



SARGENT AND GREENLEAF

2019 Quarterly Operating Review— 4Q 2019

January 23rd, 2019

4Q 2019 Operating Review Meeting Agenda

- ➔ **Executive Summary**
- ➔ Financial Review
- ➔ Governance Reporting
- ➔ Appendix



SARGENT AND GREENLEAF

Executive Summary | Overview

December revenues of \$1.8M, unfavorable to revised Standalone AOP (budget) (\$1.7M)/(49%), unfavorable to PY (\$1.3M)/(43%)

- Unfavorable to Budget, APAC (\$0.7M); NCR (\$0.2M), AGS (\$0.1M), Arya (\$0.1M), TK (\$0.1M), PT Wiratanu Persada (\$0.1M), Changsha (\$0.1M)
- Unfavorable to Budget, NA (\$0.4M)
 - OEM: Diebold (\$0.1M), Global File \$0.1M
 - Distributors: Lockmaster (\$0.4M)
 - Other: Cord Financial (\$0.1M), Payment Alliance \$0.1M
- Unfavorable to Budget, EMEA (\$0.3M; Diebold-OEM (\$0.1M), Safelocking-OEM (\$0.1M), and Bode Panzer-Distributor (\$0.1M)
- Unfavorable Budget, LAG (\$0.2M); American Locks-Distributor

YTD revenues of \$42.1M, unfavorable to budget by (\$6.0M)/(12%), unfavorable to PY (\$1.7M)/(4%)

- Favorable to Budget, APAC by \$0.1M
 - India Favorable to PY \$0.9M, driven by A-Series orders to the ATM market
- Budget met, EMEA
- Unfavorable to Budget, NA by (\$5.2M)
 - OEM: Liberty (\$0.7M), Diebold (\$0.8M), Genmega (\$0.3M), Global File (\$0.2M), Hamilton Safe (\$0.2M), Fort Knox (\$0.1M)
 - Distributors: Southern Lock/Silver Sales (\$0.5M), Anixter (\$0.4M), Lockmaster (\$0.4M)
 - CIT: Hitachi (\$0.3M)
 - ATM Deployers: 247 ATM Providers (\$0.1M), Worldwide ATM (\$0.1M)
 - Government: Krieger (\$0.2M), Will Burt (\$0.1M)
- Unfavorable to Budget, LAG by (\$0.7M) driven by decline in Sales to American Locks (distributor) and Cogar (Cash in Transit)



SARGENT AND GREENLEAF

Executive Summary | Overview (continued)

Hits

- Acquisition completed for Delaney/Premier Door on December 20th
- Favorable Opex by \$0.7M versus December budget related to timing of strategic initiative expense, salary positions not filled, and decreased IT carve-out expenses. Full year Opex \$2.5M favorable to full year budget (excluding transaction costs).
- Design of new network capable modular digital platform with display and keypad launch May 2020
 - Multiple plans and paths for offshore manufacturing and assembly:
 - A. Broker, PQD, supporting Asia design and sourcing to produce working prototype and drawings by March 2020
 - B. Internal design and sourcing selection completed. 90-day lead-time with existing supply base and new vendors.
 - Decision point with supporting product costs, tooling requirements, supply chain, quality processes, and technology schemes for each alternative (either A or B) to be evaluated by end of January
 - OGx software development for apps and locking management systems on pace

Misses

- December 2019 ending backlog declined (\$0.6M) compared to prior year
 - Government 951 backlog unfavorable (\$1.1M) vs 2018 ending backlog; Timemaster 8077 backlog unfavorable (\$1.0M) vs 2018 ending backlog due to timing of blanket order
- Sales returns total (\$0.2M) for December 2019. Related to MPP quality and customer goodwill credit for return of overstock

Executive Summary | Overview (continued)

Key Go-Forward Actions

- Sales: Align expectations and drive performance
 - Assess regional team and individual performances → Deploy on corrective actions → Assess outcomes
 - Sales team members commission Sales Incentive Program(SIP) based on booked orders and release on blankets orders
 - Replacement in process - EMEA BDM performance assessment and performance improvement plan(PIP)
 - Replacement in process - APAC BDM performance assessment and PIP
 - NA sales representative performance assessment and coaching - current results have improved
 - Smart Ventures support of pricing strategy and value added product positioning
 - Channel partner agreements in-process for top tier distributors
 - OEM agreements in-process
- Marketing: Refreshed brand and messaging rollout
 - Brand properties, including logo redesign, introduce to market Q2
 - Delay in first trademark/logo, second trademark/logo to be approved
- Engineering: Execute to the defined New Product Development Pipeline and Sustained Projects
 - Develop an configurable (Base – Biometric – Network Enabled) digital product platform
 - Design/sourcing/production → quality/reliability/value, third party contractor to deliver on manufacturing sourcing
 - RFQs to drive sustained engineering opportunities – evaluate on return on investment
- Operations: Leverage capabilities and capacities
 - Focus on Quality improvements throughout the organization – Lean Six Sigma training February kick-off
 - Fill key positions or engage outside resources: Customer Relationship Director, Industry Market Manager, Marketing Design Specialists, Quality Manager, NA Sales Director and Trainer/Technical Writer



Executive Summary | Overview (continued)

Opportunities

Description	Potential Impact	Plan to Address
<ul style="list-style-type: none"> EMEA: EuroCash1 Lithuania 	<ul style="list-style-type: none"> Growing player in regional CIT market Attempt to penetrate with our solution on market owned by Kaba Direct Sales to CIT \$85K ASWD / 6129 (for Vehicle) 	<ul style="list-style-type: none"> Pilot with EuroCash1 and its customers New opportunities for them with our locks Reference for local banks and CIT
<ul style="list-style-type: none"> EMEA: Raiffeisen Bank Ukraine 	<ul style="list-style-type: none"> \$1000 ATM upgrade to A-Series Reference in Raiffeisen Group Worldwide Bank End User through local distributor \$350K opportunity on ASWD 	<ul style="list-style-type: none"> Meet with distributor and discuss and setup meetings with the banks Raiffeisen Bank Russia Raiffeisen Bank Belarus
<ul style="list-style-type: none"> NA: Lockmaster, (DIST) 8077 Padlock for Army in Europe. 	<ul style="list-style-type: none"> 10,000 units over 12 months. Total impact \$1,656,280 	<ul style="list-style-type: none"> Submitted to Lockmaster Decision made early Jan 2020
<ul style="list-style-type: none"> APAC: Nepal and Bangladesh Markets – new territories for S&G currently showing interest 	<ul style="list-style-type: none"> Potential 1000 pieces of ASWD within 2020 – approx. \$320k 	<ul style="list-style-type: none"> Nepal trial of ASWD with major commercial bank January 2020 setup Bangladesh further meetings late January with multiple commercial banks
<ul style="list-style-type: none"> APAC: Hitachi to be awarded 2.5k-3k ATM project in South East Asia 	<ul style="list-style-type: none"> \$250k order for Titan+6880 keylocks with alarm modules 	<ul style="list-style-type: none"> Expected order by end of January following up closely with TK
<ul style="list-style-type: none"> LAG: Brinks Peru has been having quality issues with Cencon. 	<ul style="list-style-type: none"> \$678 K 	<ul style="list-style-type: none"> ASWD demo and presentation done. Currently in conversations to get approval from the ATM Operations Director for having two different code generation software's implemented simultaneously.

