration Solutions, Ltd. | \$ | 10.9 | \$ 11.3 | \$ 11.3 | \$ 13.1 | \$ 10.9 | \$ 11.3 | \$ 11.3 | \$ 13.1 | \$ 0.0 | \$ (0.0) | \$ (0.0) | \$ (0.0) | \$ 0.0 | \$ (0.0) | \$ (0.0) | \$ (0.0) |
| Hufcor Holdings, Inc. | \$ | 10.2 | \$ 10.9 | \$ 10.9 | \$ 10.0 | \$ 10.2 | \$ 10.9 | \$ 10.9 | \$ 10.0 | \$ 0.1 | \$ (0.1) | \$ (0.1) | \$ (0.6) | \$ 0.1 | \$ (0.1) | \$ (0.1) | \$ (0.6) |
| Mersive Holdings, Inc. | \$ | 2.6 | \$ 2.5 | \$ 2.5 | \$ 1.7 | \$ 2.6 | \$ 2.5 | \$ 2.5 | \$ 1.7 | \$ 0.1 | \$ (0.1) | \$ (0.1) | \$ 0.4 | \$ 0.1 | \$ (0.1) | \$ (0.1) | \$ 0.4 |
| Europe | | | | | | | | | | | | | | | | | |
| Bois & Materiaux | € | 50.5 | € 48.9 | € 48.9 | € 49.2 | € 50.5 | € 48.9 | € 48.9 | € 49.2 | € 0.9 | € 0.9 | € 0.9 | € 0.7 | € 0.9 | € 0.9 | € 0.9 | € 0.7 |
| Alfatherm S.p.A. | € | 5.5 | € 5.6 | € 5.9 | € 5.6 | € 5.5 | € 5.6 | € 5.9 | € 5.6 | € 0.2 | € 0.5 | € 0.3 | € 0.5 | € 0.2 | € 0.5 | € 0.3 | € 0.5 |
| EverZinc BV | € | 41.9 | € 41.9 | € 43.3 | € 54.8 | € 41.9 | € 41.9 | € 43.3 | € 54.8 | € 2.1 | € 2.1 | € 2.1 | € 2.5 | € 2.1 | € 2.1 | € 2.1 | € 2.5 |
| Jotul AS | kr | 78.3 | NA | kr 69.3 | kr 68.5 | kr 78.3 | NA | kr 69.3 | kr 68.5 | kr 5.5 | NA | kr 2.0 | kr 3.8 | kr 5.5 | NA | kr 2.0 | kr 3.8 |
| Fichet Security Solutions | € | 9.0 | € 9.0 | € 8.8 | € 9.0 | € 9.0 | € 9.0 | € 8.8 | € 9.0 | € (1.3) | € (1.3) | € (1.3) | € (0.9) | € (1.3) | € (1.3) | € (1.3) | € (0.9) |

| Ms in Local Currency | Currency | Net Debt (External) | | | | Capex | | | |
|-------------------------------------|-----------|---------------------|----------|----------|----------|----------|----------|----------|----------|
| | | MTD | | | | YTD | | | |
| | | Act | Rfc | Bud | PY | Act | Rfc | Bud | PY |
| Fund I | RC | | | | | | | | |
| North America | | | | | | | | | |
| Power Partners, Inc. | \$ | 12.8 | \$ 18.1 | \$ 18.1 | \$ 17.3 | \$ (0.0) | \$ (0.1) | \$ (0.1) | \$ (0.1) |
| Energi Fenestration Solutions, Ltd. | \$ | 28.3 | \$ 30.0 | \$ 30.0 | \$ 22.8 | \$ (0.5) | \$ (0.8) | \$ (0.8) | \$ (1.1) |
| Hufcor Holdings, Inc. | \$ | 40.0 | \$ 36.9 | \$ 36.9 | \$ 37.2 | \$ (0.2) | \$ - | \$ - | \$ (0.1) |
| Mersive Holdings, Inc. | \$ | (2.9) | \$ (1.5) | \$ (1.5) | \$ 0.4 | \$ (0.1) | \$ (0.0) | \$ (0.0) | \$ (0.0) |
| Europe | | | | | | | | | |
| Bois & Materiaux | € | 30.7 | € 33.1 | € 33.1 | € 33.6 | € (0.4) | € (0.7) | € (0.7) | € (0.0) |
| Alfatherm S.p.A. | € | 20.0 | € 24.3 | € 20.4 | € 24.3 | € (0.0) | € (0.2) | € (0.4) | € (0.2) |
| EverZinc BV | € | 69.9 | € 69.9 | € 51.0 | € 75.1 | € (1.5) | € (1.5) | € (0.6) | € (0.5) |
| Jotul AS | kr | 179.8 | NA | kr 197.3 | kr 499.1 | kr (1.6) | NA | kr (4.7) | kr (1.3) |
| Fichet Security Solutions | € | (25.9) | € (25.9) | € (29.2) | € 16.2 | € (0.1) | € (0.1) | € (0.1) | € (0.1) |



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➔ Summary of Portfolio Performance

➔ Fund I – North America

Power Partners, Inc.

Energi Fenestration Solutions, Ltd.

Hufcor Holdings, Inc.

Mersive Holdings, Inc.

➔ Fund I – Europe

➔ Legacy





Strong start to the year in Jan and Feb 2019; however, availability is tight and PPI's #1 customer (Southern Company) is at risk

➔ Operational Overview:

- Jan 2019 revenue of \$8.8M exceeded Plan by \$855K; EBITDA of \$732K exceeded Plan by \$633K
- Feb 2019 revenue of \$11.6M exceeded Plan by \$3.0M and prior year by \$2.4M. Production steady at ~450 units per day
- Backlog has increased to \$23M (\$11M higher than last year) due to oil and gas, LADWP (\$2M recent order), and PG&E
- Project Acapulco in process
- Largest revenue customer (Southern Company) engaged Bain to do a supply chain analysis, resulting in an RFP process among 8-10 suppliers. Risk is \$20M in revenue at 15% GM
- Availability starting to get tight again at ~\$3M. Working capital has crept back up due to inventory build for PG&E
- PG&E units started shipping via third party distributor OneSource. No collection issues identified to date but will continue to monitor
- ABB separation is on track
- Padmount product moving forward according to plan; final step is certification by end of Q1 2019

➔ Key Initiatives

| Key Initiative | Status | Expected Progress/Milestones Over Next 90 Days |
|------------------|--------|--|
| Project Acapulco | ● | Sale process kicked off; KPMG and William Blair selected as sell side advisors |
| ABB Separation | ● | 3 field sales reps, 3 inside sales reps, EDI implementation, 5 external reps |
| Padmount | ● | Commercial discussions in progress. Short circuit testing complete; certification expected by end of Q1 2019 |
| PG&E | ● | Monitoring bankruptcy situation; team held in-person meetings with PG&E last Thursday |

Jan 2019 revenue and EBITDA significantly exceeded budget and prior year

➔ Profit & Loss Statement

| \$'000s Power Partners, Inc. | MTD | | Var | | MTD | | Var | | YTD | | Var | | YTD | | Var | | FY | | Var | | FY | | Var | |
|---------------------------------|----------|----------|--------|-----------|----------|------------|----------|----------|----------|--------|-----------|-----------|------------|----------|------------|------------|--------|---------|------------|------------|----------|--|-----|---|
| | Act | Bud | \$ | % | PY | \$ | % | Act | Bud | \$ | % | PY | \$ | % | Actual | Bud | \$ | % | PY | \$ | % | | \$ | % |
| Gross Revenue | \$ 8,786 | \$ 7,958 | \$ 827 | 10.4% | \$10,057 | \$ (1,272) | (12.6%) | \$ 8,786 | \$ 7,958 | \$ 827 | 10.4% | \$ 10,057 | \$ (1,272) | (12.6%) | \$ 116,555 | \$ 115,728 | \$ 827 | 0.7% | \$ 125,224 | \$ (8,669) | (6.9%) | | | |
| Adj. to Gross Revenue | 25 | (2) | 27 | (1211.6%) | (5) | 30 | (575.1%) | 25 | (2) | 27 | (1211.6%) | (5) | 30 | (575.1%) | (5) | (33) | 27 | (83.3%) | (55) | 49 | (89.9%) | | | |
| Net Revenue | 8,811 | 7,956 | 855 | 10.7% | 10,052 | (1,241) | (12.3%) | 8,811 | 7,956 | 855 | 10.7% | 10,052 | (1,241) | (12.3%) | 116,550 | 115,695 | 855 | 0.7% | 125,170 | (8,620) | (6.9%) | | | |
| Material | 5,580 | 4,969 | 611 | 12.3% | 5,942 | (362) | (6.1%) | 5,580 | 4,969 | 611 | 12.3% | 5,942 | (362) | (6.1%) | 70,177 | 69,565 | 611 | 0.9% | 75,787 | (5,611) | (7.4%) | | | |
| Labor | 2,203 | 1,522 | 680 | 44.7% | 2,078 | 124 | 6.0% | 2,203 | 1,522 | 680 | 44.7% | 2,078 | 124 | 6.0% | 22,325 | 21,645 | 680 | 3.1% | 23,347 | (1,022) | (4.4%) | | | |
| Other COGS | (101) | 826 | (927) | (112.2%) | 783 | (884) | (112.9%) | (101) | 826 | (927) | (112.2%) | 783 | (884) | (112.9%) | 10,810 | 11,737 | (927) | (7.9%) | 10,992 | (182) | (1.7%) | | | |
| Total COGS | 7,682 | 7,317 | 365 | 5.0% | 8,803 | (1,121) | (12.7%) | 7,682 | 7,317 | 365 | 5.0% | 8,803 | (1,121) | (12.7%) | 103,312 | 102,947 | 365 | 0.4% | 110,127 | (6,815) | (6.2%) | | | |
| Gross Margin | 1,129 | 639 | 490 | 76.7% | 1,249 | (120) | (9.6%) | 1,129 | 639 | 490 | 76.7% | 1,249 | (120) | (9.6%) | 13,238 | 12,748 | 490 | 3.8% | 15,043 | (1,805) | (12.0%) | | | |
| Gross Margin % | 12.8% | 8.0% | | | 12.4% | | | 12.8% | 8.0% | | | 12.4% | | | 11.4% | 11.0% | | | 12.0% | | | | | |
| R&D | 15 | — | 15 | n/a | — | 15 | n/a | 15 | — | 15 | n/a | — | 15 | n/a | 15 | — | 15 | n/a | 16 | (1) | (3.4%) | | | |
| Sales & Marketing | 80 | 162 | (82) | (50.9%) | 73 | 7 | 9.6% | 80 | 162 | (82) | (50.9%) | 73 | 7 | 9.6% | 1,882 | 1,964 | (82) | (4.2%) | 828 | 1,054 | 127.3% | | | |
| Administrative | 302 | 377 | (75) | (20.0%) | 409 | (107) | (26.1%) | 302 | 377 | (75) | (20.0%) | 409 | (107) | (26.1%) | 4,478 | 4,554 | (75) | (1.7%) | 4,791 | (313) | (6.5%) | | | |
| Other Opex | — | — | — | n/a | 271 | (271) | (100.0%) | — | — | — | n/a | 271 | (271) | (100.0%) | — | — | — | n/a | 2,276 | (2,276) | (100.0%) | | | |
| Total Opex | 397 | 539 | (143) | (26.5%) | 753 | (356) | (47.3%) | 397 | 539 | (143) | (26.5%) | 753 | (356) | (47.3%) | 6,375 | 6,518 | (143) | (2.2%) | 7,911 | (1,536) | (19.4%) | | | |
| EBITDA | 732 | 99 | 633 | 637.3% | 496 | 236 | 47.6% | 732 | 99 | 633 | 637.3% | 496 | 236 | 47.6% | 6,863 | 6,230 | 633 | 10.2% | 7,132 | (269) | (3.8%) | | | |
| EBITDA % | 8.3% | 1.2% | | | 4.9% | | | 8.3% | 1.2% | | | 4.9% | | | 5.9% | 5.4% | | | 5.7% | | | | | |
| Net Income (Loss) | \$ 275 | \$ (253) | \$ 528 | (208.8%) | \$ 81 | \$ 194 | 238.6% | \$ 275 | \$ (253) | \$ 528 | (208.8%) | \$ 81 | \$ 194 | 238.6% | \$ 1,561 | \$ 1,033 | \$ 528 | 51.1% | \$ 1,066 | \$ 495 | 46.5% | | | |
| Capex | \$ (36) | \$ (148) | \$ 112 | (75.4%) | \$ (70) | \$ 34 | (48.2%) | \$ (36) | \$ (148) | \$ 112 | (75.4%) | \$ (70) | \$ 34 | (48.2%) | \$ (1,664) | \$ (1,776) | \$ 112 | (6.3%) | \$ (1,326) | \$ (339) | 25.5% | | | |

Working capital in Jan 2019 strained due to inventory build for PG&E shipments scheduled for mid-Feb

➔ Balance Sheet

| \$'000s | Dec-18 | Oct-18 | Nov-18 | Dec-18 | Jan-19 | Variance | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|---------------------------|
| Current Assets | | | | | | | |
| Cash and cash equivalents | \$ 103 | \$ 121 | \$ 133 | \$ 103 | \$ 149 | \$ 121 | 23.5% |
| Short term investments | — | — | — | — | — | — | 0.0% |
| Accounts receivable, net | 11,751 | 16,705 | 15,917 | 11,751 | 11,002 | 12,000 | (998) (8.3%) |
| Inventory, net | 13,231 | 17,161 | 15,796 | 13,231 | 17,301 | 16,000 | 1,301 8.1% |
| Prepaid expenses and other current assets | 770 | 984 | 848 | 770 | 1,082 | 974 | 107 11.0% |
| Current portion of deferred taxes | — | — | — | — | — | — | 0.0% |
| Revenue in excess of billings | — | — | — | — | — | — | 0.0% |
| Other current assets | 12 | 8 | 12 | 12 | 13 | 8 | 5 55.3% |
| Total Current Assets | 25,867 | 34,979 | 32,706 | 25,867 | 29,547 | 29,104 | 444 1.5% |
| Non-Current Assets | | | | | | | |
| Property, plant & equipment, net | 9,268 | 8,988 | 9,233 | 9,268 | 9,159 | 8,448 | 711 8.4% |
| Goodwill | 6,390 | 6,541 | 6,466 | 6,390 | 6,314 | 6,371 | (57) (0.9%) |
| Identifiable intangible assets, net | — | — | — | — | — | — | 0.0% |
| Deferred financing cost | 154 | 167 | 160 | 154 | 148 | 148 | — 0.0% |
| Deferred tax asset | 620 | 646 | 633 | 620 | 607 | 646 | (39) (6.0%) |
| Other non-current assets | — | (1) | 4 | — | 14 | 13 | 0 1.4% |
| Total Non-Current Assets | 16,432 | 16,341 | 16,496 | 16,432 | 16,241 | 15,626 | 615 3.9% |
| Total Assets | \$ 42,299 | \$ 51,320 | \$ 49,202 | \$ 42,299 | \$ 45,789 | \$ 44,730 | \$ 1,059 2.4% |
| Current Liabilities | | | | | | | |
| Current portion of long-term debt | \$ 6,561 | \$ 16,077 | \$ 13,964 | \$ 6,561 | \$ 11,249 | \$ 16,514 | (5,265) (31.9%) |
| Notes payable | — | — | — | — | — | — | 0.0% |
| Accounts payable | 13,205 | 14,477 | 13,430 | 13,205 | 12,829 | 9,500 | 3,329 35.0% |
| Accrued liabilities | 5,266 | 3,541 | 4,331 | 5,266 | 3,946 | 2,365 | 1,581 66.9% |
| Accrued compensation | 53 | 161 | 268 | 53 | 235 | 150 | 85 56.4% |
| Income taxes payable | 284 | 278 | 276 | 284 | 364 | 278 | 86 31.0% |
| Short-term unearned revenue | — | — | — | — | — | — | 0.0% |
| Other current liabilities | 279 | 266 | 273 | 279 | 282 | 237 | 45 18.9% |
| Total Current Liabilities | 25,648 | 34,801 | 32,542 | 25,648 | 28,905 | 29,044 | (139) (0.5%) |
| Long-term liabilities | | | | | | | |
| Long-term debt less current maturities | — | — | — | — | — | — | 0.0% |
| Capital lease | 1,788 | 1,880 | 1,834 | 1,788 | 1,742 | 1,704 | 38 2.3% |
| Debt owing to OpenGate | — | — | — | — | — | — | 0.0% |
| Deferred income taxes | — | — | — | — | — | — | 0.0% |
| Long-term unearned revenue | — | — | — | — | — | — | 0.0% |
| Deferred liabilities | 708 | 498 | 690 | 708 | 708 | 625 | 83 13.2% |
| Other non-current liabilities | 4,572 | 4,550 | 4,568 | 4,572 | 4,575 | 4,550 | 26 0.6% |
| Total Long-Term Liabilities | 7,069 | 6,928 | 7,093 | 7,069 | 7,026 | 6,879 | 147 2.1% |
| Total Liabilities | 32,717 | 41,729 | 39,635 | 32,717 | 35,931 | 35,923 | 8 0.0% |
| Commitments and contingencies | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | 0.0% |
| Total Shareholders' Equity | 9,583 | 9,591 | 9,567 | 9,583 | 9,858 | 8,807 | 1,051 11.9% |
| Total Liabilities and Shareholders' Equity | \$ 42,299 | \$ 51,320 | \$ 49,202 | \$ 42,299 | \$ 45,789 | \$ 44,730 | \$ 1,059 2.4% |
| Memo: | | | | | | | |
| Net Working Capital | \$ 6,677 | \$ 16,134 | \$ 13,994 | \$ 6,677 | \$ 11,742 | \$ 16,453 | \$ (4,710) (28.6%) |
| Total Net External Debt | \$ 8,246 | \$ 17,836 | \$ 15,665 | \$ 8,246 | \$ 12,842 | \$ 18,097 | \$ (5,255) (29.0%) |