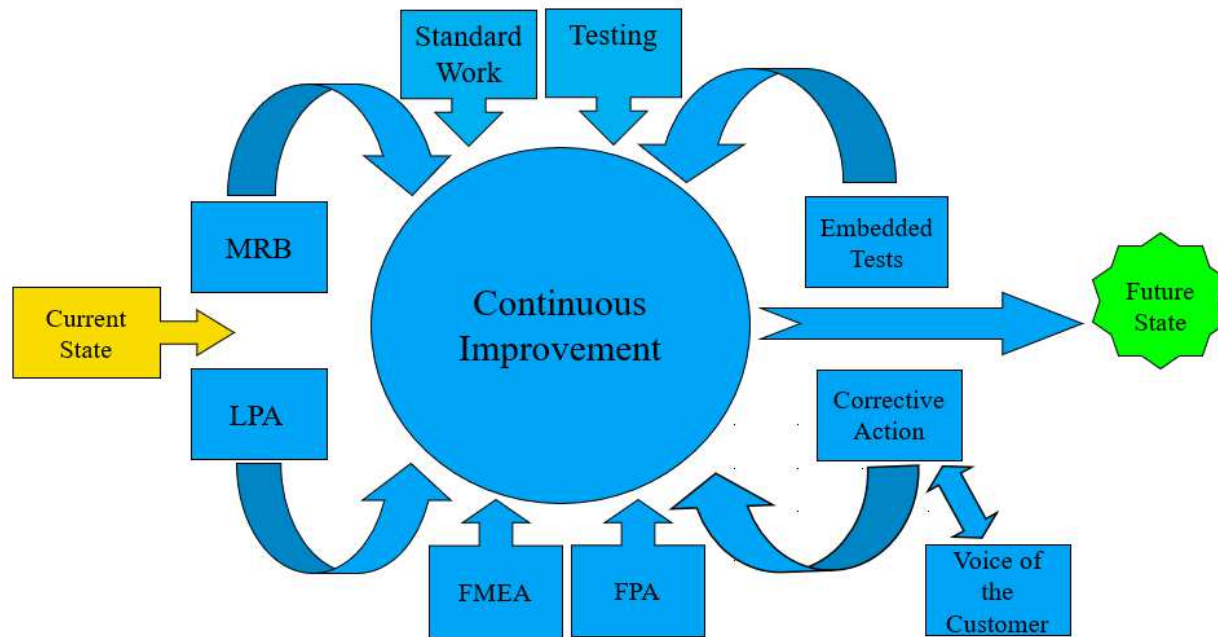


Executive Summary | Overview (continued)

Risks

Description	Potential Impact	Plan to Address
<ul style="list-style-type: none"> EMEA: Frequent quality issues with mechanical and electronic locks 	<ul style="list-style-type: none"> Negative feedback from partners and customers New markets penetration could be halted – e.g. If we have quality issues with first projects in Turkmenistan or Moldova – we definitely lose these countries. Lost our main competitive advantage – quality Bank end user some are through Distribution Overall potential loss of \$350K ASWD / A-Series 	<ul style="list-style-type: none"> Individualize Concerns to clearly addressable sizes. Implement sustainable quality initiatives Improve qualification and validation testing to prevent field failures
<ul style="list-style-type: none"> LAG: Post Sale Support Issues 	<ul style="list-style-type: none"> Customer Confidence is being impacted and frustrations are rising LMS Issues – India – slow response to bring to resolution DTL – webpage down - slow response to resolve Potential Impact – refusal to use S&G 	<ul style="list-style-type: none"> Break down Software issues into 2 categories (product performance vs feature requirements) Create a cadence for software update releases
<ul style="list-style-type: none"> NA: Prosteel 	<ul style="list-style-type: none"> Major hit in revenue for 2019 of \$320K due to issues with MPP 1004. 	<ul style="list-style-type: none"> 1004 has been modified and improvements verified. Review rebranding / design modifications for MPP product
<ul style="list-style-type: none"> LAG: GSI & Cogar new operational processes might require credit suspension by S&G. This might invite competitors to approach GSI. 	<ul style="list-style-type: none"> \$1.3 M 	<ul style="list-style-type: none"> Meeting with new GSI CFO and support personnel will be held this month. Leasing options will be presented to new CFO. Discuss possibility of GSI purchasing from distributor. MAPA might be able to offer credit terms to GSI but price will be higher.
<ul style="list-style-type: none"> Banco de Guayaquil continues to have problems with ACG implementation thus jeopardizing upgrade plan to ASWD. 	<ul style="list-style-type: none"> \$360 K 	<ul style="list-style-type: none"> Working with tech support and engineering to address the ACG performance issues. TeamViewer meeting will be held with bank to see how the intermittent connection problems are being generated.

Quality | Overview



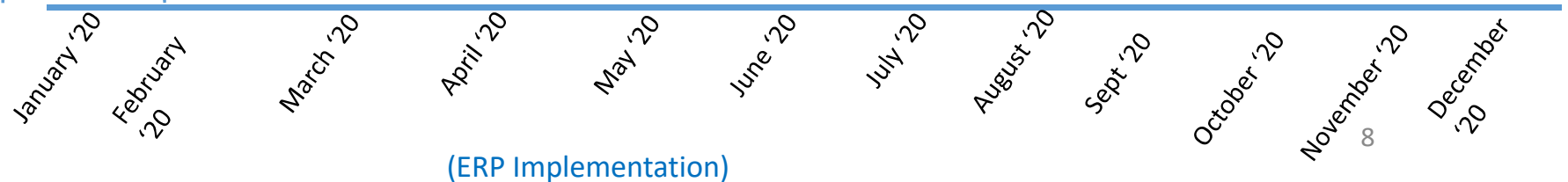
PRIORITIES

- Reduce Variation
 - Standardized Work
 - Visual Management
- Verify Conformance
 - Layered Process Audits
 - First Piece Approval Process
 - Standardized Work
- Continuous Improvement
 - Corrective/Preventive Actions
 - Problem Solving
 - Technical Support

Finalize First Piece Approval Process

Modified Testing (Qualification and Verification)

Standardized Work / Visual Management / Embedded Tests





Executive Summary | Key Wins and Losses

Key Wins

APAC

- Wiratanu – Indonesia – 500 ASWD – \$126k
- AGS (OEM) – India – additional order 500 6128 – \$92k

EMEA

- Turkmenbashi Bank Turkmenistan – 400 x 3028 locks with adapter for custom DHD locks. \$180K
- CentrCredit Bank KZ – spare parts for 200 ATMs with A-Series. Project went to production phase, which means the opportunity to sell 500 locks for existing ATMs upgrade. \$50K

LAG

- Aglar- (Dist)- 3028 order of \$35K received – opportunity will increase since bank has about 800 traditional A Series that are more than 12 years old
- Intergard (Dist)- 6860 order of \$23K received

NA

- PAI/Vantage Tech Services: (IAD) \$127,500. 6128-282 - 500 units.
- APSM: (OEM) \$87,586. 3006-202, S104-100 – 205 units.
- MBA USA: (DIST) \$47,000. Promo. 6,700 Locks - 1,000 units.

Key Losses

APAC

- Goodwill – Vietnam – business delayed while potential markets are being found \$100k.

EMEA

- Privatbank Ukraine – due to quality problems with ASWD the 1000 locks order was cancelled. (through Local Distributor / \$350K). The whole project of 6000 ATM upgrade is at the risk

LAG




- Cogar (Dist) – Was scheduled for \$200K order but did not complete due to restructuring of business. Will push into 2020.

NA

- None



Executive Summary | 2019 Key Initiatives

Initiative	Status	Recent Progress	Next Steps	Risks
Establish globally consistent pricing strategy		<ul style="list-style-type: none"> Final set of transactional data, segmentation, mapping tables pulled and provided to Open Gate Data evaluation being conducted internally and with Open Gate for normalizing pricing model 	<ul style="list-style-type: none"> Weekly meetings continue and internal data analysis to be moved to next stage by 1/24/2020 Begin identification of average sales pricing by SKU and list price generation Determine current view on need of 3rd party assistance partners and if needed, identify partners 	<ul style="list-style-type: none"> Potential for instances of margin loss when applying a unified pricing model <ul style="list-style-type: none"> ➤ Anticipate aggregate upside ➤ Offset with premium list price and targeted discount
Launch refreshed brand and digital marketing presence (i.e. website)		<ul style="list-style-type: none"> Legal has finished their search report for nearly all key markets defined by S&G (U.S., China, India, Brazil, Mexico, Canada, Japan). Still waiting on Japan, which we should have early this week. Preliminary results are positive with all risks being deemed "manageable" 	<ul style="list-style-type: none"> Re-evaluate new website copy to better align with new corporate messaging around acquisition (messaging strategy TBD) Re-evaluate brand rollout strategy based on acquisition news Work with cross-functional team to update/finalize NPD timeline to understand optimal launch time for brand refresh 	<ul style="list-style-type: none"> Achieve objective while managing potential for scope creep and diminishing returns <ul style="list-style-type: none"> ➤ Prioritize on core and growth Market, Product & Region
Develop new industrial design aesthetic for existing and new products		<ul style="list-style-type: none"> Signed Development Agreement with PQD International to develop the new modular keypad Completed hand-off of current S&G mechanical and electrical designs to PQD Continued testing of functional demo user app and software 	<ul style="list-style-type: none"> Finalize product delivery milestones for PQD keypad development Finalize PQD mechanical and electrical design (January) Kick-off tooling (February) Samples for development testing (March) 	<ul style="list-style-type: none"> Bandwidth to apply new design across new product pipeline and core product (i.e. Titan, Spartan) <ul style="list-style-type: none"> ➤ Consider contractor for application across core product



Complete



On-Schedule







At Risk



Behind



Executive Summary | 2019 Key Initiatives (continued)

Initiative	Status	Recent Progress	Next Steps	Risks
Improve instructions for electronic lock products		<ul style="list-style-type: none"> Created rules for examination of instructions Gathered instructions (10 sets) and started evaluation of content for quick start guides, consolidation opportunities 	<ul style="list-style-type: none"> Verify content changes with Customer Service Submit to Marketing for layout with Oornj Add QR codes to new items for new keypad screen additions 	<ul style="list-style-type: none"> Instructions are still hardcopies <ul style="list-style-type: none"> ➤ If lost, QR codes also lost
Modularize core product lines		<ul style="list-style-type: none"> Modular locking mechanism in Stage 1 Development (ROC Model Complete – MRD underway) Requirements for integration of Digital Platform features / functions to new keypad in process 	<ul style="list-style-type: none"> Define phase-out plan for historical keypad and locking mechanism SKU's Finalize requirements for Digital Platform integration with new keypad 	<ul style="list-style-type: none"> Ensure modular design does not compromise performance and quality <ul style="list-style-type: none"> ➤ Leverage core product (Titan / Spartan) for modular platform
Develop new core products		<ul style="list-style-type: none"> Business Case (ROC) models for 2020 products complete Product development pipeline prioritized through 2020 ROC Model for Tier 4 product offering complete 	<ul style="list-style-type: none"> Review emerging technology trends with help from OGx Generate 2021 and beyond NPD Pipeline with ROC's and establish priorities Concept selection for Tier 4 product offering to complement new keypad 	<ul style="list-style-type: none"> Effectual deployment of design resources including contract (i.e. biometric & network connect) <ul style="list-style-type: none"> ➤ Leverage OGx to identify firmware/software design partner(s)
Develop SIOP process using historical data analytics		<ul style="list-style-type: none"> First meetings held in December Minor changes to be made to the report/presentation 	<ul style="list-style-type: none"> Minor (running changes) are being reviewed by OGx 	<ul style="list-style-type: none"> Low risk compared to previous SIOP tool.



Complete



On-Schedule



At Risk









Behind



			Schedule							Financial Outlook (\$'000)																																				
Project	Description	Market Segment	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Realized	Basis	Units	Revenue	GM %	Gross Margin	ASP																													
ASWD (No Key Authentication) <i>Badger-S. Africa</i>	Custom Solution to provide "One Time Code" openings without use of Touch Key	ATM / Cash Management								2020 Ramp-up	Incremental	868	\$266		\$154		306.50																													
			2020 Ramp-up	Total	868	\$266		\$154		306.50																																				
			2022 Full	Incremental	1,000	\$307		\$178		306.50																																				
			2022 Full	Total	1,000	\$307	58%	\$178	\$ 307.00	306.50																																				
ASWD (1 Keypad/2 Locks) <i>Gunnebo-EU</i>	"One Time Code" lock with the ability to operate 2 locks with 1 keypad.	ATM / Cash Management								2020 Ramp-up	Incremental	772	\$425		\$190		550.17																													
			2020 Ramp-up	Total	772	\$425		\$190		550.17																																				
			2022 Full	Incremental	1,500	\$825		\$370		550.17																																				
			2022 Full	Total	1,500	\$825	45%	\$370	\$ 441.00	550.17																																				
Spring Bolt <i>Fireking</i>	New Lock Body for both digital and analog locks - Auto locks when door is closed"Package Lockers"	Commercial								2020 Ramp-up	Incremental	563	\$80		\$36		142.12																													
			2020 Ramp-up	Total	708	\$101		\$45		142.12																																				
			2022 Full	Incremental	2,624	\$373		\$167		142.12																																				
			2022 Full	Total	3,300	\$469	45%	\$210	\$ 142.00	142.12																																				
Pedestrian Door Lock <i>US Government</i>	New Specification to C for 2890 Pedestrian Door Lock (PDL)	Government								2020 Ramp-up	Incremental				\$72		2,675.23																													
			2020 Ramp-up	Total	112	\$300		\$72		2,675.23																																				
			2022 Full	Incremental				\$379		2,675.23																																				
			2022 Full	Total	587	\$1,570	24%	\$379	\$2,702.25	2,675.23																																				
Keypad App for electronic controls* /Web-based code generator <i>SBER Bank-Russia</i>	New App and AWS software. Thin client Lock Management Software (LMS) - generate swap codes for service and bank modes	ATM / Cash Management/ Residential Safe								2020 Ramp-up	Incremental	1,065	\$144		\$73		135.24																													
			2020 Ramp-up	Total	1,065	\$144		\$73		135.24																																				
			2022 Full	Incremental	5,600	\$757		\$386		135.24																																				
			2022 Full	Total	5,600	\$757	51%	\$386	\$ 136.61	135.24																																				
Multi-function / platform Keypad/Display* OEM, Distributor,	Modular keypad, display, wi-fi & biometrics - Common HW with SW differentiation and app design	ATM / Cash Management / Residential Safe w/ pivot locks								2020 Ramp-up	Incremental	4,289	\$273		\$83		63.63																													
			2020 Ramp-up	Total	8,130	\$622		\$189		76.57																																				
			2022 Full	Incremental	22,245	\$1,415		\$431	\$ 63.63	63.63																																				
			2022 Full	Total	42,165	\$3,228	30%	\$982	\$ 81.07	76.57																																				
* Financial outcome based on weighted average products and does not include revenue generating opportunities for retrofits; ATM direct drive products; or recurring subscription based network enabling features.																																														
										<table><tr><th>Realized</th><th>Basis</th><th>Units</th><th>Revenue</th><th>GM %</th><th>Gross Margin</th></tr><tr><td>2020 Ramp-up</td><td>Incremental</td><td>7,557</td><td>\$1,188</td><td>45%</td><td>\$537</td></tr><tr><td>2020 Ramp-up</td><td>Total</td><td>11,655</td><td>\$1,858</td><td>39%</td><td>\$725</td></tr><tr><td>2022 Full</td><td>Incremental</td><td>32,969</td><td>\$3,677</td><td>42%</td><td>\$1,531</td></tr><tr><td>2022 Full</td><td>Total</td><td>54,152</td><td>\$7,157</td><td>35%</td><td>\$2,505</td></tr></table>							Realized	Basis	Units	Revenue	GM %	Gross Margin	2020 Ramp-up	Incremental	7,557	\$1,188	45%	\$537	2020 Ramp-up	Total	11,655	\$1,858	39%	\$725	2022 Full	Incremental	32,969	\$3,677	42%	\$1,531	2022 Full	Total	54,152	\$7,157	35%	\$2,505
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Executive Summary | New Product Pipeline