Cash is tight. Availability to hover at ~\$3M over next several months due to ABB payments, OGC monitoring fee payments, and inventory ramp up for PG&E

➡ Cash Flow Statement

| \$'000s | MTD | | Var | | YTD | | Var | |
|--|-------------------|-------------------|-------------------|----------------|-------------------|-------------------|-------------------|----------------|
| | Act | Bud | \$ | % | Act | Bud | \$ | % |
| Power Partners, Inc. | | | | | | | | |
| Cash flow from operations | | | | | | | | |
| Net Income (Loss) | \$ 275 | \$ (253) | \$ 528 | (208.8%) | \$ 275 | \$ (253) | \$ 528 | (208.8%) |
| Depreciation, amortization and other | 228 | 232 | (4) | (1.9%) | 228 | 232 | (4) | (1.9%) |
| Capitalized fees & expenses | — | — | — | n/a | — | — | — | n/a |
| Gain (loss) on sale of fixed assets | — | — | — | n/a | — | — | — | n/a |
| Non-cash interest expense | — | — | — | n/a | — | — | — | n/a |
| Non-cash dividends | — | — | — | n/a | — | — | — | n/a |
| Deferred income tax | 13 | (26) | 39 | (150.0%) | 13 | (26) | 39 | (150.0%) |
| Change in operating assets and liabilities: | | | | | | | | |
| Accounts receivable | 749 | (249) | 998 | (401.2%) | 749 | (249) | 998 | (401.2%) |
| Inventory | (4,070) | (2,769) | (1,301) | 47.0% | (4,070) | (2,769) | (1,301) | 47.0% |
| Prepaid expenses & other current assets | (312) | (201) | (112) | 55.8% | (312) | (201) | (112) | 55.8% |
| Accounts payable | (376) | (3,705) | 3,329 | (89.9%) | (376) | (3,705) | 3,329 | (89.9%) |
| Accrued expenses | (1,320) | (2,901) | 1,581 | (54.5%) | (1,320) | (2,901) | 1,581 | (54.5%) |
| Accrued income taxes | — | — | — | n/a | — | — | — | n/a |
| Other changes in op. assets & liabilities | 254 | 49 | 205 | 418.4% | 254 | 49 | 205 | 418.4% |
| Other cash flow from operations | — | — | — | n/a | — | — | — | n/a |
| Total Cash Flow from Operations | \$ (4,559) | \$ (9,822) | \$ 5,263 | (53.6%) | \$ (4,559) | \$ (9,822) | \$ 5,263 | (53.6%) |
| Cash flow from investing | | | | | | | | |
| Additions to PP&E | \$ (36) | \$ (148) | 112 | (75.4%) | \$ (36) | \$ (148) | 112 | (75.4%) |
| Acq. of companies, net of cash acquired | — | — | — | n/a | — | — | — | n/a |
| Investment in intangibles | — | — | — | n/a | — | — | — | n/a |
| Earnout payments | — | — | — | n/a | — | — | — | n/a |
| Other cash flow from investing (goodwill) | — | — | — | n/a | — | — | — | n/a |
| Total Cash Flow from Investing | \$ (36) | \$ (148) | \$ 112 | (75.4%) | \$ (36) | \$ (148) | \$ 112 | (75.4%) |
| Cash flow from financing | | | | | | | | |
| Proceeds from issuance (repmt) of ST debt | \$ 4,689 | \$ 10,073 | \$ (5,384) | (53.5%) | \$ 4,689 | \$ 10,073 | \$ (5,384) | (53.5%) |
| Proceeds from the issuance of debt | — | — | — | n/a | — | — | — | n/a |
| Repayment of debt | — | — | — | n/a | — | — | — | n/a |
| Capital lease | (46) | (85) | 38 | (45.5%) | (46) | (85) | 38 | (45.5%) |
| Common stock issued (repurchased) | — | — | — | n/a | — | — | — | n/a |
| Common stock cash dividends paid | — | — | — | n/a | — | — | — | n/a |
| Preferred stock issued (repurchased) | — | — | — | n/a | — | — | — | n/a |
| Other cash flow from financing costs | — | — | — | n/a | — | — | — | n/a |
| Total Cash Flow from Financing | \$ 4,642 | \$ 9,988 | \$ (5,346) | (53.5%) | \$ 4,642 | \$ 9,988 | \$ (5,346) | (53.5%) |
| Effect of FX rates on cash & cash equivalents | \$ — | \$ — | \$ — | n/a | \$ — | \$ — | \$ — | n/a |
| Net change in cash | \$ 47 | \$ 18 | \$ 28 | n/a | \$ 47 | \$ 18 | \$ 28 | 154.3% |
| Beginning cash | 103 | 50 | 53 | 105.1% | 103 | 103 | — | 0.0% |
| Change in cash | 47 | 18 | 28 | n/a | 47 | 18 | 28 | 154.3% |
| Ending cash | \$ 149 | \$ 68 | \$ 81 | 118.4% | \$ 149 | \$ 121 | \$ 28 | 23.5% |

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➔ Summary of Portfolio Performance

➔ Fund I – North America

Power Partners, Inc.

Energi Fenestration Solutions, Ltd.

Hufcor Holdings, Inc.

Mersive Holdings, Inc.

➔ Fund I – Europe

➔ Legacy





ENERGI





FENESTRATION SOLUTIONS

Softness in North American market caused Jan 2019 Revenue to miss Plan. However, EBITDA ahead of Plan due to operational improvements

➔ Operational Overview:

- Jan 2019 revenue of \$10.9M missed Plan by \$0.3M and prior year by \$2.1M; EBITDA of \$37K exceeded Plan by \$64K
- At 2/28, Feb MTD sales were at \$11.0M, missing Plan and Prior Year by \$1.3M
- Cold temperatures YTD have caused softness in the North American market, particularly for Woodbridge and Everett, partially offset by strength at Delmont due to a strong start to the year from its major customers
- Jan EBITDA ahead of Plan due to continued focus on lower material cost inputs, optimizing labor costs across the business, opex reductions, and Terrebonne production optimization and labor planning for the high season
- 3 customer losses in January across Everett and Laval due to customer closures and M&A; represents ~\$800K previously assumed in 2019 AOP; sales team is working to identify additional business opportunities to compensate for these losses
- CDI Resin Index remained unchanged for Dec 2018 vs the April 2018 price. Industry expectation is a resin increase of 2-3cpp in Feb 2019
- Availability has dropped to \$9.9M due to lower working capital and seasonality

➔ Key Initiatives

| Key Initiative | Status | Expected Progress/Milestones Over Next 90 Days |
|--------------------------|---|---|
| Sale process |  | William Blair engaged; QoE provider selected |
| Alternative compound |  | Discussions ongoing with suppliers regarding alternative material compound or regrind |
| Terrebonne profitability |  | Sales order volume is up; operational improvements in progress |
| Capex |  | Management has revised 2019 AOP capex down from \$10M to \$8M |

➔ Profit & Loss Statement

| | MTD | | | | | | | YTD | | | | | | | FY | | | | | | | | | |
|-------------------------------------|----------|------------|----------|----------|------------|------------|----------|-----------|------------|----------|----------|------------|------------|----------|------------|------------|----------|--------|-------------|----------|----------|--|-----|--|
| \$'000s | MTD | | Var | | MTD | | Var | | YTD | | Var | | YTD | | Var | | FY | | Var | | FY | | Var | |
| Energy Fenestration Solutions, Ltd. | Act | Bud | \$ | % | PY | \$ | % | Act | Bud | \$ | % | PY | \$ | % | Actual | Bud | \$ | % | PY | \$ | % | | | |
| Gross Revenue | \$11,539 | \$11,832 | \$ (293) | (2.5%) | \$13,659 | \$ (2,119) | (15.5%) | \$ 11,539 | \$ 11,832 | \$ (293) | (2.5%) | \$ 13,659 | \$ (2,119) | (15.5%) | \$187,743 | \$188,036 | \$ (293) | (0.2%) | \$180,235 | \$ 7,509 | 4.2% | | | |
| Adj. to Gross Revenue | (597) | (545) | (51) | 9.4% | (590) | (7) | 1.2% | (597) | (545) | (51) | 9.4% | (590) | (7) | 1.2% | (9,928) | (9,876) | (51) | 0.5% | (9,727) | (201) | 2.1% | | | |
| Net Revenue | 10,942 | 11,287 | (344) | (3.1%) | 13,069 | (2,126) | (16.3%) | 10,942 | 11,287 | (344) | (3.1%) | 13,069 | (2,126) | (16.3%) | 177,815 | 178,160 | (344) | (0.2%) | 170,508 | 7,308 | 4.3% | | | |
| Material | 5,204 | 5,495 | (292) | (5.3%) | 6,342 | (1,138) | (17.9%) | 5,204 | 5,495 | (292) | (5.3%) | 6,342 | (1,138) | (17.9%) | 88,064 | 88,355 | (292) | (0.3%) | 83,297 | 4,766 | 5.7% | | | |
| Labor | 2,927 | 3,072 | (145) | (4.7%) | 3,458 | (530) | (15.3%) | 2,927 | 3,072 | (145) | (4.7%) | 3,458 | (530) | (15.3%) | 38,226 | 38,371 | (145) | (0.4%) | 38,503 | (277) | (0.7%) | | | |
| Other COGS | 1,309 | 1,101 | 209 | 19.0% | 1,663 | (354) | (21.3%) | 1,309 | 1,101 | 209 | 19.0% | 1,663 | (354) | (21.3%) | 20,469 | 20,261 | 209 | 1.0% | 20,808 | (339) | (1.6%) | | | |
| Total COGS | 9,440 | 9,668 | (228) | (2.4%) | 11,462 | (2,022) | (17.6%) | 9,440 | 9,668 | (228) | (2.4%) | 11,462 | (2,022) | (17.6%) | 146,759 | 146,986 | (228) | (0.2%) | 142,608 | 4,150 | 2.9% | | | |
| Gross Margin | 1,502 | 1,618 | (117) | (7.2%) | 1,606 | (104) | (6.5%) | 1,502 | 1,618 | (117) | (7.2%) | 1,606 | (104) | (6.5%) | 31,057 | 31,173 | (117) | (0.4%) | 27,899 | 3,158 | 11.3% | | | |
| Gross Margin % | 13.7% | 14.3% | | | 12.3% | | | 13.7% | 14.3% | | | 12.3% | | | 17.5% | 17.5% | | | 16.4% | | | | | |
| R&D | — | — | — | n/a | — | — | n/a | — | — | — | n/a | — | — | n/a | — | — | — | n/a | — | — | n/a | | | |
| Sales & Marketing | 554 | 594 | (40) | (6.7%) | 697 | (143) | (20.5%) | 554 | 594 | (40) | (6.7%) | 697 | (143) | (20.5%) | 7,208 | 7,247 | (40) | (0.5%) | 7,045 | 163 | 2.3% | | | |
| Administrative | 1,037 | 1,068 | (30) | (2.9%) | 1,048 | (11) | (1.1%) | 1,037 | 1,068 | (30) | (2.9%) | 1,048 | (11) | (1.1%) | 12,741 | 12,772 | (30) | (0.2%) | 10,240 | 2,502 | 24.4% | | | |
| Other Opex | (127) | (16) | (111) | 681.3% | (126) | (1) | 1.0% | (127) | (16) | (111) | 681.3% | (126) | (1) | 1.0% | (339) | (228) | (111) | 48.5% | 302 | (640) | (212.2%) | | | |
| Total Opex | 1,465 | 1,645 | (181) | (11.0%) | 1,620 | (156) | (9.6%) | 1,465 | 1,645 | (181) | (11.0%) | 1,620 | (156) | (9.6%) | 19,610 | 19,791 | (181) | (0.9%) | 17,586 | 2,024 | 11.5% | | | |
| EBITDA | 37 | (27) | 64 | (237.4%) | (14) | 51 | (363.9%) | 37 | (27) | 64 | (237.4%) | (14) | 51 | (363.9%) | 11,446 | 11,382 | 64 | 0.6% | 10,313 | 1,133 | 11.0% | | | |
| EBITDA % | 0.3% | (0.2%) | | | (0.1%) | | | 0.3% | (0.2%) | | | (0.1%) | | | 6.4% | 6.4% | | | 6.0% | | | | | |
| Net Income (Loss) | \$ (886) | \$ (1,146) | \$ 260 | (22.7%) | \$ (473) | \$ (413) | 87.3% | \$ (886) | \$ (1,146) | \$ 260 | (22.7%) | \$ (473) | \$ (413) | 87.3% | \$ (3,040) | \$ (3,300) | \$ 260 | (7.9%) | \$ (3,820) | \$ 780 | (20.4%) | | | |
| Capex | \$ (489) | \$ (834) | \$ 345 | (41.4%) | \$ (1,061) | \$ 572 | (53.9%) | \$ (489) | \$ (834) | \$ 345 | (41.4%) | \$ (1,061) | \$ 572 | (53.9%) | \$ (7,655) | \$ (8,000) | \$ 345 | (4.3%) | \$ (10,215) | \$ 2,560 | (25.1%) | | | |

Working capital and debt increasing due to inventory purchases as part of seasonal ramp up

➔ Balance Sheet

| \$'000s | Dec-17 | Oct-18 | Nov-18 | Dec-18 | Jan-19 | | Variance | |
|---|------------------|-------------------|-------------------|------------------|------------------|-------------------|-------------------|---------------|
| Energy Fenestration Solutions, Ltd. | Act | Act | Act | Act | Act | Bud | \$ | % |
| Current Assets | | | | | | | | |
| Cash and cash equivalents | \$ (0) | \$ (0) | \$ (0) | \$ 0 | \$ 3 | \$ 3 | \$ 0 | 12.2% |
| Short term investments | — | — | — | — | — | — | — | 0.0% |
| Accounts receivable, net | 11,846 | 14,273 | 13,483 | 8,507 | 8,701 | 10,185 | (1,484) | (14.6%) |
| Inventory, net | 29,714 | 30,528 | 29,790 | 30,309 | 33,091 | 32,589 | 502 | 1.5% |
| Prepaid expenses and other current assets | 3,306 | 3,411 | 3,398 | 2,942 | 3,145 | 3,216 | (71) | (2.2%) |
| Current portion of deferred taxes | — | — | — | — | — | — | — | 0.0% |
| Revenue in excess of billings | — | — | — | — | — | — | — | 0.0% |
| Other current assets | 992 | 2,069 | 2,311 | 901 | 761 | 690 | 71 | 10.3% |
| Total Current Assets | 45,859 | 50,281 | 48,982 | 42,658 | 45,702 | 46,683 | (981) | (2.1%) |
| Non-Current Assets | | | | | | | | |
| Property, plant & equipment, net | 46,814 | 47,337 | 47,195 | 47,338 | 47,932 | 49,536 | (1,604) | (3.2%) |
| Goodwill | — | — | — | — | — | — | — | 0.0% |
| Identifiable intangible assets, net | — | — | — | — | — | — | — | 0.0% |
| Deferred financing cost | 529 | 583 | 566 | 548 | 546 | 546 | 1 | 0.1% |
| Deferred tax asset | 1,401 | 1,356 | 1,344 | 1,319 | 1,353 | 1,367 | (13) | (1.0%) |
| Other non-current assets | 2,795 | 2,798 | 2,785 | 2,616 | 2,688 | 3,004 | (315) | (10.5%) |
| Total Non-Current Assets | 51,539 | 52,074 | 51,889 | 51,821 | 52,520 | 54,452 | (1,932) | (3.5%) |
| Total Assets | \$ 97,397 | \$ 102,355 | \$ 100,872 | \$ 94,479 | \$ 98,222 | \$ 101,134 | \$ (2,913) | (2.9%) |
| Current Liabilities | | | | | | | | |
| Current portion of long-term debt | \$ 3,940 | \$ 12,826 | \$ 12,019 | \$ 10,222 | \$ 14,340 | \$ 16,219 | \$ (1,878) | (11.6%) |
| Notes payable | 1,360 | 1,760 | 1,744 | 1,628 | 1,678 | 1,800 | (122) | (6.8%) |
| Accounts payable | 13,088 | 12,897 | 12,951 | 12,709 | 11,725 | 10,865 | 861 | 7.9% |
| Accrued liabilities | 4,029 | 4,125 | 4,260 | 3,092 | 3,786 | 3,556 | 230 | 6.5% |
| Accrued compensation | 4,151 | 2,931 | 2,661 | 2,521 | 2,492 | 3,183 | (691) | (21.7%) |
| Income taxes payable | (101) | 832 | 907 | 649 | 725 | 687 | 38 | 5.5% |
| Short-term unearned revenue | 1,301 | 1,309 | 1,299 | 1,301 | 1,301 | — | 1,301 | 0.0% |
| Other current liabilities | 32 | 101 | 92 | 97 | 101 | 106 | (5) | (4.9%) |
| Total Current Liabilities | 27,800 | 36,781 | 35,932 | 32,220 | 36,148 | 36,416 | (268) | (0.7%) |
| Long-term liabilities | | | | | | | | |
| Long-term debt less current maturities | 13,396 | 12,584 | 12,318 | 12,006 | 12,248 | 12,003 | 245 | 2.0% |
| Capital lease | — | — | — | — | — | — | — | 0.0% |
| Debt owing to OpenGate | — | — | — | — | — | — | — | 0.0% |
| Deferred income taxes | 8,938 | 7,752 | 7,717 | 7,637 | 7,745 | 7,785 | (40) | (0.5%) |
| Long-term unearned revenue | — | — | — | — | — | — | — | 0.0% |
| Deferred liabilities | — | — | — | — | — | — | — | 0.0% |
| Other non-current liabilities | 1,389 | 1,517 | 1,504 | 1,468 | 1,525 | 1,434 | 91 | 6.3% |
| Total Long-Term Liabilities | 23,723 | 21,853 | 21,538 | 21,111 | 21,518 | 21,222 | 296 | 1.4% |
| Total Liabilities | 51,523 | 58,634 | 57,471 | 53,332 | 57,666 | 57,638 | 28 | 0.0% |
| Commitments and contingencies | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | 0.0% |
| Total Shareholders' Equity | 45,874 | 43,721 | 43,401 | 41,147 | 40,556 | 43,496 | (2,941) | (6.8%) |
| Total Liabilities and Shareholders' Equity | \$ 97,397 | \$ 102,355 | \$ 100,872 | \$ 94,479 | \$ 98,222 | \$ 101,134 | \$ (2,913) | (2.9%) |
| <i>Memo:</i> | | | | | | | | |
| Net Working Capital | \$ 23,359 | \$ 28,087 | \$ 26,812 | \$ 22,288 | \$ 25,568 | \$ 28,283 | \$ (2,715) | (9.6%) |
| Total Net External Debt | \$ 18,697 | \$ 27,170 | \$ 26,080 | \$ 23,857 | \$ 28,263 | \$ 30,019 | \$ (1,756) | (5.8%) |



Availability is low at \$9.9M; no issues with debt covenants

➔ Cash Flow Statement

| \$'000s Energi Fenestration Solutions, Ltd. | MTD | | Var | | YTD | | Var | |
|--|-------------------|-------------------|-------------------|----------------|-------------------|-------------------|-------------------|----------------|
| | Act | Bud | \$ | % | Act | Bud | \$ | % |
| Cash flow from operations | | | | | | | | |
| Net Income (Loss) | \$ (886) | \$ (1,146) | \$ 260 | (22.7%) | \$ (886) | \$ (1,146) | \$ 260 | (22.7%) |
| Depreciation, amortization and other | 708 | 709 | (1) | (0.2%) | 708 | 709 | (1) | (0.2%) |
| Capitalized fees & expenses | — | — | — | n/a | — | — | — | n/a |
| Gain (loss) on sale of fixed assets | — | — | — | n/a | — | — | — | n/a |
| Non-cash interest expense | — | — | — | n/a | — | — | — | n/a |
| Non-cash dividends | (136) | 1,268 | (1,404) | (110.7%) | (136) | 1,268 | (1,404) | (110.7%) |
| Deferred income tax | 108 | 148 | (40) | (27.2%) | 108 | 148 | (40) | (27.2%) |
| Change in operating assets and liabilities: | | | | | | | | |
| Accounts receivable | (195) | (1,679) | 1,484 | (88.4%) | (195) | (1,679) | 1,484 | (88.4%) |
| Inventory | (2,782) | (2,280) | (502) | 22.0% | (2,782) | (2,280) | (502) | 22.0% |
| Prepaid expenses & other current assets | (64) | (63) | (1) | 0.9% | (64) | (63) | (1) | 0.9% |
| Accounts payable | (984) | (1,845) | 861 | (46.6%) | (984) | (1,845) | 861 | (46.6%) |
| Accrued expenses | 665 | 1,126 | (461) | (41.0%) | 665 | 1,126 | (461) | (41.0%) |
| Accrued income taxes | 76 | 38 | 38 | 100.6% | 76 | 38 | 38 | 100.6% |
| Other changes in op. assets & liabilities | 4 | (1,292) | 1,296 | (100.3%) | 4 | (1,292) | 1,296 | (100.3%) |
| Other cash flow from operations | — | — | — | n/a | — | — | — | n/a |
| Total Cash Flow from Operations | \$ (3,487) | \$ (5,016) | \$ 1,529 | (30.5%) | \$ (3,487) | \$ (5,016) | \$ 1,529 | (30.5%) |
| Cash flow from investing | | | | | | | | |
| Additions to PP&E | \$ (489) | \$ (834) | 345 | (41.4%) | \$ (489) | \$ (834) | 345 | (41.4%) |
| Acq. of companies, net of cash acquired | — | — | — | n/a | — | — | — | n/a |
| Investment in intangibles | — | — | — | n/a | — | — | — | n/a |
| Earnout payments | — | — | — | n/a | — | — | — | n/a |
| Other cash flow from investing (goodwill) | — | — | — | n/a | — | — | — | n/a |
| Total Cash Flow from Investing | \$ (489) | \$ (834) | \$ 345 | (41.4%) | \$ (489) | \$ (834) | \$ 345 | (41.4%) |
| Cash flow from financing | | | | | | | | |
| Proceeds from issuance (repmt) of ST debt | \$ 4,118 | \$ 5,996 | \$ (1,878) | (31.3%) | \$ 4,118 | \$ 5,996 | \$ (1,878) | (31.3%) |
| Proceeds from the issuance of debt | (0) | — | (0) | n/a | (0) | — | (0) | n/a |
| Repayment of debt | (138) | (143) | 5 | (3.3%) | (138) | (143) | 5 | (3.3%) |
| Capital lease | — | — | — | n/a | — | — | — | n/a |
| Common stock issued (repurchased) | — | — | — | n/a | — | — | — | n/a |
| Common stock cash dividends paid | — | — | — | n/a | — | — | — | n/a |
| Preferred stock issued (repurchased) | — | — | — | n/a | — | — | — | n/a |
| Other cash flow from financing costs | — | — | — | n/a | — | — | — | n/a |
| Total Cash Flow from Financing | \$ 3,979 | \$ 5,853 | \$ (1,874) | (32.0%) | \$ 3,979 | \$ 5,853 | \$ (1,874) | (32.0%) |
| Effect of FX rates on cash & cash equivalents | \$ — | \$ — | \$ — | n/a | \$ — | \$ — | \$ — | n/a |
| Net change in cash | \$ 3 | \$ 3 | \$ 0 | n/a | \$ 3 | \$ 3 | \$ 0 | 12.2% |
| Beginning cash | 0 | (0) | 0 | (176.9%) | (0) | (0) | — | 0.0% |
| Change in cash | 3 | 3 | 0 | n/a | 3 | 3 | 0 | 12.2% |
| Ending cash | \$ 3 | \$ 3 | \$ 0 | 12.2% | \$ 3 | \$ 2 | \$ 0 | 14.1% |



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➔ Summary of Portfolio Performance

➔ Fund I – North America

Power Partners, Inc.

Energi Fenestration Solutions, Ltd.

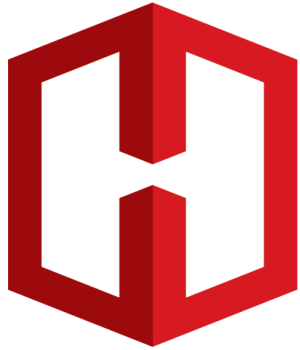
Hufcor Holdings, Inc.

Mersive Holdings, Inc.

➔ Fund I – Europe

➔ Legacy





HUF CORTM

shaping your experience

Jan 2019 EBITDA beat budget and prior year, but next 4-5 months are expected to be impacted by low margin backlog roll-out

➔ Operational Overview

- Jan 2019 sales and EBITDA reached record-breaking high in comparison to the same month in previous years. EBITDA exceeded Plan by ~\$200K and prior year by ~\$700K
- Feb 2019 is still preliminary but revenue and EBITDA are expected to be higher than last year. Janesville achieved expected shipments; awaiting results from field offices and international locations for final numbers
- To drive pricing discipline, Management team has mandated a price list across all domestic locations with a standard discount off of MSRP. New “as sold” margins range from 36-50%. So far, price increase has not impacted the ability to win business; global backlog at Jan 2019 was \$90M
- Janesville output was 20% vs. prior year; however, quality and rework remain a concern. Kyle to provide live update on TCAR value stream
- Pilot run in Athens, GA facility was completed two weeks ago; projecting 5 week lead times for the new aluminum frame standard product. Sales team will be promoting product for new securements and working with customers to swap with existing 600 series contracts
- Texas field office continues to suffer due to high turnover; initiated search for new candidates to fill critical roles. Team is shifting focus from “as sold” margin to “as executed” margin; Koben is evaluating field ERP software (pilot program in Southwest)
- Equity cure averted; holding discussions with LBC on leverage ratio and FCCR amendments
- Recruitment for Director of Finance (CFO replacement) is underway; four candidates interviewed

➔ Key Initiatives

| Key Initiative | Status | Expected Progress/Milestones Over Next 90 Days |
|--------------------|--------|---|
| 700 series | ● | Pilot run of 700 series in Athens, GA complete |
| APAC optimization | ● | China closure postponed to stabilize Malaysia infrastructure |
| Partition Studio 5 | ● | Launch pushed to Apr 2019 |
| Price increases | ● | Price increases effective on new contracts effective Sep 2018 |

Revenue and EBITDA improved over prior year by ~\$200K and ~\$700K, respectively

➡ Profit & Loss Statement

| \$'000s Hufcor Holdings, Inc. | MTD | | Var | | MTD | | Var | | YTD | | Var | | YTD | | Var | | FY | | Var | | FY | | Var | |
|----------------------------------|-----------|-----------|----------|----------|------------|----------|----------|--|-----------|-----------|----------|----------|------------|----------|----------|--|------------|------------|----------|---------|------------|----------|----------|--|
| | Act | Bud | \$ | % | PY | \$ | % | | Act | Bud | \$ | % | PY | \$ | % | | Actual | Bud | \$ | % | PY | \$ | % | |
| Gross Revenue | \$ 10,240 | \$ 10,898 | \$ (659) | (6.0%) | \$ 10,025 | \$ 215 | 2.1% | | \$ 10,240 | \$ 10,898 | \$ (659) | (6.0%) | \$ 10,025 | \$ 215 | 2.1% | | \$ 142,455 | \$ 143,114 | \$ (659) | (0.5%) | \$ 137,796 | \$ 4,659 | 3.4% | |
| Adj. to Gross Revenue | — | — | — | n/a | — | — | n/a | | — | — | — | n/a | — | — | n/a | | — | — | — | n/a | — | — | n/a | |
| Net Revenue | 10,240 | 10,898 | (659) | (6.0%) | 10,025 | 215 | 2.1% | | 10,240 | 10,898 | (659) | (6.0%) | 10,025 | 215 | 2.1% | | 142,455 | 143,114 | (659) | (0.5%) | 137,796 | 4,659 | 3.4% | |
| Material | 3,267 | 4,424 | (1,157) | (26.2%) | 3,758 | (492) | (13.1%) | | 3,267 | 4,424 | (1,157) | (26.2%) | 3,758 | (492) | (13.1%) | | 48,576 | 49,734 | (1,157) | (2.3%) | 48,075 | 501 | 1.0% | |
| Labor | 3,460 | 3,322 | 138 | 4.2% | 3,409 | 51 | 1.5% | | 3,460 | 3,322 | 138 | 4.2% | 3,409 | 51 | 1.5% | | 41,587 | 41,449 | 138 | 0.3% | 42,598 | (1,012) | (2.4%) | |
| Other COGS | 1,119 | 955 | 163 | 17.1% | 944 | 175 | 18.5% | | 1,119 | 955 | 163 | 17.1% | 944 | 175 | 18.5% | | 11,915 | 11,752 | 163 | 1.4% | 13,102 | (1,187) | (9.1%) | |
| Total COGS | 7,845 | 8,701 | (856) | (9.8%) | 8,111 | (265) | (3.3%) | | 7,845 | 8,701 | (856) | (9.8%) | 8,111 | (265) | (3.3%) | | 102,078 | 102,934 | (856) | (0.8%) | 103,776 | (1,698) | (1.6%) | |
| Gross Margin | 2,394 | 2,197 | 197 | 9.0% | 1,914 | 480 | 25.1% | | 2,394 | 2,197 | 197 | 9.0% | 1,914 | 480 | 25.1% | | 40,377 | 40,180 | 197 | 0.5% | 34,020 | 6,357 | 18.7% | |
| Gross Margin % | 23.4% | 20.2% | | | 19.1% | | | | 23.4% | 20.2% | | | 19.1% | | | | 28.3% | 28.1% | | | 24.7% | | | |
| R&D | — | — | — | n/a | — | — | n/a | | — | — | — | n/a | — | — | n/a | | — | — | — | n/a | — | — | n/a | |
| Sales & Marketing | 1,068 | 1,267 | (199) | (15.7%) | 1,230 | (162) | (13.2%) | | 1,068 | 1,267 | (199) | (15.7%) | 1,230 | (162) | (13.2%) | | 15,002 | 15,201 | (199) | (1.3%) | 14,603 | 399 | 2.7% | |
| Administrative | 1,195 | 995 | 200 | 20.1% | 1,308 | (112) | (8.6%) | | 1,195 | 995 | 200 | 20.1% | 1,308 | (112) | (8.6%) | | 12,140 | 11,939 | 200 | 1.7% | 12,941 | (802) | (6.2%) | |
| Other Opex | (16) | (3) | (13) | 371.8% | (52) | 36 | (68.9%) | | (16) | (3) | (13) | 371.8% | (52) | 36 | (68.9%) | | (54) | (41) | (13) | 31.0% | (322) | 267 | (83.2%) | |
| Total Opex | 2,247 | 2,258 | (11) | (0.5%) | 2,485 | (238) | (9.6%) | | 2,247 | 2,258 | (11) | (0.5%) | 2,485 | (238) | (9.6%) | | 27,088 | 27,099 | (11) | (0.0%) | 27,223 | (135) | (0.5%) | |
| EBITDA | 147 | (62) | 209 | (338.7%) | (571) | 719 | (125.8%) | | 147 | (62) | 209 | (338.7%) | (571) | 719 | (125.8%) | | 13,290 | 13,081 | 209 | 1.6% | 6,797 | 6,492 | 95.5% | |
| EBITDA % | 1.4% | (0.6%) | | | (5.7%) | | | | 1.4% | (0.6%) | | | (5.7%) | | | | 9.3% | 9.1% | | | 4.9% | | | |
| Net Income (Loss) | \$ (928) | \$ (759) | \$ (168) | 22.2% | \$ (1,467) | \$ 540 | (36.8%) | | \$ (928) | \$ (759) | \$ (168) | 22.2% | \$ (1,467) | \$ 540 | (36.8%) | | \$ 1,170 | \$ 1,339 | \$ (168) | (12.6%) | \$ (7,771) | \$ 8,941 | (115.1%) | |
| Capex | \$ (245) | \$ — | \$ (245) | n/a | \$ (77) | \$ (168) | 218.2% | | \$ (245) | \$ — | \$ (245) | n/a | \$ (77) | \$ (168) | 218.2% | | \$ (245) | \$ — | \$ (245) | n/a | \$ (2,279) | \$ 2,033 | (89.2%) | |

Dec 2018 equity cure averted but debt is growing due to working capital needs. Availability at 2/28 was \$8.3M; liquidity was \$10.4M