Initiative	Status	Recent Progress	Next Steps	Launch Plan
ASWD (No Key Authentication)		<ul style="list-style-type: none"> Waiting on feedback from EMEA Firmware and LMS updates underway 	<ul style="list-style-type: none"> Prototype availability dependent on customer feedback 	<ul style="list-style-type: none"> Marketing support will occur with larger "No Key" Launch in Q4
ASWD (1 Keypad/2 Locks)		<ul style="list-style-type: none"> Meeting held with DOS's to discuss launch plan 1st pass of instructions complete 	<ul style="list-style-type: none"> Update FW with latest DP FW changes Confirm pricing Naming convention 	<ul style="list-style-type: none"> Update existing marketing material and webpage Email (A-Series customers) Social Media PowerPoint (part #s, \$\$)
Spring Bolt		<ul style="list-style-type: none"> Continued regression testing (cycle and slam) Continued battery testing 	<ul style="list-style-type: none"> Regression testing Complete battery testing Integrate AxisBlu firmware Complete ECN process 	<ul style="list-style-type: none"> Beta Testing (possible case study) Quantitative data performance improvement vs. current model to leverage in email, social media Photography Sample PowerPoint (part #s, \$\$)
Pedestrian Door Lock (2890C Specification)		<ul style="list-style-type: none"> Samples submitted to Government for approval Government waiting on tooled cover samples before approval 	<ul style="list-style-type: none"> Await Government approval Pilot run after receiving approval 	<ul style="list-style-type: none"> New 2890 Brochure FAQs Email Photography Media Relations (print, digital) Public Relations
New Software and App Platform		<ul style="list-style-type: none"> PQD and OGx introductions Marketing feedback complete and provided to OGx 	<ul style="list-style-type: none"> Define user architecture Define upgrade process Incorporate app feedback in demo app 	<ul style="list-style-type: none"> Photography (lifestyle, product) Print / Digital Campaign Public Relations (key influencer) Press Release Beta Testing (possible case study) Email Campaign Customer Presentation Social Media Campaign Thought Leadership / Blog Customer Launch Kits w/ sample Promotional Video How To Videos Landing Page Sell Sheet / Brochure FAQs Tradeshows
Residential Lock/ Keypad		<ul style="list-style-type: none"> Signed Development Agreement with PQD International Completed hand-off of current S&G mechanical and electrical designs to PQD PQD schematics complete 	<ul style="list-style-type: none"> Finalize product delivery milestones for PQD keypad development Finalize PQD mechanical and electrical design (January) Kick-off tooling (February) 	



Complete



On-Schedule



At Risk



Behind

Executive Summary | New Modular Keypad Design





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Executive Summary | New Modular Keypad Architecture



Tier I (Network Connected)

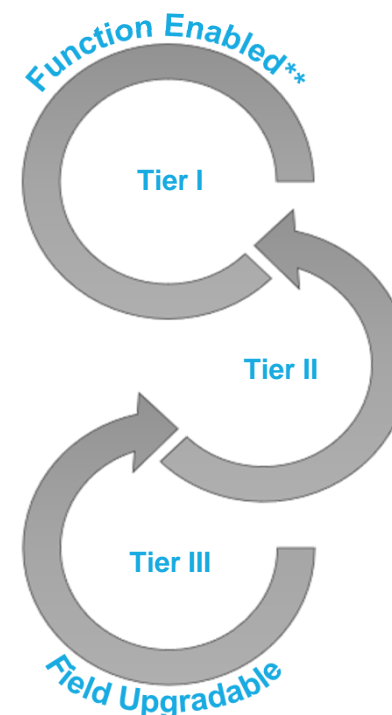
- Enhanced User Interface (LCD Touch Display)
- Network Connected
- Integrated Mobile Application
- Mobile Alerts / Notifications
- Smart Home Integration
- Biometric Authentication (Fingerprint)
- Bluetooth Enabled (for Configuration)

Tier II (Biometric)

- Enhanced User Interface (LCD Touch Display)
- Integrated Mobile Application
- Biometric Authentication (Fingerprint)
- Field Upgradable
- Bluetooth Enabled (for Configuration & Upgrades)

Tier III (Base)

- Enhanced User Interface (LCD Touch Display)
- Integrated Mobile Application
- Field Upgradable
- Bluetooth Enabled (for Configuration & Upgrades)



Tier IV (Low Price)

- Standard User Interface (Membrane Display)
- Low Price Option
- Limited Marketing Support



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Executive Summary | New Modular Keypad Development

- **PQD International** and **Futaba Electronics** selected as Development Partners
- Kick-off meeting with PQD held at S&G on January 2nd and 3rd
- PQD and OGx (Software Development Partner) introductions on January 7th
- Official Development Agreement signed with PQD on January 10th
- PQD and Futaba to provide 8 dedicated project resources
- Division of Responsibilities
 - Electronic Hardware
 - Complete PCB Design: **Futaba**
 - LCD Touch Panel Module Integration: **Futaba**
 - Reyax BLE/WiFi Module Integration: **Futaba/PQD**
 - Firmware and API
 - Complete Firmware Development and Integration: **Futaba**
 - BLE firmware support: **PQD**
 - BLE API to APP: **PQD**
 - Mechanical Housing
 - Housing Design: **PQD**
 - Housing Mechanical Engineering: **PQD**
 - Testing & Validations
 - Validation Plan: **S&G**
 - Testing and validation of prototypes and production samples: **S&G, Futaba, PQD**



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Executive Summary | New Modular Keypad Milestones