➔ Balance Sheet

| \$'000s | Dec-18 | Oct-18 | Nov-18 | Dec-18 | Jan-19 | Variance | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|----------------|
| Current Assets | | | | | | | |
| Cash and cash equivalents | \$ 2,668 | \$ 2,953 | \$ 3,271 | \$ 2,668 | \$ 2,929 | \$ 3,500 | (16.3%) |
| Short term investments | — | — | — | — | — | — | 0.0% |
| Accounts receivable, net | 35,472 | 38,232 | 38,946 | 35,472 | 33,865 | 31,639 | 7.0% |
| Inventory, net | 13,095 | 12,167 | 13,263 | 13,095 | 14,150 | 12,070 | 17.2% |
| Prepaid expenses and other current assets | 1,666 | 1,765 | 1,962 | 1,666 | 1,832 | 2,035 | (10.0%) |
| Current portion of deferred taxes | 5,559 | 5,723 | 5,767 | 5,559 | 5,612 | 5,797 | (3.2%) |
| Revenue in excess of billings | — | — | — | — | — | — | 0.0% |
| Other current assets | 261 | 178 | 219 | 261 | 285 | — | 0.0% |
| Total Current Assets | 58,721 | 61,017 | 63,427 | 58,721 | 58,673 | 55,040 | 6.6% |
| Non-Current Assets | | | | | | | |
| Property, plant & equipment, net | 13,427 | 12,505 | 12,699 | 13,427 | 13,580 | 15,111 | (10.1%) |
| Goodwill | — | — | — | — | — | — | 0.0% |
| Identifiable intangible assets, net | 9,707 | 10,404 | 10,070 | 9,707 | 9,377 | 9,385 | (0.1%) |
| Deferred financing cost | 1,950 | 1,924 | 2,059 | 1,950 | 1,906 | 1,903 | 0.1% |
| Deferred tax asset | — | — | — | — | — | — | 0.0% |
| Other non-current assets | 3,719 | 4,556 | 4,556 | 3,719 | 3,723 | 2,696 | 38.1% |
| Total Non-Current Assets | 28,804 | 29,389 | 29,384 | 28,804 | 28,585 | 29,095 | (1.8%) |
| Total Assets | \$ 87,524 | \$ 90,406 | \$ 92,811 | \$ 87,524 | \$ 87,258 | \$ 84,136 | 3.7% |
| Current Liabilities | | | | | | | |
| Current portion of long-term debt | \$ 835 | \$ 835 | \$ 835 | \$ 835 | \$ 1,250 | \$ 835 | 49.7% |
| Notes payable | 7,832 | 11,456 | 13,184 | 7,832 | 10,203 | 8,026 | 27.1% |
| Accounts payable | 13,527 | 11,581 | 12,491 | 13,527 | 12,301 | 9,263 | 32.8% |
| Accrued liabilities | 6,224 | 6,088 | 6,315 | 6,224 | 6,134 | 6,175 | (0.7%) |
| Accrued compensation | 2,121 | 2,529 | 2,088 | 2,121 | 1,508 | — | 0.0% |
| Income taxes payable | 129 | 288 | 298 | 129 | 83 | 260 | (68.2%) |
| Short-term unearned revenue | — | — | — | — | — | — | 0.0% |
| Other current liabilities | 2,721 | 2,135 | 2,203 | 2,721 | 2,630 | 2,011 | 30.8% |
| Total Current Liabilities | 33,389 | 34,911 | 37,413 | 33,389 | 34,108 | 26,569 | 7.539 |
| Long-term liabilities | | | | | | | |
| Long-term debt less current maturities | 31,730 | 31,730 | 31,730 | 31,730 | 31,521 | 31,521 | 0.0% |
| Capital lease | — | — | — | — | — | — | 0.0% |
| Debt owing to OpenGate | — | — | — | — | — | — | 0.0% |
| Deferred income taxes | 46 | 46 | 46 | 46 | 47 | 45 | 4.7% |
| Long-term unearned revenue | — | — | — | — | — | — | 0.0% |
| Deferred liabilities | — | — | — | — | — | — | 0.0% |
| Other non-current liabilities | 46 | 47 | 48 | 46 | 48 | 49 | (2.4%) |
| Total Long-Term Liabilities | 31,822 | 31,822 | 31,824 | 31,822 | 31,616 | 31,615 | 1 |
| Total Liabilities | 65,211 | 66,733 | 69,237 | 65,211 | 65,724 | 58,184 | 13.0% |
| Commitments and contingencies | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | 0.0% |
| Total Shareholders' Equity | 22,313 | 23,673 | 23,574 | 22,313 | 21,535 | 25,952 | (4,417) |
| Total Liabilities and Shareholders' Equity | \$ 87,524 | \$ 90,406 | \$ 92,811 | \$ 87,524 | \$ 87,258 | \$ 84,136 | 3.7% |
| <i>Memo:</i> | | | | | | | |
| Net Working Capital | \$ 23,499 | \$ 23,988 | \$ 23,578 | \$ 23,499 | \$ 22,886 | \$ 25,806 | (2,920) |
| Total Net External Debt | \$ 37,729 | \$ 41,068 | \$ 42,478 | \$ 37,729 | \$ 40,045 | \$ 36,882 | 8.6% |



Cash flow from operations strained by payments of stretched vendors

➔ Cash Flow Statement

| \$'000s Hufcor Holdings, Inc. | MTD | | Var | | YTD | | Var | |
|--|-------------------|-----------------|-------------------|-----------------|-------------------|-----------------|-------------------|-----------------|
| | Act | Bud | \$ | % | Act | Bud | \$ | % |
| Cash flow from operations | | | | | | | | |
| Net Income (Loss) | \$ (928) | \$ (759) | \$ (168) | 22.2% | \$ (928) | \$ (759) | \$ (168) | 22.2% |
| Depreciation, amortization and other | 494 | 577 | (83) | (14.5%) | 494 | 577 | (83) | (14.5%) |
| Capitalized fees & expenses | 44 | 32 | 13 | 40.2% | 44 | 32 | 13 | 40.2% |
| Gain (loss) on sale of fixed assets | — | — | — | n/a | — | — | — | n/a |
| Non-cash interest expense | — | — | — | n/a | — | — | — | n/a |
| Non-cash dividends | — | — | — | n/a | — | — | — | n/a |
| Deferred income tax | — | — | — | n/a | — | — | — | n/a |
| <i>Change in operating assets and liabilities:</i> | | | | | | | | |
| Accounts receivable | 1,584 | 642 | 942 | 146.9% | 1,584 | 642 | 942 | 146.9% |
| Inventory | (1,056) | (437) | (619) | 141.7% | (1,056) | (437) | (619) | 141.7% |
| Prepaid expenses & other current assets | (123) | (190) | 66 | (34.9%) | (123) | (190) | 66 | (34.9%) |
| Accounts payable | (1,297) | 883 | (2,180) | (246.9%) | (1,297) | 883 | (2,180) | (246.9%) |
| Accrued expenses | (726) | 274 | (1,001) | (364.8%) | (726) | 274 | (1,001) | (364.8%) |
| Accrued income taxes | — | — | — | n/a | — | — | — | n/a |
| Other changes in op. assets & liabilities | (142) | — | (142) | n/a | (142) | — | (142) | n/a |
| Other cash flow from operations | — | — | — | n/a | — | — | — | n/a |
| Total Cash Flow from Operations | \$ (2,150) | \$ 1,022 | \$ (3,172) | (310.3%) | \$ (2,150) | \$ 1,022 | \$ (3,172) | (310.3%) |
| Cash flow from investing | | | | | | | | |
| Additions to PP&E | \$ (245) | \$ — | (245) | n/a | \$ (245) | \$ — | (245) | n/a |
| Acq. of companies, net of cash acquired | — | — | — | n/a | — | — | — | n/a |
| Investment in intangibles | — | — | — | n/a | — | — | — | n/a |
| Earnout payments | — | — | — | n/a | — | — | — | n/a |
| Other cash flow from investing (goodwill) | — | — | — | n/a | — | — | — | n/a |
| Total Cash Flow from Investing | \$ (245) | \$ — | \$ (245) | n/a | \$ (245) | \$ — | \$ (245) | n/a |
| Cash flow from financing | | | | | | | | |
| Proceeds from issuance (repmt) of ST debt | \$ 2,786 | \$ (276) | \$ 3,062 | (1109.3%) | \$ 2,786 | \$ (276) | \$ 3,062 | (1109.3%) |
| Proceeds from the issuance of debt | — | — | — | n/a | — | — | — | n/a |
| Repayment of debt | (209) | (209) | 0 | (0.1%) | (209) | (209) | 0 | (0.1%) |
| Capital lease | — | — | — | n/a | — | — | — | n/a |
| Common stock issued (repurchased) | — | — | — | n/a | — | — | — | n/a |
| Common stock cash dividends paid | — | — | — | n/a | — | — | — | n/a |
| Preferred stock issued (repurchased) | — | — | — | n/a | — | — | — | n/a |
| Other cash flow from financing costs | — | — | — | n/a | — | — | — | n/a |
| Total Cash Flow from Financing | \$ 2,577 | \$ (485) | \$ 3,062 | (631.4%) | \$ 2,577 | \$ (485) | \$ 3,062 | (631.4%) |
| Effect of FX rates on cash & cash equivalents | \$ 80 | \$ 295 | \$ (215) | (73.0%) | \$ 80 | \$ 295 | \$ (215) | (73.0%) |
| Net change in cash | \$ 262 | \$ 832 | \$ (571) | n/a | \$ 262 | \$ 832 | \$ (571) | (68.6%) |
| Beginning cash | 2,668 | 2,523 | 145 | 5.7% | 2,668 | 2,668 | — | 0.0% |
| Change in cash | 262 | 832 | (571) | n/a | 262 | 832 | (571) | (68.6%) |
| Ending cash | \$ 2,929 | \$ 3,355 | \$ (426) | (12.7%) | \$ 2,929 | \$ 3,500 | \$ (571) | (16.3%) |



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➔ Summary of Portfolio Performance

➔ Fund I – North America

Power Partners, Inc.

Energi Fenestration Solutions, Ltd.

Hufcor Holdings, Inc.

Mersive Holdings, Inc.

➔ Fund I – Europe

➔ Legacy











mersive
technologies inc

➔ Operational Overview:

- Jan 2019 revenue exceeded Plan by \$104K due primarily to higher volume of pods sold compared to budget, and revised FMV allocation on a bundled sale allocating more to Pods and less to Yr1 Support
- Jan 2019 EBITDA exceeded Plan by \$168K due to higher gross profit and opex below plan
- At 2/21, Feb MTD sales were at \$1.8M (68% of Plan) on shipping day 14 (74% through the month)
- Very positive customer feedback during debut of Gen 3 hardware at ISE in early Feb
- Gen 3 hardware began shipping to Mersive on schedule on 2/7; working through a late bug with Solstice v4.0, hoping to release with the new Gen 3 hardware by the end of the week; rolling out upgrade program for customers with older generation pods
- Offer accepted by new VP Engineering candidate, Tae Kim
- In process of recruiting for Sales Ops Director to focus on enabling success across the sales organization
- In process of recruiting for new VP HR to focus on strategic human capital issues (recruiting, onboarding, retention)

➔ Key Initiatives

| Key Initiative | Status | Expected Progress/Milestones Over Next 90 Days |
|---|---|--|
| Expand and Mature Product Organization |  | Solstice 4.0 to be launched in Feb 2019 |
| Develop VTC Strategy |  | Launch scheduled for June 2019 |
| Expand Sales Coverage |  | Recent hires in US and EMEA; interviews ongoing in EMEA and APAC |
| Launch SaaS - Kepler |  | Maintenance renewal enforcement underway |
| Improve and Expand Reporting |  | Contract management module being rolled out in Q1 2019 |
| Expand Multi-Channel Marketing Campaign |  | Execute to Q1 content calendar |

Jan 2019 revenue and EBITDA exceeded Plan by \$104K and \$168K, respectively

██████████

➔ Profit & Loss Statement

| | MTD | | | | | | | YTD | | | | | | | FY | | | | | | | | | |
|------------------------|----------|----------|---------|----------|----------|----------|----------|----------|----------|---------|----------|----------|----------|----------|------------|------------|--------|----------|------------|------------|---------|--|-----|--|
| \$'000s | MTD | | Var | | MTD | | Var | | YTD | | Var | | YTD | | Var | | FY | | Var | | FY | | Var | |
| Mersive Holdings, Inc. | Act | Bud | \$ | % | PY | \$ | % | Act | Bud | \$ | % | PY | \$ | % | Actual | Bud | \$ | % | PY | \$ | % | | | |
| Gross Revenue | \$ 2,555 | \$ 2,450 | \$ 104 | 4.3% | \$ 1,727 | \$ 828 | 48.0% | \$ 2,555 | \$ 2,450 | \$ 104 | 4.3% | \$ 1,727 | \$ 828 | 48.0% | \$ 42,557 | \$ 42,453 | \$ 104 | 0.2% | \$ 27,210 | \$ 15,347 | 56.4% | | | |
| Adj. to Gross Revenue | (0) | — | (0) | n/a | (6) | 6 | (95.2%) | (0) | — | (0) | n/a | (6) | 6 | (95.2%) | (0) | — | (0) | n/a | (114) | 114 | (99.7%) | | | |
| Net Revenue | 2,555 | 2,450 | 104 | 4.3% | 1,720 | 834 | 48.5% | 2,555 | 2,450 | 104 | 4.3% | 1,720 | 834 | 48.5% | 42,557 | 42,453 | 104 | 0.2% | 27,096 | 15,461 | 57.1% | | | |
| Material | 475 | 438 | 37 | 8.4% | 325 | 150 | 46.3% | 475 | 438 | 37 | 8.4% | 325 | 150 | 46.3% | 10,217 | 10,180 | 37 | 0.4% | 5,622 | 4,596 | 81.7% | | | |
| Labor | 52 | 49 | 3 | 6.6% | 44 | 8 | 16.9% | 52 | 49 | 3 | 6.6% | 44 | 8 | 16.9% | 742 | 739 | 3 | 0.4% | 500 | 243 | 48.6% | | | |
| Other COGS | — | — | — | n/a | — | — | n/a | — | — | — | n/a | — | — | n/a | — | — | — | n/a | — | — | n/a | | | |
| Total COGS | 527 | 487 | 40 | 8.2% | 369 | 158 | 42.8% | 527 | 487 | 40 | 8.2% | 369 | 158 | 42.8% | 10,960 | 10,920 | 40 | 0.4% | 6,121 | 4,839 | 79.0% | | | |
| Gross Margin | 2,028 | 1,964 | 64 | 3.3% | 1,351 | 677 | 50.1% | 2,028 | 1,964 | 64 | 3.3% | 1,351 | 677 | 50.1% | 31,597 | 31,533 | 64 | 0.2% | 20,975 | 10,623 | 50.6% | | | |
| Gross Margin % | 79.4% | 80.1% | | | 78.5% | | | 79.4% | 80.1% | | | 78.5% | | | 74.2% | 74.3% | | | 77.4% | | | | | |
| R&D | 399 | 486 | (87) | (17.9%) | 290 | 109 | 37.7% | 399 | 486 | (87) | (17.9%) | 290 | 109 | 37.7% | 6,972 | 7,058 | (87) | (1.2%) | 4,549 | 2,423 | 53.3% | | | |
| Sales & Marketing | 993 | 923 | 70 | 7.5% | 462 | 531 | 115.0% | 993 | 923 | 70 | 7.5% | 462 | 531 | 115.0% | 15,286 | 15,217 | 70 | 0.5% | 7,795 | 7,491 | 96.1% | | | |
| Administrative | 548 | 634 | (86) | (13.6%) | 226 | 322 | 142.6% | 548 | 634 | (86) | (13.6%) | 226 | 322 | 142.6% | 7,300 | 7,386 | (86) | (1.2%) | 5,567 | 1,733 | 31.1% | | | |
| Other Opex | — | — | — | n/a | — | — | n/a | — | — | — | n/a | — | — | n/a | — | 140 | (140) | (100.0%) | — | — | n/a | | | |
| Total Opex | 1,939 | 2,043 | (104) | (5.1%) | 977 | 962 | 98.5% | 1,939 | 2,043 | (104) | (5.1%) | 977 | 962 | 98.5% | 29,558 | 29,802 | (244) | (0.8%) | 17,911 | 11,647 | 65.0% | | | |
| EBITDA | 88 | (79) | 168 | (211.2%) | 374 | (286) | (76.4%) | 88 | (79) | 168 | (211.2%) | 374 | (286) | (76.4%) | 2,039 | 1,732 | 308 | 17.8% | 3,063 | (1,024) | (33.4%) | | | |
| EBITDA % | 3.5% | (3.2%) | | | 21.7% | | | 3.5% | (3.2%) | | | 21.7% | | | 4.8% | 4.1% | | | 11.3% | | | | | |
| Net Income (Loss) | \$ (391) | \$ (494) | \$ 104 | (21.0%) | \$ 96 | \$ (487) | (506.7%) | \$ (391) | \$ (494) | \$ 104 | (21.0%) | \$ 96 | \$ (487) | (506.7%) | \$ (3,268) | \$ (3,572) | \$ 304 | (8.5%) | \$ (1,554) | \$ (1,714) | 110.3% | | | |
| Capex | \$ (118) | \$ (47) | \$ (71) | 149.9% | \$ (14) | \$ (104) | 761.7% | \$ (118) | \$ (47) | \$ (71) | 149.9% | \$ (14) | \$ (104) | 761.7% | \$ (484) | \$ (484) | \$ — | 0.0% | \$ (564) | \$ 80 | (14.1%) | | | |



Working capital decreased primarily due to strong AR collections in January

➔ Balance Sheet

| \$'000s | Dec-17 | Oct-18 | Nov-18 | Dec-18 | Jan-19 | | Variance | |
|---|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------|
| Mersive Holdings, Inc. | Act | Act | Act | Act | Act | Bud | \$ | % |
| Current Assets | | | | | | | | |
| Cash and cash equivalents | \$ 2,550 | \$ 6,340 | \$ 6,509 | \$ 5,777 | \$ 6,447 | \$ 4,963 | \$ 1,484 | 29.9% |
| Short term investments | — | — | — | — | — | — | — | 0.0% |
| Accounts receivable, net | 3,114 | 4,378 | 4,146 | 4,979 | 4,378 | 4,683 | (305) | (6.5%) |
| Inventory, net | 906 | 2,228 | 1,788 | 1,444 | 1,636 | 1,911 | (275) | (14.4%) |
| Prepaid expenses and other current assets | 439 | 863 | 1,195 | 1,840 | 2,432 | 1,516 | 916 | 60.4% |
| Current portion of deferred taxes | — | — | — | — | — | — | — | 0.0% |
| Revenue in excess of billings | — | — | — | — | — | — | — | 0.0% |
| Other current assets | — | — | — | — | — | — | — | 0.0% |
| Total Current Assets | 7,009 | 13,808 | 13,638 | 14,041 | 14,893 | 13,073 | 1,820 | 13.9% |
| Non-Current Assets | | | | | | | | |
| Property, plant & equipment, net | 240 | 520 | 656 | 695 | 842 | 932 | (90) | (9.6%) |
| Goodwill | 20,836 | 20,675 | 20,675 | 20,675 | 20,675 | 20,675 | (0) | (0.0%) |
| Identifiable intangible assets, net | 9,767 | 7,215 | 6,956 | 6,711 | 6,440 | 6,213 | 227 | 3.7% |
| Deferred financing cost | — | — | — | — | — | — | — | 0.0% |
| Deferred tax asset | 5,100 | 6,361 | 6,488 | 6,488 | 6,488 | 6,647 | (159) | (2.4%) |
| Other non-current assets | 14 | 14 | 14 | 14 | 14 | 75 | (61) | (80.7%) |
| Total Non-Current Assets | 35,958 | 34,786 | 34,789 | 34,583 | 34,459 | 34,542 | (83) | (0.2%) |
| Total Assets | \$ 42,967 | \$ 48,594 | \$ 48,427 | \$ 48,624 | \$ 49,352 | \$ 47,615 | \$ 1,737 | 3.6% |
| Current Liabilities | | | | | | | | |
| Current portion of long-term debt | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | 0.0% |
| Notes payable | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | — | 0.0% |
| Accounts payable | 335 | 680 | 281 | 721 | 1,450 | 502 | 948 | 188.7% |
| Accrued liabilities | — | 133 | 259 | 354 | 511 | 159 | 353 | 222.2% |
| Accrued compensation | — | 1,537 | 1,725 | 1,987 | 1,902 | 1,968 | (66) | (3.4%) |
| Income taxes payable | — | 1,594 | 1,754 | 694 | 694 | 351 | 342 | 97.3% |
| Short-term unearned revenue | — | — | — | — | — | — | — | 0.0% |
| Other current liabilities | 704 | 91 | 92 | 232 | 269 | 259 | 9 | 3.6% |
| Total Current Liabilities | 4,540 | 7,536 | 7,612 | 7,488 | 8,326 | 6,740 | 1,586 | 23.5% |
| Long-term liabilities | | | | | | | | |
| Long-term debt less current maturities | — | — | — | — | — | — | — | 0.0% |
| Capital lease | — | — | — | — | — | — | — | 0.0% |
| Debt owing to OpenGate | — | — | — | — | — | — | — | 0.0% |
| Deferred income taxes | — | — | — | — | — | — | — | 0.0% |
| Long-term unearned revenue | 1,694 | 4,757 | 4,849 | 5,606 | 5,791 | 7,143 | (1,352) | (18.9%) |
| Deferred liabilities | 24 | 150 | 154 | 154 | 154 | 127 | 27 | 21.2% |
| Other non-current liabilities | — | — | — | — | — | — | — | 0.0% |
| Total Long-Term Liabilities | 1,717 | 4,907 | 5,003 | 5,760 | 5,945 | 7,270 | (1,325) | (18.2%) |
| Total Liabilities | 6,257 | 12,443 | 12,615 | 13,248 | 14,271 | 14,010 | 261 | 1.9% |
| Commitments and contingencies | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | 0.0% |
| Total Shareholders' Equity | 36,710 | 36,151 | 35,812 | 35,376 | 35,081 | 33,605 | 1,476 | 4.4% |
| Total Liabilities and Shareholders' Equity | \$ 42,967 | \$ 48,594 | \$ 48,427 | \$ 48,624 | \$ 49,352 | \$ 47,615 | \$ 1,737 | 3.6% |
| <i>Memo:</i> | | | | | | | | |
| Net Working Capital | \$ 3,419 | \$ 3,432 | \$ 3,017 | \$ 4,275 | \$ 3,620 | \$ 4,870 | \$ (1,250) | (25.7%) |
| Total Net External Debt | \$ 950 | \$ (2,840) | \$ (3,009) | \$ (2,277) | \$ (2,947) | \$ (1,463) | \$ (1,484) | 101.4% |



Cash position improved due to decreasing working capital

➔ Cash Flow Statement

| \$'000s | MTD | | Var | | YTD | | Var | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Act | Bud | \$ | % | Act | Bud | \$ | % |
| Mersive Holdings, Inc. | | | | | | | | |
| Cash flow from operations | | | | | | | | |
| Net Income (Loss) | \$ (391) | \$ (494) | \$ 104 | (21.0%) | \$ (391) | \$ (494) | \$ 104 | (21.0%) |
| Depreciation, amortization and other | 304 | 281 | 23 | 8.3% | 304 | 281 | 23 | 8.3% |
| Capitalized fees & expenses | — | — | — | n/a | — | — | — | n/a |
| Gain (loss) on sale of fixed assets | — | — | — | n/a | — | — | — | n/a |
| Non-cash interest expense | — | — | — | n/a | — | — | — | n/a |
| Non-cash dividends | — | — | — | n/a | — | — | — | n/a |
| Deferred income tax | — | (159) | 159 | (100.0%) | — | (159) | 159 | (100.0%) |
| Change in operating assets and liabilities: | | | | | | | | |
| Accounts receivable | 601 | 296 | 305 | 103.0% | 601 | 296 | 305 | 103.0% |
| Inventory | (192) | (521) | 329 | (63.1%) | (192) | (521) | 329 | (63.1%) |
| Prepaid expenses & other current assets | (591) | 324 | (916) | (282.4%) | (591) | 324 | (916) | (282.4%) |
| Accounts payable | 729 | (152) | 881 | (579.9%) | 729 | (152) | 881 | (579.9%) |
| Accrued expenses | 72 | 138 | (66) | (47.8%) | 72 | 138 | (66) | (47.8%) |
| Accrued income taxes | (0) | (343) | 342 | (99.9%) | (0) | (343) | 342 | (99.9%) |
| Other changes in op. assets & liabilities | 185 | 223 | (37) | (16.8%) | 185 | 223 | (37) | (16.8%) |
| Other cash flow from operations | 74 | (402) | 476 | (118.5%) | 74 | (402) | 476 | (118.5%) |
| Total Cash Flow from Operations | \$ 791 | \$ (809) | \$ 1,601 | (197.8%) | \$ 791 | \$ (809) | \$ 1,601 | (197.8%) |
| Cash flow from investing | | | | | | | | |
| Additions to PP&E | \$ (118) | \$ (47) | (71) | 149.9% | \$ (118) | \$ (47) | (71) | 149.9% |
| Acq. of companies, net of cash acquired | — | — | — | n/a | — | — | — | n/a |
| Investment in intangibles | (4) | 42 | (46) | (109.1%) | (4) | 42 | (46) | (109.1%) |
| Earnout payments | — | — | — | n/a | — | — | — | n/a |
| Other cash flow from investing (goodwill) | — | — | — | n/a | — | — | — | n/a |
| Total Cash Flow from Investing | \$ (122) | \$ (5) | \$ (117) | 2225.4% | \$ (122) | \$ (5) | \$ (117) | 2225.4% |
| Cash flow from financing | | | | | | | | |
| Proceeds from issuance (repmt) of ST debt | \$ — | \$ — | \$ — | n/a | \$ — | \$ — | \$ — | n/a |
| Proceeds from the issuance of debt | — | — | — | n/a | — | — | — | n/a |
| Repayment of debt | — | — | — | n/a | — | — | — | n/a |
| Capital lease | — | — | — | n/a | — | — | — | n/a |
| Common stock issued (repurchased) | — | — | — | n/a | — | — | — | n/a |
| Common stock cash dividends paid | — | — | — | n/a | — | — | — | n/a |
| Preferred stock issued (repurchased) | — | — | — | n/a | — | — | — | n/a |
| Other cash flow from financing costs | — | — | — | n/a | — | — | — | n/a |
| Total Cash Flow from Financing | \$ — | \$ — | \$ — | n/a | \$ — | \$ — | \$ — | n/a |
| Effect of FX rates on cash & cash equivalents | \$ — | \$ — | \$ — | n/a | \$ — | \$ — | \$ — | n/a |
| Net change in cash | \$ 669 | \$ (814) | \$ 1,484 | n/a | \$ 669 | \$ (814) | \$ 1,484 | (182.2%) |
| Beginning cash | 5,777 | 5,712 | 65 | 1.1% | 2,550 | 2,550 | — | 0.0% |
| Change in cash | 669 | (814) | 1,484 | n/a | 669 | (814) | 1,484 | (182.2%) |
| Ending cash | \$ 6,447 | \$ 4,898 | \$ 1,549 | 31.6% | \$ 3,219 | \$ 1,736 | \$ 1,484 | 85.5% |



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Alfatherm

Bois & Matériaux

EverZinc

Jøtul

Fichet Security Solutions

➔ Legacy





ALFATHERM

➔ Operational Overview:

- January still impacted by continuing operational inefficiencies, low output and poor product quality bringing down EBITDA for the month to €0.2M, same as December 18
- Francesco elaborated a short term action plan to restore operational performance on short to mid term:
 - Start of new COO Feb 4th, 2019 and new Gorla 2 Plant manager starting 1st March
 - Launch of recruiting for sales manager for furniture, on-going interviews
 - Start immediate coaching of mid manager in operational functions
- January sales with €6.1M in line with PY (-0.9%) but below budget (-5.2%) due to Furniture (-8.9%) under high price pressure and Capsules/Sleeves (-9.1%).
- January EBITDA reached €209k which is (€-78k) vs Budget and (€-335k) vs. PY, due to lower margin driven by high non-quality cost.
- Bank negotiations: Expert nominated by the bank pool has now received all the requested information and documents and should express a favorable opinion in March. Then advisor Mediobanca should obtain a formal written agreement around end of March.
- Following the €6m cash injection made in January, €3m still remain unused. The situation is still stretched with a January unfavorable cashflow from operations of €-987k
- Resigning CFO will leave the company on 10th April 19, on going interview for his replacement
- Negotiation with former COO, G Cerizza, laid off on 1st February, is progressing well and should be concluded before the end of Q1 with circa 24 months package (€381k) in exchange of the release/cancellation of his management equity incentive

➔ Key Initiatives

| Key Initiative | Status | Expected Progress/Milestones Over Next 90 Days |
|-----------------------|---|--|
| Change in COO |  | COO started on February 4 th 2019 |
| CFO replacement |  | Recruitment process started in January 19, selected candidate declined offer, search carries on. |
| Production efficiency |  | <ul style="list-style-type: none"> • Start of new COO Feb 4th, 2019 • Recruitment process started for sales manager for furniture in January, on-going interviews • Current Plant Manager of Gorla 2 resigned but new Plant manager is signed up and will start 1st March • Start immediate coaching of mid manager in operational functions |
| Bank debt refinancing |  | Agreement in principle reached with Banks, thanks to a Advisor Mediobanca for a standstill of the repayment for 24 months, in exchange of a fresh equity injection of €5M by OGC; signed agreement expected before end of Q1-19 |

January results lower than Budget and PY; new COO started 4th February 2019



➔ Profit & Loss Statement

| | MTD | | MTD | | Var | | MTD | | Var | | YTD | | YTD | | Var | | YTD | | Var | | FY | | FY | | Var | | FY | | Var | | | |
|-----------------------|---------|----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|-----------|---------|----------|-----------|---------|---------|---|----|---|-----|---|----|---|-----|---|---|--|
| Alfatherm S.p.A. | Act | Bud | € | % | € | PY | € | % | € | PY | € | Act | Bud | € | % | € | PY | € | % | € | PY | € | % | € | PY | € | % | € | PY | € | % | |
| Gross Revenue | € 6,062 | \$ 6,395 | € (333) | (5.2%) | € 6,117 | € (55) | (0.9%) | € 6,062 | € 6,395 | € (333) | (5.2%) | € 6,117 | € (55) | (0.9%) | € 86,560 | € 86,893 | € (333) | (0.4%) | € 79,050 | € 7,510 | 9.5% | | | | | | | | | | | |
| Adj. to Gross Revenue | (520) | (544) | 23 | (4.2%) | (533) | 12 | (2.3%) | (520) | (544) | 23 | (4.2%) | (533) | 12 | (2.3%) | (7,438) | (7,461) | 23 | (0.3%) | (7,057) | (381) | 5.4% | | | | | | | | | | | |
| Net Revenue | 5,542 | 5,852 | (310) | (5.3%) | 5,585 | (43) | (0.8%) | 5,542 | 5,852 | (310) | (5.3%) | 5,585 | (43) | (0.8%) | 79,122 | 79,432 | (310) | (0.4%) | 71,993 | 7,129 | 9.9% | | | | | | | | | | | |
| Other COGS | 850 | 1,217 | (367) | (30.1%) | 668 | 182 | 27.3% | 850 | 1,217 | (367) | (30.1%) | 668 | 182 | 27.3% | 9,045 | 14,200 | (5,155) | (36.3%) | 7,895 | 1,151 | 14.6% | | | | | | | | | | | |
| Total COGS | 4,875 | 5,122 | (247) | (4.8%) | 4,573 | 301 | 6.6% | 4,875 | 5,122 | (247) | (4.8%) | 4,573 | 301 | 6.6% | 63,703 | 63,950 | (247) | (0.4%) | 60,308 | 3,394 | 5.6% | | | | | | | | | | | |
| Gross Margin | 667 | 730 | (63) | (8.6%) | 1,011 | (344) | (34.0%) | 667 | 730 | (63) | (8.6%) | 1,011 | (344) | (34.0%) | 15,419 | 15,482 | (63) | (0.4%) | 11,685 | 3,735 | 32.0% | | | | | | | | | | | |
| Gross Margin % | 12.0% | 12.5% | | | 18.1% | | | 12.0% | 12.5% | | | 18.1% | | | 19.5% | 19.5% | | | 16.2% | | | | | | | | | | | | | |
| Sales & Marketing | 147 | 174 | (27) | (15.6%) | 177 | (30) | (16.7%) | 147 | 174 | (27) | (15.6%) | 177 | (30) | (16.7%) | 2,084 | 2,111 | (27) | (1.3%) | 2,170 | (86) | (4.0%) | | | | | | | | | | | |
| Administrative | 286 | 243 | 43 | 17.7% | 255 | 30 | 11.9% | 286 | 243 | 43 | 17.7% | 255 | 30 | 11.9% | 3,088 | 3,045 | 43 | 1.4% | 2,872 | 216 | 7.5% | | | | | | | | | | | |
| Total Opex | 458 | 442 | 16 | 3.6% | 468 | (10) | (2.1%) | 458 | 442 | 16 | 3.6% | 468 | (10) | (2.1%) | 5,471 | 5,455 | 16 | 0.3% | 5,395 | 76 | 1.4% | | | | | | | | | | | |
| EBITDA | 209 | 287 | (78) | (27.2%) | 544 | (335) | (61.5%) | 209 | 287 | (78) | (27.2%) | 544 | (335) | (61.5%) | 9,948 | 10,026 | (78) | (0.8%) | 6,289 | 3,658 | 58.2% | | | | | | | | | | | |
| EBITDA % | 3.8% | 4.9% | | | 9.7% | | | 3.8% | 4.9% | | | 9.7% | | | 12.6% | 12.6% | | | 8.7% | | | | | | | | | | | | | |
| Net Income (Loss) | € (813) | \$ (694) | € (119) | 17.1% | € (276) | € (536) | 194.0% | € (813) | € (694) | € (119) | 17.1% | € (276) | € (536) | 194.0% | € (360) | € 84 | € (444) | (528.2%) | € (8,873) | € 8,513 | (95.9%) | | | | | | | | | | | |
| Capex | € (41) | \$ (362) | € 321 | (88.7%) | € (250) | € 209 | (83.6%) | € (41) | € (362) | € 321 | (88.7%) | € (250) | € 209 | (83.6%) | € (2,920) | € (2,920) | € 0 | (0.0%) | € (2,910) | € (9) | 0.3% | | | | | | | | | | | |