- Kick-off Meeting **(2-Jan) – Complete**
 - Systems Requirements Document (SRD) provided to PQD
 - S&G Mechanical and Electrical designs sent to PQD as reference design
 - Samples locks and keypads provided to PQD
- Receive Product Specifications from PQD & Futaba **(10-Jan) – Complete**
- Weekly Touch Base Scheduled **(14-Jan) – Complete**
- Futaba to Complete Schematic **(21-Jan) - Complete**
- Mechanical Design Review **(22-Jan) – Complete**
- S&G to Confirm and Commit to the Product Specifications **(3-Feb)**
- Futaba and PQD to Begin Firmware Development **(3-Feb)**
- Production Tooling Kick-off **(17-Feb)**
- Begin Procurement of Components and PCBA Assemblies **(25-Feb)**
- Delivery of 5 Samples to S&G for Evaluation **(4-Mar)**
- Validation and Certification Testing / First Article Samples **(April)**
- Mass Production **(May)**



Executive Summary | Key Performance Indicators

In \$(000)s		Full Month - Dec			Full Quarter - 4Q		
		Actual	OR	VOR	Actual	OR	VOR
Safety	# of Recordables	0.0	0.0	0.0	1.0	0.0	1.0
	TRIR	1.5	1.6	(0.1)	1.5	1.6	(0.1)
	LTIR	0.0	0.0	0.0	0.0	0.0	0.0
	Roadmap	0.5	0.6	(0.1)	0.5	0.6	(0.1)
Delivery	Fill Rate	95.7%	98.0%	-2.3%	95.6%	98.0%	-2.4%
	Past Due	100.0	100.0	-	100.0	100.0	-
	Oldest Order	30.0	30.0	-	30.0	30.0	-
Quality	EOLA	1,747.2	800.0	947.2	1,347.9	800.0	547.9
	Customer Complaints #	22	32	(10)	85	104	(19)
	Warranty \$	\$ 121.8	\$ 34.6	\$ 87.2	\$ 216.8	\$ 112.5	\$ 104.3
	Scrap %	2.6%	1.3%	1.3%	1.8%	1.3%	0.5%
Supply Chain	Inventory \$	\$ 6,575.1	\$ 4,491.6	\$ 2,083.5	\$ 6,575.1	\$ 4,491.6	\$ 2,083.5
	DSI	127.8	67.2	60.6	127.8	67.2	60.6
	Plant Turns	2.9	5.4	(2.6)	2.9	5.4	(2.6)
	E&O \$	\$ 1,501.5	\$ 712.0	\$ 789.5	\$ 1,501.5	\$ 712.0	\$ 789.5
	E&O %	22.8%	15.9%	7.0%	22.8%	15.9%	7.0%
Mtl. Cost	Material COS @ STD	\$ 587.5	\$ 1,321.7	\$ (734.2)	\$ 3,323.5	\$ 4,225.9	\$ (902.4)
	Mat'l PPV	\$ (49.1)	\$ 12.7	\$ (61.8)	\$ (248.1)	\$ 41.3	\$ (289.3)
	Other Mat'l Variances	\$ 181.5	\$ (57.6)	\$ 239.0	\$ 279.5	\$ (184.3)	\$ 463.8
	Subtotal	\$ 719.9	\$ 1,276.8	\$ (556.9)	\$ 3,354.9	\$ 4,082.9	\$ (727.9)
Labor & Conv	Labor (Comp & Ben)	\$ 344.2	\$ 346.9	\$ (2.7)	\$ 1,084.2	\$ 1,111.2	\$ (27.0)
	OT Premium	\$ 10.9	\$ 16.2	\$ (5.3)	\$ 46.9	\$ 44.0	\$ 2.9
	Conversion	\$ 199.6	\$ 123.4	\$ 76.2	\$ 468.6	\$ 401.0	\$ 67.6
	Base	\$ 316.8	\$ 289.1	\$ 27.7	\$ 966.8	\$ 881.2	\$ 85.5
	Subtotal	\$ 871.5	\$ 775.5	\$ 95.9	\$ 2,566.5	\$ 2,437.5	\$ 129.0
	Liquidations	\$ (491.5)	\$ (734.0)	\$ 242.5	\$ (1,766.5)	\$ (2,307.8)	\$ 541.3
Variance to Standard		\$ 380.0	\$ 41.5	\$ 338.4	\$ 800.0	\$ 129.7	\$ 670.3
Total 4-wall Cost		\$ 1,591.4	\$ 2,052.4	\$ (461.0)	\$ 5,921.4	\$ 6,520.3	\$ (598.9)
Total Variances		\$ 512.4	\$ (3.3)	\$ 515.7	\$ 831.4	\$ (13.4)	\$ 844.8
% of Standard COS		47%	0%	48%	16%	0%	17%

Management Discussion

Safety

- 2,140 days or 5.8 years and 1.6M worked hours without a lost time

Delivery

- Key cylinder supplier closed their doors. Re-sourcing new supplier delayed shipment of dials.

Supply Chain

- (\$275k) FAS mechanical key lock inventory purchased from ASSA at 25%-35% discount in Oct. 2018 – greater than 6-months stock on-hand
- E&O reduced by \$75K in December – Ongoing activities

Material Cost – Variance to Standard

- Material COS down due to volume shortfall

Other Material Variances

- Freight Accrual - \$110k for estimated duties not billed

4Q 2019 Operating Review Meeting Agenda

- ➔ Executive Summary
- ➔ **Financial Review**
- ➔ Governance Reporting
- ➔ Appendix



SARGENT AND GREENLEAF

Financial Review | Summary P&L - MTD

\$'000

	MTD		Variance		PY MTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
Net Revenue	1,767	3,448	(1,681)	(48.8%)	3,109	(1,342)	(43.2%)	
Material	720	1,142	(422)	(36.9%)	1,175	(454)	(38.7%)	
Labor	525	511	14	2.7%	541	(16)	(3.0%)	
Other COGS	234	239	(5)	(2.2%)	107	127	118.6%	
Total COGS	1,480	1,893	(413)	(21.8%)	1,823	(344)	(18.8%)	
Gross Margin	287	1,555	(1,268)	(81.5%)	1,285	(998)	(77.6%)	
<i>Gross Margin %</i>	<i>16.3%</i>	<i>45.1%</i>			<i>41.3%</i>			
R&D	163	301	(137)	(45.6%)	93	70	74.9%	
Sales & Marketing	219	450	(231)	(51.4%)	229	(11)	(4.6%)	
Administrative	302	686	(384)	(56.0%)	375	(73)	(19.5%)	
Other Opex	–	–	–	N/A	–	–	N/A	
Total Opex	684	1,436	(753)	(52.4%)	697	(14)	(2.0%)	
EBITDA	(397)	119	(515)	(433.4%)	588	(984)	(167.4%)	
<i>EBITDA %</i>	<i>(22.4%)</i>	<i>3.4%</i>			<i>18.9%</i>			
Adj. EBITDA	(172)	734	(906)	(123.4%)	588	(760)	(129.2%)	
<i>Adj. EBITDA %</i>	<i>(9.7%)</i>	<i>21.3%</i>			<i>18.9%</i>			
Net Income (Loss)	\$ (1,295)	\$ (279)	\$ (1,016)	363.5%	\$ 484	\$ (1,779)	(367.3%)	
Unincurred Standalone Costs	69	32						
PF Adj EBITDA	(241)	702						
<i>PF Adj. EBITDA %</i>	<i>(13.6%)</i>	<i>20.4%</i>						