Net Working mainly impacted by €6m cash injection



ALFATHERM

→ Balance Sheet

| €'000s | Jan-18 | Oct-18 | Nov-18 | Dec-18 | Jan-19 | Variance LM | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|----------------|
| Alfatherm S.p.A. | Act | Act | Act | Act | Act | € | % |
| Current Assets | | | | | | | |
| Cash and cash equivalents | € 1,346 | € 990 | € 274 | € 199 | € 4,144 | € (3,945) | (95.2%) |
| Accounts receivable, net | 10,910 | 12,072 | 12,449 | 7,675 | 9,546 | (1,871) | (19.6%) |
| Inventory, net | 14,015 | 14,225 | 13,890 | 11,156 | 12,021 | (865) | (7.2%) |
| Prepaid expenses and other current assets | — | — | — | — | — | — | 0.0% |
| Other current assets | 2,405 | 1,843 | 1,437 | 1,729 | 2,013 | (284) | (14.1%) |
| Total Current Assets | 28,676 | 29,130 | 28,051 | 20,759 | 27,724 | (6,965) | (25.1%) |
| Non-Current Assets | | | | | | | |
| Property, plant & equipment, net | 35,786 | 34,598 | 34,285 | 34,345 | 34,051 | 294 | 0.9% |
| Goodwill | 23,195 | 23,195 | 23,195 | 23,195 | 23,195 | — | 0.0% |
| Identifiable intangible assets, net | 2,164 | 2,280 | 2,203 | 2,638 | 2,613 | 25 | 1.0% |
| Deferred tax asset | — | — | — | — | — | — | 0.0% |
| Other non-current assets | 192 | 10,696 | 196 | 288 | 288 | — | 0.0% |
| Total Non-Current Assets | 61,337 | 70,770 | 59,880 | 60,466 | 60,147 | 319 | 0.5% |
| Total Assets | € 90,014 | € 99,901 | € 87,931 | € 81,226 | € 87,871 | € (6,646) | (7.6%) |
| Current Liabilities | | | | | | | |
| Current portion of long-term debt | € 8,598 | € 10,097 | € 10,134 | € 9,871 | € 8,859 | € 1,012 | 11.4% |
| Accounts payable | 23,515 | 23,419 | 22,589 | 21,209 | 22,947 | (1,738) | (7.6%) |
| Accrued liabilities | 1,355 | 1,440 | 1,573 | 2,606 | 3,121 | (514) | (16.5%) |
| Accrued compensation | 3,054 | 3,388 | 3,678 | 2,777 | 2,869 | (92) | (3.2%) |
| Income taxes payable | 66 | 205 | 106 | (12) | 27 | (39) | (143.2%) |
| Short-term unearned revenue | — | — | — | — | — | — | 0.0% |
| Other current liabilities | 1,427 | 752 | 862 | 665 | 723 | (58) | (8.0%) |
| Total Current Liabilities | 38,015 | 39,301 | 38,942 | 37,117 | 38,546 | (1,429) | (3.7%) |
| Long-term liabilities | | | | | | | |
| Long-term debt less current maturities | 16,795 | 15,220 | 15,260 | 15,270 | 15,310 | (40) | (0.3%) |
| Capital lease | 209 | 53 | 36 | 18 | 5 | 12 | 226.7% |
| Debt owing to OpenGate | — | 5,000 | 5,000 | 5,000 | 5,000 | 0 | 0.0% |
| Deferred income taxes | 1,447 | 1,447 | 1,447 | 898 | 898 | — | 0.0% |
| Deferred liabilities | 3,311 | 2,804 | 2,809 | 2,543 | 2,542 | 1 | 0.0% |
| Other non-current liabilities | 5,254 | 4,601 | 4,382 | 3,996 | 3,989 | 7 | 0.2% |
| Total Long-Term Liabilities | 27,016 | 29,125 | 28,934 | 27,725 | 27,745 | (20) | (0.1%) |
| Total Liabilities | 65,030 | 68,426 | 67,875 | 64,842 | 66,290 | (1,449) | (2.2%) |
| Shareholders' Equity | | | | | | | |
| Common stock | 12 | 12 | 12 | 12 | 12 | — | 0.0% |
| Retained earnings | (52,311) | (56,320) | (57,239) | (60,910) | (45,616) | 6,695 | (12.8%) |
| Other equity transactions | 77,282 | 87,782 | 77,282 | 77,282 | 67,184 | (10,098) | (13.1%) |
| Total Shareholders' Equity | 24,983 | 31,475 | 20,055 | 16,384 | 21,581 | (5,197) | (24.1%) |
| Total Liabilities and Shareholders' Equity | € 90,014 | € 99,901 | € 87,931 | € 81,226 | € 87,871 | € (6,646) | (7.6%) |
| <i>Memo:</i> | | | | | | | |
| Net Working Capital | € 27,331 | € 28,140 | € 27,777 | € 20,560 | € 23,580 | € (3,020) | (12.8%) |
| Total Net External Debt | € 24,257 | € 24,379 | € 25,155 | € 24,960 | € 20,030 | € 4,930 | 24.6% |



OPENGATE CAPITAL

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➔ Legacy






BOIS & MATÉRIAUX



➔ Operational Overview:

- Strong level of sales in January at €50.5M, +2.5% vs PY and +3.1% versus budget. However, top line was obtained with a strong commercial aggressivity, resulting in a lower gross margin rate (28,7%) vs 29.7% PY and 29.5% in budget.
- Overall market of residential construction in France continues to decline (12 months rolling: order book of builders -11.3%, new housing permits -7.1%, new housing starts -7.0%). Market shares improved slightly last month.
- Operating expenses were in line with PY and budget
- October EBITDA with +€0.9M was +€242k above PY and +€5k above budget; strong sales levels were generated on a low margin rate and with controlled operating expenses.
- FY EBITDA outlook remains at €18.1M
- Operating Cash flow was negative in January with -€13.1M, due to Working Capital increase relating to supplier payments
- Current trading: Sales in January after 14 days out of 20 stands at €34.7M, +5.7% above PY and +1.7% above budget; margin rate is at 19.2% versus 19.7% in PY and 19.3% in budget
- Exit process: kick off on Feb 18 with PWC (VDD) and KPMG (IB) went well, the next 8 weeks are dedicated to VDD and IM preparation

➔ Key Initiatives

| Key Initiative | Status | Expected Progress/Milestones Over Next 90 Days |
|----------------|---|---|
| Exit process |  | <ul style="list-style-type: none">• Exit process: kick off on Feb 18 with PWC (VDD) and KPMG (IB) went well, the next 8 weeks are dedicated to VDD and IM preparation |

Strong sales performance in January with +2.5% versus PY, but on the back of a low margin rate; EBITDA in line with budget at €0.9M

➔ Profit & Loss Statement

| €'000s | MTD | | MTD | | Var | | MTD | | Var | | YTD | | YTD | | Var | | YTD | | Var | | FY | FY | Var | | FY | Var | | |
|-----------------------|----------|----------|----------|---------|----------|---------|---------|----------|----------|---------|---------|----------|---------|---------|------------|------------|---------|--------|------------|-----------|--------|-----|-----|---|----|-----|---|---|
| Bois & Matériaux | Act | Bud | \$ | % | | PY | € | % | | | Act | Bud | \$ | % | | PY | € | % | | | Fsct | Bud | \$ | % | | PY | € | % |
| Gross Revenue | € 51,042 | € 49,626 | \$ 1,416 | 2.9% | € 49,472 | € 1,570 | 3.2% | € 51,042 | € 49,626 | € 1,416 | 2.9% | € 49,472 | € 1,570 | 3.2% | € 625,380 | € 623,964 | € 1,416 | 0.2% | € 624,831 | € 549 | 0.1% | | | | | | | |
| Adj. to Gross Revenue | (574) | (678) | 104 | (15.3%) | (229) | (345) | 150.5% | (574) | (678) | 104 | (15.3%) | (229) | (345) | 150.5% | (4,928) | (5,032) | 104 | (2.1%) | (5,149) | 221 | (4.3%) | | | | | | | |
| Net Revenue | 50,468 | 48,947 | 1,520 | 3.1% | 49,243 | 1,225 | 2.5% | 50,468 | 48,947 | 1,520 | 3.1% | 49,243 | 1,225 | 2.5% | 620,452 | 618,932 | 1,520 | 0.2% | 619,682 | 770 | 0.1% | | | | | | | |
| Other COGS | 35,959 | 34,433 | 1,525 | 4.4% | 34,734 | 1,225 | 3.5% | 35,959 | 34,433 | 1,525 | 4.4% | 34,734 | 1,225 | 3.5% | 438,556 | 437,030 | 1,525 | 0.3% | 439,836 | (1,280) | (0.3%) | | | | | | | |
| Total COGS | 35,959 | 34,433 | 1,525 | 4.4% | 34,734 | 1,225 | 3.5% | 35,959 | 34,433 | 1,525 | 4.4% | 34,734 | 1,225 | 3.5% | 438,556 | 437,030 | 1,525 | 0.3% | 439,836 | (1,280) | (0.3%) | | | | | | | |
| Gross Margin | 14,509 | 14,514 | (5) | (0.0%) | 14,509 | 0 | 0.0% | 14,509 | 14,514 | (5) | (0.0%) | 14,509 | 0 | 0.0% | 181,896 | 181,901 | (5) | (0.0%) | 179,847 | 2,050 | 1.1% | | | | | | | |
| Gross Margin % | 28.7% | 29.7% | | | 29.5% | | | 28.7% | 29.7% | | | 29.5% | | | 29.3% | 29.4% | | | 29.0% | | | | | | | | | |
| Sales & Marketing | 11,430 | 11,272 | 158 | 1.4% | 11,990 | (560) | (4.7%) | 11,430 | 11,272 | 158 | 1.4% | 11,990 | (560) | (4.7%) | 136,287 | 136,129 | 158 | 0.1% | 138,794 | (2,506) | (1.8%) | | | | | | | |
| Administrative | 2,154 | 2,321 | (167) | (7.2%) | 1,836 | 318 | 17.3% | 2,154 | 2,321 | (167) | (7.2%) | 1,836 | 318 | 17.3% | 27,554 | 27,718 | (163) | (0.6%) | 25,400 | 2,155 | 8.5% | | | | | | | |
| Total Opex | 13,584 | 13,593 | (10) | (0.1%) | 13,826 | (242) | (1.8%) | 13,584 | 13,593 | (10) | (0.1%) | 13,826 | (242) | (1.8%) | 163,842 | 163,847 | (6) | (0.0%) | 164,193 | (352) | (0.2%) | | | | | | | |
| EBITDA | 925 | 921 | 5 | 0.5% | 683 | 242 | 35.5% | 925 | 921 | 5 | 0.5% | 683 | 242 | 35.5% | 18,054 | 18,054 | 1 | 0.0% | 15,653 | 2,401 | 15.3% | | | | | | | |
| EBITDA % | 1.8% | 1.9% | | | 1.4% | | | 1.8% | 1.9% | | | 1.4% | | | 2.9% | 2.9% | | | 2.5% | | | | | | | | | |
| Net Income (Loss) | € (280) | \$ (242) | \$ (37) | 15.4% | € (337) | € 57 | (16.9%) | € (280) | € (242) | € (37) | 15.4% | € (337) | € 57 | (16.9%) | € 2,700 | € 2,741 | € (41) | (1.5%) | € 1,744 | € 956 | 54.8% | | | | | | | |
| Capex | € (396) | \$ (743) | \$ 347 | (46.7%) | € (4) | € (392) | 9794.6% | € (396) | € (743) | € 347 | (46.7%) | € (4) | € (392) | 9794.6% | € (16,641) | € (16,641) | € (0) | 0.0% | € (14,329) | € (2,312) | 16.1% | | | | | | | |

Net Working Capital increased due to payments of supplier payables

➔ Balance Sheet

| €'000s | Jan-18 | Oct-18 | Nov-18 | Dec-18 | Jan-19 | Variance LM | |
|---|------------------|------------------|------------------|------------------|------------------|-------------------|----------------|
| Bois & Matériaux | Act | Act | Act | Act | Act | € | % |
| Current Assets | | | | | | | |
| Cash and cash equivalents | € 21,296 | € 20,214 | € 23,046 | € 19,355 | € 20,893 | € (1,538) | (7.4%) |
| Accounts receivable, net | 101,901 | 114,280 | 112,805 | 98,492 | 101,775 | (3,283) | (3.2%) |
| Inventory, net | 90,152 | 91,663 | 91,695 | 89,777 | 90,389 | (611) | (0.7%) |
| Prepaid expenses and other current assets | 3,986 | 3,918 | 3,795 | 4,865 | 3,303 | 1,562 | 47.3% |
| Other current assets | 3,742 | 2,016 | 2,261 | 3,014 | 2,985 | 29 | 1.0% |
| Total Current Assets | 221,078 | 232,091 | 233,603 | 215,502 | 219,344 | (3,842) | (1.8%) |
| Non-Current Assets | | | | | | | |
| Property, plant & equipment, net | 31,983 | 31,570 | 32,432 | 36,115 | 35,564 | 550 | 1.5% |
| Identifiable intangible assets, net | 4,226 | 4,280 | 4,279 | 6,346 | 6,527 | (181) | (2.8%) |
| Deferred tax asset | 8,339 | 8,339 | 8,339 | 8,454 | 8,454 | — | 0.0% |
| Other non-current assets | — | — | — | — | — | — | 0.0% |
| Total Non-Current Assets | 44,547 | 44,188 | 45,049 | 50,915 | 50,545 | 369 | 0.7% |
| Total Assets | € 265,625 | € 276,279 | € 278,652 | € 266,417 | € 269,890 | € (3,473) | (1.3%) |
| Current Liabilities | | | | | | | |
| Current portion of long-term debt | € 21,447 | € 3,335 | € (5) | € — | € 15,254 | € (15,254) | (100.0%) |
| Accounts payable | 79,636 | 104,075 | 108,845 | 96,563 | 85,405 | 11,158 | 13.1% |
| Accrued liabilities | 7,799 | — | — | — | — | — | 0.0% |
| Income taxes payable | (163) | — | — | — | — | — | 0.0% |
| Other current liabilities | 27,572 | 28,178 | 28,213 | 28,176 | 28,026 | 151 | 0.5% |
| Total Current Liabilities | 136,291 | 135,587 | 137,053 | 124,739 | 128,685 | (3,945) | (3.1%) |
| Long-term liabilities | | | | | | | |
| Vendor loan & Capital lease | 15,503 | 14,963 | 15,428 | 18,100 | 17,885 | 215 | 1.2% |
| Debt owing to OpenGate | 12,156 | 12,423 | 12,452 | 12,483 | 12,513 | (30) | (0.2%) |
| Total Long-Term Liabilities | 63,537 | 63,190 | 63,682 | 65,531 | 65,338 | 193 | 0.3% |
| Total Liabilities | 199,828 | 198,777 | 200,735 | 190,270 | 194,022 | (3,753) | (1.9%) |
| Total Shareholders' Equity | 73,433 | 77,502 | 77,917 | 76,147 | 75,867 | 280 | 0.4% |
| Total Liabilities and Shareholders' Equity | € 273,261 | € 276,279 | € 278,652 | € 266,417 | € 269,890 | € (3,473) | (1.3%) |
| <i>Memo:</i> | | | | | | | |
| Net Working Capital | € 84,938 | € 79,625 | € 73,498 | € 71,408 | € 85,020 | € (13,612) | (16.0%) |
| Total Net Debt | € 45,752 | € 28,832 | € 23,195 | € 29,636 | € 43,210 | € (13,573) | (31.4%) |

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EverZinc

Jøtul

Fichet Security Solutions

➔ Legacy





January volumes lower than expected (-7%), but EBITDA at budget level (€2.1m). GHC integration progressing as planned

➔ Operational Overview:

- Despite lower volumes, EBITDA was in line with budget at €2.1m:
 - FZP: demand for coating is improving versus Q4/2018, while performance on chemical segment was impacted by the lower production in Angleur (8% below budget due to technical issues with the new compressors)
 - ZNO: demand remains strong but secondary raw materials scarcity limits sales of direct/feedgrade (9% lower than budget and 25% lower than PY)
 - ZBM: positive track continues, with volumes 12% higher than budget and 16% higher than LY
 - ZANO: strong demand with 50 tons delivered in January (versus 10 in budget), including 1 shipment to Bayer from December that was only invoiced in January
- Net cash flow of €-9.4m (€33.7m cash position versus €42.3m in December 2018) is better than the budget of €-10.5m, driven by the €1.4m refund of metal margin calls, whereas the month-over-month variance is the result of the wind-down of payables held at year-end
- Statutory accounts of 2018 to be finalized by mid-March
- GHC integration being executed to plan, with weekly calls to monitor progress:
 - Consolidated budget to be finalized for Q1
 - Synergies implementation plan under completion, with first P&L impacts to be seen in 2019
- USA environmental claim: Everzinc claim to Umicore presented on February 11th. Waiting for feedback
- OGC team to attend the International Zinc & Zinc Oxide Conferences with the Everzinc team in Scottsdale, AZ, from February 26th to February 27th and to visit the GHC facilities on March 1st

➔ Key Initiatives

| Key Initiative | Status | Expected Progress/Milestones Over Next 90 Days |
|------------------|--------|--|
| GHC Integration | ● | • Live update |
| Finance Function | ● | • Organization and processes under review to address the GHC acquisition and the need for strengthening the function |

Despite lower volumes (-7%), EBITDA was largely in line with budget at €2.1m

Profit & Loss

| | Month | | | | | | | YTD | | | | | | | FY | | | | | | | | | | |
|-----------------------|-----------|----------|-----------|---------|----------|------------|----------|-----------|----------|-----------|---------|----------|------------|----------|-----------|-----------|---------|---------|-----------|------------|---------|--|----|-----|--|
| €'000s | MTD | | MTD | | Var | | MTD | Var | | YTD | YTD | | Var | | YTD | Var | | FY | FY | | Var | | FY | Var | |
| EverZinc BV | Act | Bud | \$ | % | PY | € | % | Act | Bud | \$ | % | PY | € | % | Fcst | Bud | \$ | % | PY | € | % | | | | |
| Units Produced | 13,113 | 15,644 | (2,532) | (16.2%) | 15,322 | (2,210) | (14.4%) | 13,113 | 15,644 | (2,532) | (16.2%) | 15,322 | (2,210) | (14.4%) | 185,506 | 188,038 | (2,532) | (1.3%) | 171,158 | 14,348 | 8.4% | | | | |
| Units Shipped | 13,956 | 14,984 | (1,028) | (6.9%) | 16,582 | (2,626) | (15.8%) | 13,956 | 14,984 | (1,028) | (6.9%) | 16,582 | (2,626) | (15.8%) | 188,324 | 189,352 | (1,028) | (0.5%) | 177,930 | 10,394 | 5.8% | | | | |
| Gross Revenue | € 41,963 | € 43,375 | € (1,412) | (3.3%) | € 54,863 | € (12,900) | (23.5%) | € 41,963 | € 43,375 | € (1,412) | (3.3%) | € 54,863 | € (12,900) | (23.5%) | € 552,022 | € 552,022 | € - | 0.0% | € 566,043 | € (14,020) | (2.5%) | | | | |
| Adj. to Gross Revenue | (39) | (65) | 26 | (40.5%) | (26) | (13) | 49.1% | (39) | (65) | 26 | (40.5%) | (26) | (13) | 49.1% | (789) | (789) | (0) | 0.0% | (888) | 99 | (11.2%) | | | | |
| Net Revenue | 41,924 | 43,310 | (1,386) | (3.2%) | 54,837 | (12,913) | (23.5%) | 41,924 | 43,310 | (1,386) | (3.2%) | 54,837 | (12,913) | (23.5%) | 551,233 | 551,233 | - | 0.0% | 565,155 | (13,921) | (2.5%) | | | | |
| Material | 32,262 | 33,492 | (1,229) | (3.7%) | 44,740 | (12,478) | (27.9%) | 32,262 | 33,492 | (1,229) | (3.7%) | 44,740 | (12,478) | (27.9%) | 422,392 | 422,206 | 186 | 0.0% | 445,439 | (23,046) | (5.2%) | | | | |
| Labor | 1,912 | 1,892 | 20 | 1.1% | 1,678 | 234 | 14.0% | 1,912 | 1,892 | 20 | 1.1% | 1,678 | 234 | 14.0% | 23,253 | 23,253 | - | 0.0% | 22,307 | 946 | 4.2% | | | | |
| Other COGS | 3,702 | 3,893 | (191) | (4.9%) | 3,671 | 31 | 0.9% | 3,702 | 3,893 | (191) | (4.9%) | 3,671 | 31 | 0.9% | 46,377 | 46,568 | (191) | (0.4%) | 43,554 | 2,822 | 6.5% | | | | |
| Total COGS | 37,877 | 39,277 | (1,400) | (3.6%) | 50,089 | (12,212) | (24.4%) | 37,877 | 39,277 | (1,400) | (3.6%) | 50,089 | (12,212) | (24.4%) | 492,022 | 492,027 | (5) | (0.0%) | 511,300 | (19,277) | (3.8%) | | | | |
| Gross Margin | 4,047 | 4,033 | 14 | 0.3% | 4,747 | (700) | (14.8%) | 4,047 | 4,033 | 14 | 0.3% | 4,747 | (700) | (14.8%) | 59,211 | 59,206 | 5 | 0.0% | 53,855 | 5,356 | 9.9% | | | | |
| Gross Margin % | 9.7% | 9.3% | | | 8.7% | | | 9.7% | 9.3% | | | 8.7% | | | 10.7% | 10.7% | | | 9.5% | | | | | | |
| Sales & Marketing | 312 | 281 | 31 | 10.9% | 273 | 39 | 14.2% | 312 | 281 | 31 | 10.9% | 273 | 39 | 14.2% | 3,537 | 3,506 | 31 | 0.9% | 3,786 | (249) | (6.6%) | | | | |
| Administrative | 441 | 1,283 | (841) | (65.6%) | 808 | (366) | (45.4%) | 441 | 1,283 | (841) | (65.6%) | 808 | (366) | (45.4%) | 13,030 | 13,871 | (841) | (6.1%) | 16,293 | (3,263) | (20.0%) | | | | |
| Other Opex | 1,241 | 331 | 910 | 274.6% | 1,193 | 49 | 4.1% | 1,241 | 331 | 910 | 274.6% | 1,193 | 49 | 4.1% | 8,137 | 7,321 | 816 | 11.1% | 4,466 | 3,671 | 82.2% | | | | |
| Total Opex | 1,995 | 1,895 | 100 | 5.3% | 2,274 | (279) | (12.3%) | 1,995 | 1,895 | 100 | 5.3% | 2,274 | (279) | (12.3%) | 24,704 | 24,699 | 6 | 0.0% | 24,545 | 159 | 0.6% | | | | |
| EBITDA | 2,052 | 2,138 | (86) | (4.0%) | 2,474 | (422) | (17.0%) | 2,052 | 2,138 | (86) | (4.0%) | 2,474 | (422) | (17.0%) | 34,507 | 34,507 | (1) | (0.0%) | 29,310 | 5,197 | 17.7% | | | | |
| EBITDA % | 4.9% | 4.9% | | | 4.5% | | | 4.9% | 4.9% | | | 4.5% | | | 6.3% | 6.3% | | | 5.2% | | | | | | |
| Net Income (Loss) | € 2,180 | € 574 | € 1,607 | 280.1% | € (370) | € 2,551 | (688.4%) | € 2,180 | € 574 | € 1,607 | 280.1% | € (370) | € 2,551 | (688.4%) | € 13,463 | € 13,464 | € (1) | (0.0%) | € 3,454 | € 10,009 | 289.7% | | | | |
| Capex | € (1,535) | € (624) | € (911) | 146.1% | € (535) | € (1,000) | 187.1% | € (1,535) | € (624) | € (911) | 146.1% | € (535) | € (1,000) | 187.1% | € (6,505) | € (7,485) | € 980 | (13.1%) | € (8,232) | € 1,727 | (21.0%) | | | | |

Cash position reduced from €42m to €33.7m mainly due to AP wind-down, while LT debt increased by €11.3m due to GHC

→ Balance Sheet

| €'000s | Oct-18 | | Nov-18 | | Dec-18 | | Jan-19 | | Variance LM | |
|---|------------------|------------------|------------------|------------------|-------------------|----------------|--------|---|-------------|--|
| EverZinc BV | Act | Act | Act | Act | Act | Act | € | % | | |
| Current Assets | | | | | | | | | | |
| Cash and cash equivalents | € 27,274 | € 24,269 | € 42,245 | € 33,677 | € 8,567 | 25.4% | | | | |
| Accounts receivable, net | 70,215 | 71,582 | 62,884 | 58,837 | 4,047 | 6.9% | | | | |
| Inventory, net | 56,878 | 64,287 | 57,405 | 62,535 | (5,130) | (8.2%) | | | | |
| Other current assets | 7,200 | 10,419 | 9,363 | 9,562 | (199) | (2.1%) | | | | |
| Total Current Assets | 161,566 | 170,557 | 171,896 | 164,612 | 7,284 | 4.4% | | | | |
| Non-Current Assets | | | | | | | | | | |
| Property, plant & equipment, net | 48,623 | 49,014 | 48,613 | 54,848 | (6,235) | (11.4%) | | | | |
| Goodwill | 12,276 | 12,288 | 12,455 | 18,064 | (5,609) | (31.0%) | | | | |
| Deferred financing cost | 12,958 | 11,383 | 11,152 | 31,494 | (20,342) | (64.6%) | | | | |
| Other non-current assets | 2,825 | 2,676 | 2,749 | 2,525 | 224 | 8.9% | | | | |
| Total Non-Current Assets | 76,682 | 75,361 | 74,969 | 106,932 | (31,963) | (29.9%) | | | | |
| Total Assets | € 238,248 | € 245,918 | € 246,865 | € 271,544 | € (24,679) | (9.1%) | | | | |
| Current Liabilities | | | | | | | | | | |
| Accounts payable | 67,426 | 70,055 | 73,940 | 69,572 | 4,368 | 6.3% | | | | |
| Accrued liabilities | 3,805 | 5,501 | 2,201 | 9,894 | (7,693) | (77.8%) | | | | |
| Other current liabilities | 9,150 | 11,516 | 10,858 | 11,090 | (233) | (2.1%) | | | | |
| Total Current Liabilities | 80,381 | 87,072 | 86,998 | 91,224 | (4,226) | (4.6%) | | | | |
| Long-term liabilities | | | | | | | | | | |
| Long-term debt less current maturities | 92,250 | 92,250 | 92,250 | 103,550 | (11,300) | (10.9%) | | | | |
| Long-term unearned revenue | 2,319 | 2,330 | 2,334 | 2,375 | (41) | (1.7%) | | | | |
| Deferred liabilities | — | — | — | — | — | 0.0% | | | | |
| Other non-current liabilities | 26,306 | 26,328 | 26,303 | 25,398 | 905 | 3.6% | | | | |
| Total Long-Term Liabilities | 120,875 | 120,908 | 120,888 | 131,323 | (10,435) | (7.9%) | | | | |
| Total Liabilities | 201,256 | 207,980 | 207,886 | 222,547 | (14,661) | (6.6%) | | | | |
| Shareholders' Equity | | | | | | | | | | |
| Capital in excess of stated value | 43,851 | 43,851 | 43,851 | 53,551 | 53,551 | 0.0% | | | | |
| Retained earnings | (6,859) | (5,913) | (4,872) | (4,556) | (4,556) | 0.0% | | | | |
| Total Shareholders' Equity | 36,992 | 37,938 | 38,979 | 48,996 | (10,016) | (20.4%) | | | | |
| Total Liabilities and Shareholders' Equity | € 238,248 | € 245,918 | € 246,865 | € 271,544 | € (24,679) | (9.1%) | | | | |
| <i>Memo:</i> | | | | | | | | | | |
| Net Working Capital | € 53,911 | € 59,216 | € 42,653 | € 39,710 | € 2,943 | 7.4% | | | | |
| Total Net External Debt | € 64,976 | € 67,981 | € 50,005 | € 69,873 | € (19,867) | (28.4%) | | | | |

Negative CF for the month driven by the AP wind-down, but better than budget due to the €1.4m metal margin call refund

→ Cash Flow

| In kEur | 01/2019 | Budget 01/2019 |
|--|---------------|----------------|
| CASH FLOW | | |
| EBITDA | 2.052 | 2.138 |
| Delta WC (trades) | -13.201 | -10.000 |
| Delta Others (non cash) | 2.797 | -40 |
| Capex | -1.535 | -1.692 |
| Operating Cash Flow | -9.887 | -9.594 |
| Financial results | 0 | |
| Restructuring | 0 | |
| Non recurring (reclass DB adjustments) | -250 | -250 |
| OGC Fees | -300 | -300 |
| Other | 1.400 | |
| CIT | -358 | -360 |
| Other cash flow | 492 | -910 |
| Total Cash Flow | -9.395 | -10.504 |

| Forecast 2019 | Budget 2019 |
|----------------|----------------|
| | |
| 34.507 | 34.507 |
| 3.597 | 3.597 |
| -116 | -116 |
| -7.485 | -7.485 |
| 30.503 | 30.503 |
| -8.014 | -8.014 |
| 0 | |
| -500 | -500 |
| -1.200 | -1.200 |
| -4.355 | -4.354 |
| -14.069 | -14.067 |
| | |
| 16.435 | 16.435 |

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➔ Summary of Portfolio Performance

➔ Fund I – North America

➔ Fund I – Europe

Alfatherm

Bois & Materiaux

EverZinc

Jøtul

Fichet Security Solutions

➔ Legacy



Strong sales in January with +14.2% generating an EBITDA above PY and budget at NOK 5.5M



➔ Operational Overview:

- January net sales with NOK 78.5M were +14.2% above PY and +13.0% above budget; strong sales performance in Norway and France
- Gross margin at 27.7% in line with PY and above budget at 27.1%
- Opex were slightly below budget but above PY
- EBITDA with NOK 5.5M was +NOK1.7M above 2018 and +NOK 3.6M above budget due to the strong sales performance
- FY 2019 EBITDA outlook remains at NOK 107.1M
- Operating Cash Flow negative -NOK 30M due stock build for the relocation project and reduction of supplier payables
- Current trading: sales in January after 11 days out of 20 stands at NOK 38.5M, -6% versus PY and +15% versus budget

➔ Key Initiatives

| Key Initiative | Status | Expected Progress/Milestones Over Next 90 Days |
|-----------------------------------|--------|--|
| Manufacturing efficiency measures | | Relocation project: as a result of the announcement of the relocation on November 5, work efficiency reduced by 20% in Norway, while no significant negative impact was visible in Denmark; management is took disciplinary actions to tackle the situation and calmed down the situation by end of November; factory visit by OGC planned by Feb 1 st , 2019 |



Strong sales in January with +14.2% generating an EBITDA above PY and budget at NOK 5.5M



➔ Profit & Loss Statement

| kr'000s Jotul AS | MTD | MTD | Var | | MTD | Var | | YTD | YTD | Var | | YTD | Var | | FY | FY | Var | | FY | Var | |
|-----------------------|----------|----------|---------|---------|----------|---------|----------|----------|----------|---------|---------|----------|---------|----------|-----------|-----------|------|--------|-----------|----------|---------|
| | Act | Bud | kr | % | PY | kr | % | Act | Bud | kr | % | PY | kr | % | Fsct | Bud | kr | % | PY | kr | % |
| Gross Revenue | 137,279 | 127,158 | 10,121 | 8.0% | 122,891 | 14,388 | 11.7% | 137,279 | 127,158 | 10,121 | 8.0% | 122,891 | 14,388 | 11.7% | 1,723,078 | 1,723,078 | 0 | 0.0% | 1,651,786 | 71,292 | 4.3% |
| Adj. to Gross Revenue | (59,019) | (57,905) | (1,114) | 1.9% | (54,356) | (4,663) | 8.6% | (59,019) | (57,905) | (1,114) | 1.9% | (54,356) | (4,663) | 8.6% | (767,050) | (767,050) | (0) | 0.0% | (729,674) | (37,377) | 5.1% |
| Net Revenue | 78,260 | 69,253 | 9,007 | 13.0% | 68,536 | 9,724 | 14.2% | 78,260 | 69,253 | 9,007 | 13.0% | 68,536 | 9,724 | 14.2% | 956,028 | 956,028 | 0 | 0.0% | 922,112 | 33,916 | 3.7% |
| Other COGS | 15,102 | 15,522 | (420) | (2.7%) | 18,415 | (3,313) | (18.0%) | 15,102 | 15,522 | (420) | (2.7%) | 18,415 | (3,313) | (18.0%) | 220,631 | 220,631 | (0) | (0.0%) | 226,042 | (5,411) | (2.4%) |
| Total COGS | 56,581 | 50,451 | 6,130 | 12.2% | 49,510 | 7,071 | 14.3% | 56,581 | 50,451 | 6,130 | 12.2% | 49,510 | 7,071 | 14.3% | 654,225 | 654,225 | (0) | (0.0%) | 644,599 | 9,626 | 1.5% |
| Gross Margin | 21,679 | 18,801 | 2,878 | 15.3% | 19,025 | 2,654 | 13.9% | 21,679 | 18,801 | 2,878 | 15.3% | 19,025 | 2,654 | 13.9% | 301,803 | 301,802 | 0 | 0.0% | 277,513 | 24,289 | 8.8% |
| Gross Margin % | 27.7% | 27.1% | | | 27.8% | | | 27.7% | 27.1% | | | 27.8% | | | 31.6% | 31.6% | | | 30.1% | | |
| Sales & Marketing | 7,281 | 8,268 | (987) | (11.9%) | 6,695 | 586 | 8.8% | 7,281 | 8,268 | (987) | (11.9%) | 6,695 | 586 | 8.8% | 100,447 | 100,447 | 0 | 0.0% | 88,728 | 11,719 | 13.2% |
| Administrative | 7,003 | 6,680 | 323 | 4.8% | 6,504 | 499 | 7.7% | 7,003 | 6,680 | 323 | 4.8% | 6,504 | 499 | 7.7% | 73,551 | 73,551 | 0 | 0.0% | 76,971 | (3,420) | (4.4%) |
| Total Opex | 16,147 | 16,825 | (678) | (4.0%) | 15,178 | 969 | 6.4% | 16,147 | 16,825 | (678) | (4.0%) | 15,178 | 969 | 6.4% | 194,718 | 194,716 | 1 | 0.0% | 185,454 | 9,264 | 5.0% |
| EBITDA | 5,532 | 1,976 | 3,556 | 179.9% | 3,848 | 1,684 | 43.8% | 5,532 | 1,976 | 3,556 | 179.9% | 3,848 | 1,684 | 43.8% | 107,085 | 107,086 | (1) | (0.0%) | 92,059 | 15,026 | 16.3% |
| EBITDA % | 7.1% | 2.9% | | | 5.6% | | | 7.1% | 2.9% | | | 5.6% | | | 11.2% | 11.2% | | | 10.0% | | |
| Net Income (Loss) | -7,686 | -8,950 | 1,264 | (14.1%) | 10,794 | -18,480 | (171.2%) | -7,686 | -8,950 | 1,264 | (14.1%) | 10,794 | -18,480 | (171.2%) | -8,539 | -7,641 | -899 | 11.8% | -47,141 | 38,602 | (81.9%) |
| Capex | -1,645 | -4,680 | 3,035 | (64.9%) | -1,306 | -339 | 26.0% | -1,645 | -4,680 | 3,035 | (64.9%) | -1,306 | -339 | 26.0% | -31,152 | -31,153 | 0 | (0.0%) | -33,392 | 2,240 | (6.7%) |