Management Discussion

Budget

- December Revenue unfavorable variance of (\$1.7M) vs AOP
- Unfavorable performance in APAC (\$0.7M); NCR (\$0.2M), AGS (\$0.1M), Arya (\$0.1M), TK (\$0.1M), PT Wiratanu Persada (\$0.1M), Changsha (\$0.1M)
- Unfavorable performance in NA (\$0.4M); Lockmaster-Distributor (\$0.4M), Diebold –OEM (\$0.1M), and Cord Financial (\$0.1M), offset by favorable variances in Payment Alliance-CIT \$0.1M and Global File-OEM \$0.1M.
- Unfavorable performance EMEA (\$0.3M); Diebold-OEM (\$0.1M), Safelocking-OEM (\$0.1M), and Bode Panzer-Distributor (\$0.1M)
- Unfavorable performance LAG (\$0.1M); American Locks-Distributor (\$0.1M)
- December Adjusted EBITDA unfavorable variance of (\$0.9M) vs AOP. Gross margin is unfavorable (\$1.3M) with a volume impact of (\$0.8M) and other impact of (\$0.5M).
- Opex is favorable \$0.8M vs AOP related to 1x charges and Year-end adjustments
- Actual 1x charges were \$0.2M versus Budget of \$0.6M
- AOP included a \$0.3M restructuring charge, a 1x charge, not acted upon
- AOP included \$0.2M fees for engineering, a 1x charge, timing
- Bonus for sales and performance initiatives and commissions paid to customers are favorable to budget due to not achieving revenues and adj. EBITDA targets

PY

- December Adjusted EBITDA unfavorable (\$0.8M) vs PY. Gross margin is unfavorable (\$1.0M) with a volume impact of (\$0.6M) and other impact of (\$0.4M).
- Opex is flat compared to PY
- Actual 1x adjustments were \$0.2M versus PY of \$0



Financial Review | Summary P&L - QTD

\$'000	QTD		Variance		PY QTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
Net Revenue	8,847	11,529	(2,682)	(23.3%)	9,655	(808)	(8.4%)	
Material	3,355	3,734	(378)	(10.1%)	3,219	136	4.2%	
Labor	1,655	1,677	(22)	(1.3%)	1,614	41	2.5%	
Other COGS	385	785	(400)	(51.0%)	409	(24)	(6.0%)	
Total COGS	5,395	6,195	(801)	(12.9%)	5,243	152	2.9%	
Gross Margin	3,452	5,334	(1,882)	(35.3%)	4,413	(961)	(21.8%)	
<i>Gross Margin %</i>	<i>39.0%</i>	<i>46.3%</i>			<i>45.7%</i>	<i>(6.7%)</i>	<i>(14.6%)</i>	
R&D	440	871	(431)	(49.5%)	405	35	8.7%	
Sales & Marketing	922	1,389	(467)	(33.6%)	826	96	11.7%	
Administrative	1,259	1,437	(178)	(12.4%)	1,166	92	7.9%	
Other Opex	—	—	—	N/A	—	—	N/A	
Total Opex	2,621	3,697	(1,076)	(29.1%)	2,397	224	9.3%	
EBITDA	831	1,637	(806)	(49.2%)	2,016	(1,185)	(58.8%)	
<i>EBITDA %</i>	<i>9.4%</i>	<i>14.2%</i>			<i>20.9%</i>	<i>(11.5%)</i>	<i>(55.0%)</i>	
Adj. EBITDA	1,757	2,848	(1,091)	(38.3%)	2,016	(258)	(12.8%)	
<i>Adj. EBITDA %</i>	<i>19.9%</i>	<i>24.7%</i>			<i>20.9%</i>	<i>(1.0%)</i>	<i>(4.8%)</i>	
Net Income (Loss)	\$ (1,751)	\$ (192)	\$ (1,560)	813.6%	\$ 1,701	\$ (3,453)	(202.9%)	
Unincurred Standalone Costs	223	96						
PF Adj EBITDA	1,534	2,752						
<i>PF Adj. EBITDA %</i>	<i>17.3%</i>	<i>23.9%</i>						

Management Discussion

Budget

- QTD Revenue unfavorable (\$2.7M) vs. AOP driven primarily by decline in North America Non-Government(NA) regions
- QTD Adjusted EBITDA unfavorable variance of (\$1.1M) vs AOP. Gross margin is unfavorable (\$1.9M) with a volume impact of (\$1.2M) and other impact of (\$0.7M).
- Opex is favorable \$1.1M vs AOP related to open positions, timing of strategic initiative spend and bonus/commission targets not achieved.
 - Actual 1x adjustments were \$0.9M versus Budget of \$1.2M

PY

- QTD Revenue unfavorable (\$0.8M) vs. PY
- QTD Adjusted EBITDA unfavorable variance of (\$0.3M) vs PY. Gross margin is unfavorable (\$1.0M) with a volume impact of (\$0.4M) and other impact of (\$0.6M).
- Opex is unfavorable (\$0.2M) related to timing of strategic initiative spend and 1x TSA costs
 - Actual 1x adjustments were \$0.9M versus PY of \$0



SARGENT AND GREENLEAF

Financial Review | Summary P&L - YTD

\$'000	YTD		Variance		PY YTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
Net Revenue	42,122	48,072	(5,950)	(12.4%)	43,867	(1,746)	(4.0%)	
Material	15,580	15,717	(137)	(0.9%)	15,626	(46)	(0.3%)	
Labor	6,746	7,214	(468)	(6.5%)	6,473	273	4.2%	
Other COGS	2,528	2,955	(427)	(14.4%)	1,968	560	28.4%	
Total COGS	24,854	25,886	(1,032)	(4.0%)	24,067	787	3.3%	
Gross Margin	17,268	22,186	(4,919)	(22.2%)	19,800	(1,664)	(8.4%)	
<i>Gross Margin %</i>	<i>41.0%</i>	<i>46.2%</i>			<i>45.1%</i>			
R&D	1,495	2,511	(1,016)	(40.5%)	1,763	(268)	(15.2%)	
Sales & Marketing	3,929	4,930	(1,001)	(20.3%)	3,727	202	5.4%	
Administrative	8,366	5,407	2,959	54.7%	4,254	4,112	96.7%	
Other Opex	–	–	–	N/A	–	–	N/A	
Total Opex	13,790	12,848	942	7.3%	9,744	4,046	41.5%	
EBITDA	3,477	9,338	(5,861)	(62.8%)	10,056	(6,579)	(65.4%)	
<i>EBITDA %</i>	<i>8.3%</i>	<i>19.4%</i>			<i>22.9%</i>			
Adj. EBITDA	10,077	12,190	(2,113)	(17.3%)	10,056	21	0.2%	
<i>Adj. EBITDA %</i>	<i>23.9%</i>	<i>25.4%</i>			<i>22.9%</i>			
Net Income (Loss)	\$ (2,628)	\$ 3,154	\$ (5,781)	(183.3%)	\$ 8,802	\$ (11,429)	(129.9%)	
Unincurred Standalone Costs	819	335						
PF Adj EBITDA	9,258	11,855						
<i>PF Adj. EBITDA %</i>	<i>22.0%</i>	<i>24.7%</i>						

Management Discussion

Budget

- YTD Revenue unfavorable (\$6.0M) vs. AOP driven primarily by decline in North America Non-Government(NA) regions
- YTD Adjusted EBITDA unfavorable (\$2.1M) vs AOP. Excluding the impact of the Opening Balance Sheet(OBS) entries, Gross Margin is unfavorable (\$4.1M) with a volume impact of (\$2.7M) and an other impact of (\$1.4M).
 - OBS inventory revalued step-up expenses incurred unfavorable \$0.9M to material cost
 - \$0.2M of other impact related to unfavorable Warranty expense \$0.1M July and \$0.1M December
- Excluding the impact of the OBS entries, Opex is Favorable \$2.5M vs AOP related to open positions, timing of strategic initiative spend and bonus/commission targets not achieved.
 - Actual 1x adjustments were \$2.3M versus Budget of \$2.9M
 - OBS transaction fee expenses incurred of \$3.4M