Working Capital increased in January due to stock build for the relocation project and reduction of supplier payables



→ Balance Sheet

| <i>kr'000s</i> | Jan-18 | Oct-18 | Nov-18 | Dec-18 | Jan-19 | Variance LM | |
|---|----------------|----------------|----------------|----------------|----------------|-----------------|----------------|
| Jotul AS | Act | Act | Act | Act | Act | € | % |
| Current Assets | | | | | | | |
| Cash and cash equivalents | 3,555 | 61,262 | 89,557 | 117,811 | 176,666 | -58,855 | (33.3%) |
| Accounts receivable, net | 79,547 | 152,023 | 129,523 | 85,031 | 78,898 | 6,133 | 7.8% |
| Inventory, net | 160,209 | 174,213 | 173,853 | 179,012 | 184,274 | (5,262) | (2.9%) |
| Prepaid expenses and other current assets | — | — | — | — | — | — | 0.0% |
| Other current assets | 15,438 | 17,312 | 16,737 | 11,712 | 22,059 | (10,347) | (46.9%) |
| Total Current Assets | 258,749 | 404,809 | 409,670 | 393,566 | 461,897 | (68,331) | (14.8%) |
| Non-Current Assets | | | | | | | |
| Property, plant & equipment, net | 149,502 | 142,083 | 141,078 | 139,589 | 136,464 | 3,125 | 2.3% |
| Goodwill | 222,791 | — | — | — | — | — | 0.0% |
| Identifiable intangible assets, net | 205,396 | 125,812 | 127,924 | 129,471 | 122,172 | 7,299 | 6.0% |
| Deferred tax asset | 1,353 | 1,255 | 1,274 | 1,300 | 1,266 | 34 | 2.7% |
| Other non-current assets | 15,820 | 15,179 | 15,238 | 15,348 | 15,033 | 315 | 2.1% |
| Total Non-Current Assets | 594,861 | 284,328 | 285,514 | 285,708 | 274,936 | 10,772 | 3.9% |
| Total Assets | 853,610 | 689,138 | 695,184 | 679,274 | 736,833 | -57,559 | (7.8%) |
| Current Liabilities | | | | | | | |
| Current portion of long-term debt | 20,141 | 19,015 | 15,247 | 6,424 | 14,898 | -8,474 | (56.9%) |
| Accounts payable | 56,049 | 81,946 | 73,120 | 83,282 | 72,165 | 11,117 | 15.4% |
| Accrued liabilities | — | — | — | — | — | — | 0.0% |
| Accrued compensation | — | — | — | — | — | — | 0.0% |
| Income taxes payable | — | — | — | — | — | — | 0.0% |
| Short-term unearned revenue | — | — | — | — | — | — | 0.0% |
| Other current liabilities | 68,772 | 77,030 | 86,624 | 82,693 | 74,563 | 8,130 | 10.9% |
| Total Current Liabilities | 144,963 | 177,991 | 174,991 | 172,399 | 161,626 | 10,773 | 6.7% |
| Long-term liabilities | | | | | | | |
| Long-term debt less current maturities | 482,475 | 257,991 | 249,784 | 255,094 | 341,581 | (86,487) | (25.3%) |
| Capital lease | — | — | — | — | — | — | 0.0% |
| Debt owing to OpenGate | 92,212 | 178,167 | 138,434 | 139,211 | 140,019 | (808) | (0.6%) |
| Deferred income taxes | 520 | 942 | 14,019 | 13,802 | 12,602 | 1,200 | 9.5% |
| Deferred liabilities | — | — | — | — | — | — | 0.0% |
| Other non-current liabilities | 41,547 | 37,444 | 37,121 | 38,216 | 37,047 | 1,169 | 3.2% |
| Total Long-Term Liabilities | 616,754 | 474,544 | 439,358 | 446,323 | 531,249 | (84,926) | (16.0%) |
| Total Liabilities | 761,717 | 652,535 | 614,349 | 618,722 | 692,874 | (74,152) | (10.7%) |
| Shareholders' Equity | | | | | | | |
| Common stock | 701,026 | 121 | 121 | 600 | 600 | 600 | 0.0% |
| Retained earnings | (609,133) | 36,482 | 80,714 | 59,952 | 43,359 | 43,359 | 0.0% |
| Other equity transactions | — | — | — | — | — | — | 0.0% |
| Total Shareholders' Equity | 91,893 | 36,603 | 80,835 | 60,552 | 43,959 | 16,593 | 37.7% |
| Total Liabilities and Shareholders' Equity | 853,610 | 689,138 | 695,184 | 679,274 | 736,833 | -57,559 | (7.8%) |
| <i>Memo:</i> | | | | | | | |
| Net Working Capital | 130,372 | 184,571 | 160,369 | 109,780 | 138,503 | -28,723 | (20.7%) |
| Total Net External Debt | 499,061 | 215,743 | 175,474 | 143,707 | 179,813 | -36,106 | (20.1%) |



➔ Operational Overview:

- January sales with €2.1M was +10% above PY which is a good start of the year after a disastrous December
- Gross margins and EBITDA is not know given the unclear picture about 2018 closing accounts; first month end closing of AICO will be for February
- New CFO will start first week of March
- Weekly follow up of action plan:
 - Numerous operational improvement measures by the CEO: i) formation of new management team, ii) acceleration of synergies with Jotul and of iii) lean manufacturing to improve efficiency
 - Cash boost actions supported by E&Y: i) acceleration of collection, ii) reduction of stock level, iii) roll over of payable stretch and iv) enhancement of management control measures and internal procedures to reduce future risks
 - Reporting enhancements supported by E&Y (bridge to clarify 2018 performance versus 2017, implementation of monthly reporting, preparation of 2019 budget)
 - Approaching banks to recover some lost credit lines, start implementation of factoring at AICO France
 - Legal (forensic) investigation to seek recourse from seller/R&W insurance to recover part of the balance sheet losses (overstated assets of around €2M)
- AICO requires a cash injection before end of February of €3M to ensure business continuity, an IC is in preparation for early next week

➔ Key Initiatives

| Key Initiative | Status | Expected Progress/Milestones Over Next 90 Days |
|------------------------------|--------|--|
| AICO performance and funding | ● | Action plan put in place to get full transparency on 2018 underperformance with the support of E&Y; full 2017-2018 bridge expected by mid February, 2019 budget by mid March |

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➔ Summary of Portfolio Performance

➔ Fund I – North America

➔ Fund I – Europe

Alfatherm

Bois & Matériaux

EverZinc

Jøtul

Fichet Security Solutions

➔ Legacy





Positive start of the year with sales +3% vs Budget and EBITDA in line with Budget. Order intake +2% vs Budget and +13% vs PY

➔ Operational Overview:

- Sales for the month reached €9.1M vs. €8.8M in budget, driven by France (€7.1m vs. €6.4m) and offsetting lower sales in FT-Baldenheim for SD&P and Electronic Security (€1.9m vs. €2.6m including interco sales)
- EBITDA is inline with budget but significantly lower than PY (-41%) despite an equivalent level of sales but impacted by lower margin and higher R&D and Admin costs
- Liquidity at month-end reached €32.4M, including seller contribution at closing, OGC equity and the factoring in France (Belgium and Luxembourg to be effective in February)
- Recruitment update:
 - Interim CFO: started 4th February with 2 weeks handover with previous interim CFO
 - Permanent CFO: selected candidate has signed his contract and will start beginning of May at the latest
 - HR Director: agreement reached. Previous HRD left on 15th February and new HRD started on 19th February
 - COO: 2nd preferred candidate finally signed his contract and should start end of May at the latest
- Closing accounts review started with PWC: Final Price adjustments received from Gunnebo on 6th February requesting a price increase of €195k. PWC analysis to be completed 26th February to define what could be challenged. Deadline for notification is 5th March.

➔ Key Initiatives

| Key Initiative | Status | Expected Progress/Milestones Over Next 90 Days |
|--------------------|--------|--|
| Closing Accounts | ● | • Accounts should be ready by February and objections to be presented in March |
| CFO Recruitment | ● | • selected candidate has signed his contract and will start beginning of May at the latest |
| COO Recruitment | ● | • 2 nd preferred candidate finally signed his contract and should start end of May at the latest |
| IT Carve-Out | ● | • On-going. Completion expected for April |
| Restructuring Plan | ● | • Detailed plan being formalized by management. Information/consultation with employees representatives forecasted for mid March |

Positive start of the year with sales +3% vs Budget and EBITDA in line with Budget. Order intake +2% vs Budget and +13% vs PY

➔ Profit & Loss

| €'000s | Currency | Month | | | | | | | | FY | | | | | | | |
|---------------------------|----------|------------------|------------------|----------------|---------------|------------------|----------------|---------------|-------------------|-------------------|-------------|---------------|------------------|-------------------|-----------------|-----|-----|
| | | MTD | | MTD | | Var | | MTD | | Var | | FY | | FY | | Var | |
| | | Act | Bud | \$ | % | PY | € | % | | | | Fsct | Bud | \$ | % | PY | € |
| Fichet Security Solutions | EUR | | | | | | | | | | | | | | | | |
| Gross Revenue | | € 9,044 | € 8,824 | € 220 | 2.5% | € 9,049 | € (5) | (0.1%) | € 133,943 | € 133,943 | € - | 0.0% | € 124,913 | € 9,030 | 7.2% | | |
| Adj. to Gross Revenue | | — | — | — | n/a | — | — | n/a | — | — | — | n/a | — | — | n/a | — | n/a |
| Net Revenue | | 9,044 | 8,824 | 220 | 2.5% | 9,049 | (5) | (0.1%) | 133,943 | 133,943 | — | 0.0% | 124,913 | 9,030 | 7.2% | | |
| Other COGS | | 1,707 | 1,513 | 195 | 12.9% | 1,967 | (260) | (13.2%) | 25,107 | 25,107 | — | 0.0% | 25,718 | (611) | (2.4%) | | |
| Total COGS | | 7,418 | 7,165 | 253 | 3.5% | 7,251 | 167 | 2.3% | 100,678 | 100,678 | — | 0.0% | 99,219 | 1,459 | 1.5% | | |
| Gross Margin | | 1,626 | 1,659 | (33) | (2.0%) | 1,798 | (172) | (9.5%) | 33,265 | 33,265 | — | 0.0% | 25,694 | 7,571 | 29.5% | | |
| Gross Margin % | | 18.0% | 18.8% | | | 19.9% | | | 24.8% | 24.8% | | | 20.6% | | | | |
| Sales & Marketing | | 1,354 | 1,411 | (57) | (4.0%) | 1,307 | 47 | 3.6% | 16,168 | 16,168 | — | 0.0% | 16,012 | 156 | 1.0% | | |
| Administrative | | 1,203 | 1,215 | (12) | (1.0%) | 1,115 | 88 | 7.9% | 13,847 | 13,848 | (1) | (0.0%) | 13,516 | 331 | 2.4% | | |
| Total Opex | | 2,888 | 2,931 | (44) | (1.5%) | 2,692 | 195 | 7.3% | 33,676 | 33,677 | (1) | (0.0%) | 32,017 | 1,659 | 5.2% | | |
| EBITDA | | (1,261) | (1,272) | 11 | (0.9%) | (894) | (367) | 41.0% | (411) | (412) | 1 | (0.2%) | (6,323) | 5,912 | (93.5%) | | |
| EBITDA % | | (13.9%) | (14.4%) | | | (9.9%) | | | (0.3%) | (0.3%) | | | (5.1%) | | | | |
| Net Income (Loss) | | € (2,007) | € (1,655) | € (352) | 21.3% | € (1,085) | € (921) | 84.9% | € (13,855) | € (13,871) | € 16 | (0.1%) | € 5,484 | € (19,339) | (352.6%) | | |
| Capex | | € (127) | € (65) | € (62) | 95.1% | € (78) | € (49) | 63.3% | € (2,837) | € (2,838) | € 1 | (0.0%) | € (2,053) | € (784) | 38.2% | | |

Cash as of January 31st 2019 reached €32.4M, including sellers contribution, OGC equity and the factoring in France

➔ Balance Sheet

| €'000s | Currency | Oct-18 | Nov-18 | Dec-18 | Jan-19 | Variance LM | |
|---|----------|------------------|-------------------|-------------------|-------------------|------------------|---------------|
| Fichet Security Solutions | EUR | Act | Act | Act | Act | € | % |
| <u>Current Assets</u> | | | | | | | |
| Cash and cash equivalents | | € 8,166 | € 21,856 | € 37,094 | € 32,361 | € 4,733 | 14.6% |
| Accounts receivable, net | | 33,097 | 33,524 | 30,778 | 27,966 | 2,812 | 10.1% |
| Inventory, net | | 19,137 | 19,240 | 18,051 | 18,770 | (719) | (3.8%) |
| Other current assets | | 6,414 | 6,498 | 6,389 | 7,200 | (811) | (11.3%) |
| Total Current Assets | | 67,772 | 81,774 | 92,764 | 87,231 | 5,534 | 6.3% |
| <u>Non-Current Assets</u> | | | | | | | |
| Property, plant & equipment, net | | 5,648 | 5,231 | 5,236 | 5,040 | 196 | 3.9% |
| Goodwill | | — | — | — | — | — | 0.0% |
| Deferred financing cost | | — | — | — | — | — | 0.0% |
| Other non-current assets | | 5,935 | 11,271 | 172 | 175 | (3) | (1.5%) |
| Total Non-Current Assets | | 12,860 | 18,417 | 7,366 | 7,468 | (102) | (1.4%) |
| Total Assets | | € 80,632 | € 100,191 | € 100,131 | € 94,699 | € 5,432 | 5.7% |
| <u>Current Liabilities</u> | | | | | | | |
| Accounts payable | | 20,380 | 17,571 | 16,228 | 14,524 | 1,704 | 11.7% |
| Accrued liabilities | | — | — | — | — | — | 0.0% |
| Other current liabilities | | 22,606 | 25,866 | 34,610 | 32,862 | 1,748 | 5.3% |
| Total Current Liabilities | | 73,653 | 48,032 | 55,190 | 52,525 | 2,665 | 5.1% |
| <u>Long-term liabilities</u> | | | | | | | |
| Long-term debt less current maturities | | 1,226 | 11,293 | 5,925 | 5,842 | 83 | 1.4% |
| Long-term unearned revenue | | — | — | — | — | — | 0.0% |
| Deferred liabilities | | — | — | — | — | — | 0.0% |
| Other non-current liabilities | | 26,913 | 600 | 655 | — | 655 | 0.0% |
| Total Long-Term Liabilities | | 28,138 | 11,893 | 6,580 | 5,842 | 738 | 12.6% |
| Total Liabilities | | 101,792 | 59,925 | 61,769 | 58,367 | 3,403 | 5.8% |
| <u>Shareholders' Equity</u> | | | | | | | |
| Capital in excess of stated value | | — | — | — | — | — | 0.0% |
| Retained earnings | | (19,600) | (3,469) | (5,838) | (7,897) | (7,897) | 0.0% |
| Total Shareholders' Equity | | 5,153 | 40,266 | 38,361 | 36,332 | 2,029 | 5.6% |
| Total Liabilities and Shareholders' Equity | | € 111,565 | € 104,794 | € 106,790 | € 101,388 | € 5,401 | 5.3% |
| <i>Memo:</i> | | | | | | | |
| Net Working Capital | | € 59,606 | € 59,918 | € 55,671 | € 54,870 | € 801 | 1.5% |
| Total Net External Debt | | € 19,372 | € (10,563) | € (31,169) | € (25,914) | € (5,255) | 20.3% |



OPENGATE CAPITAL