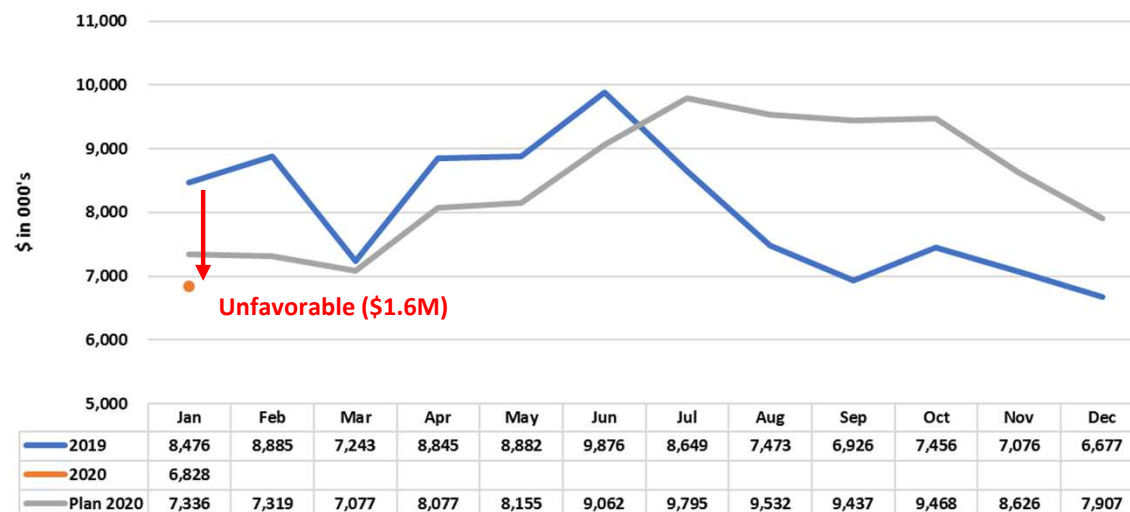
PY

- YTD Revenue unfavorable (\$1.7M) vs. PY driven primarily by 951 Government Sales offset by weakness in NA OEM's
- YTD Adjusted EBITDA is flat vs PY. Excluding the impact of the OBS entries, Gross Margin is unfavorable (\$1.7M) with a volume impact of (\$0.8M) and an other impact of (\$0.9M).
 - OBS inventory revalued step-up incurred \$869k to material cost
- Excluding the impact of the OBS entries, Opex is unfavorable (\$0.6M) related to 1x costs.
 - Actual 1x adjustments were \$2.3M versus \$0 in PY
 - OBS transaction fee expenses incurred of \$3.4M

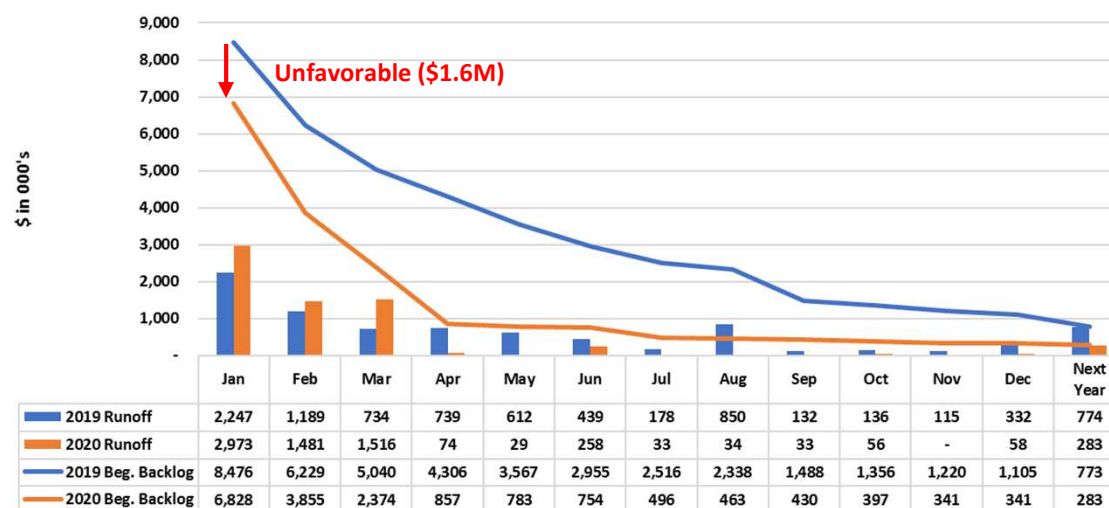


Financial Summary | Backlog Trends

Trended Backlog - Comparative January



Backlog Runoff-Comparative January



Management Discussion

- 2020 January beginning Backlog declined (\$1.6M) compared to PY
- 2019 January beginning Backlog of \$8.5M contained:
 - 951 Government padlock orders, \$2.0M (\$0.7M order received in January 2020)
 - Arya blanket order, \$0.7M
 - Timemaster 8077 blanket order, \$1.7M (blanket order received \$1.6M in January 2020)



SARGENT AND GREENLEAF

Financial Summary | Business Split Comparison

YTD Sales (\$M)

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	\$6,261	\$0	\$551	\$1	\$0	\$6,813
APAC (Less India)	\$3,675	\$507	\$3,697	\$300	\$39	\$8,218
EMEA	\$3,036	\$406	\$1,601	\$212	\$28	\$5,283
LATAM	\$1,598	\$126	\$725	\$101	\$274	\$2,826
US and Canada	\$2,632	\$8,863	\$5,497	\$663	\$762	\$18,417
Total	\$17,203	\$9,904	\$12,071	\$1,276	\$1,103	\$41,557

YTD Sales (% of Total)

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	15.1%	0.0%	1.3%	0.0%	0.0%	16.4%
APAC (Less India)	8.8%	1.2%	8.9%	0.7%	0.1%	19.8%
EMEA	7.3%	1.0%	3.9%	0.5%	0.1%	12.7%
LATAM	3.8%	0.3%	1.7%	0.2%	0.7%	6.8%
US and Canada	6.3%	21.3%	13.2%	1.6%	1.8%	44.3%
Total	41.4%	23.8%	29.0%	3.1%	2.7%	100.0%

YTD Contribution Margin (\$M)

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	\$4,417	\$0	\$282	(\$2)	\$0	\$4,698
APAC (Less India)	\$1,865	\$74	\$1,088	\$50	\$11	\$3,089
EMEA	\$690	\$100	\$469	\$57	\$12	\$1,327
LATAM	\$983	\$18	\$292	\$40	\$60	\$1,393
US and Canada	\$1,568	\$4,072	\$2,618	\$293	\$193	\$8,744
Total	\$9,523	\$4,264	\$4,749	\$438	\$276	\$19,250

YTD Contribution Margin (% of Total)

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	22.9%	0.0%	1.5%	(0.0%)	0.0%	24.4%
APAC (Less India)	9.7%	0.4%	5.6%	0.3%	0.1%	16.0%
EMEA	3.6%	0.5%	2.4%	0.3%	0.1%	6.9%
LATAM	5.1%	0.1%	1.5%	0.2%	0.3%	7.2%
US and Canada	8.1%	21.2%	13.6%	1.5%	1.0%	45.4%
Total	49.5%	22.1%	24.7%	2.3%	1.4%	100.0%

North America

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

LAG

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

EMEA-R

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

India

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

Gun safe market (Res)

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

Government

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



SARGENT AND GREENLEAF

Financial Summary | YTD YOY Comparison

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

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	\$732	(\$4)	\$234	\$1	\$0	\$963
APAC (Less India)	(\$349)	(\$102)	\$260	\$230	\$11	\$49
EMEA	(\$817)	(\$48)	\$116	\$51	\$15	(\$681)
LATAM	(\$385)	\$25	(\$266)	\$3	(\$125)	(\$748)
US and Canada	(\$1,079)	\$276	(\$1,045)	(\$58)	\$335	(\$1,571)
Total	(\$1,899)	\$148	(\$701)	\$227	\$236	(\$1,988)

YTD YoY Change in Sales (% Growth)

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	13.2%	(95.0%)	74.0%	177,552.9%	N/A	\$0
APAC (Less India)	(8.7%)	(16.7%)	7.6%	331.5%	37.8%	0.6%
EMEA	(21.2%)	(10.5%)	7.8%	31.9%	123.2%	-11.4%
LATAM	(19.4%)	24.7%	(26.8%)	3.4%	(31.4%)	-20.9%
US and Canada	(29.1%)	3.2%	(16.0%)	(8.1%)	78.5%	-7.9%
Total	(9.9%)	1.5%	(5.5%)	21.7%	27.2%	-4.6%

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

■	> \$50k
■	< \$50k
■	+/- \$50k

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

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	\$628	(\$0)	\$140	(\$0)	\$0	\$768
APAC (Less India)	(\$120)	(\$15)	\$69	\$35	\$0	(\$30)
EMEA	(\$111)	\$1	(\$27)	\$2	\$8	(\$127)
LATAM	(\$116)	\$1	(\$149)	(\$9)	(\$14)	(\$287)
US and Canada	(\$399)	(\$483)	(\$253)	(\$80)	\$52	(\$1,163)
Total	(\$117)	(\$497)	(\$219)	(\$52)	\$46	(\$839)

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

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	203 bps	-118 bps	638 bps	N/A	N/A	178 bps
APAC (Less India)	142 bps	1 bps	-21 bps	-497 bps	-978 bps	-60 bps
EMEA	193 bps	280 bps	-410 bps	-739 bps	1037 bps	74 bps
LATAM	611 bps	-271 bps	-421 bps	-1024 bps	333 bps	229 bps
US and Canada	658 bps	-710 bps	374 bps	-758 bps	-763 bps	-209 bps
Total	489 bps	-574 bps	44 bps	-1241 bps	-150 bps	19 bps

Legend (Chg in Contribution Margin % of Sales):

■	> 50 bps
■	< 50 bps
■	+/- 50 bps

NA

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

LAG

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

EMEA-R

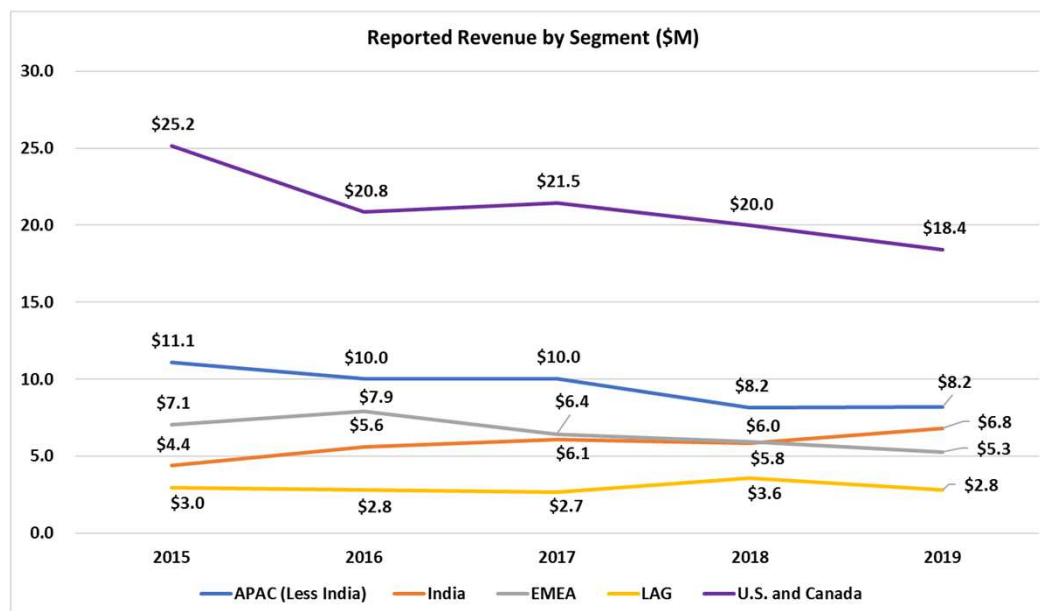
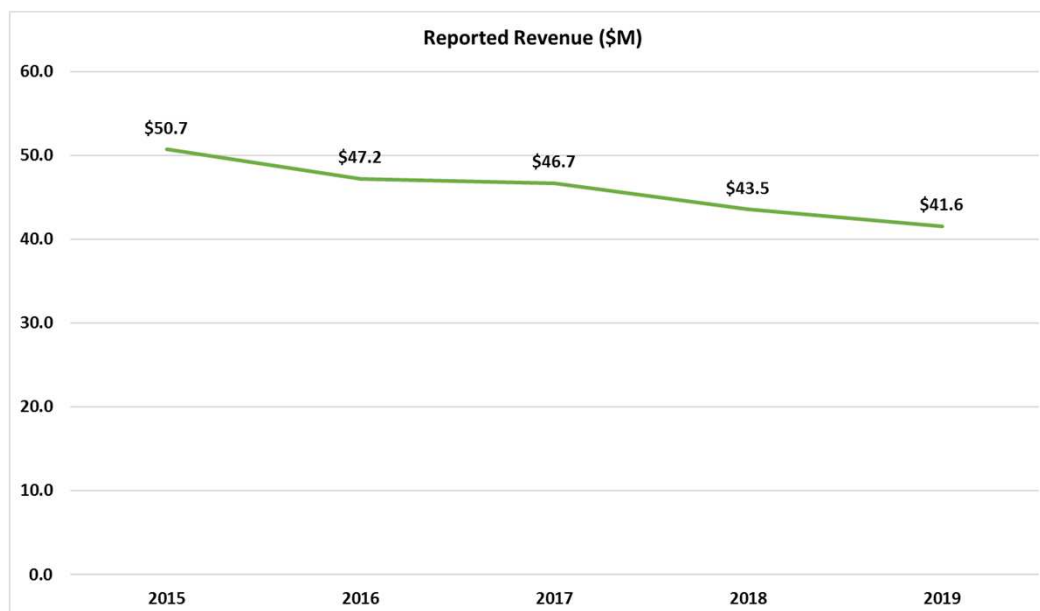
- New price strategy for Diebold Nixdor and partners with Keylock's (2000 units – plus) has caused reduction in price for kits vs. PY and thus a margin growth difference

APAC

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



Financial Summary | Revenue

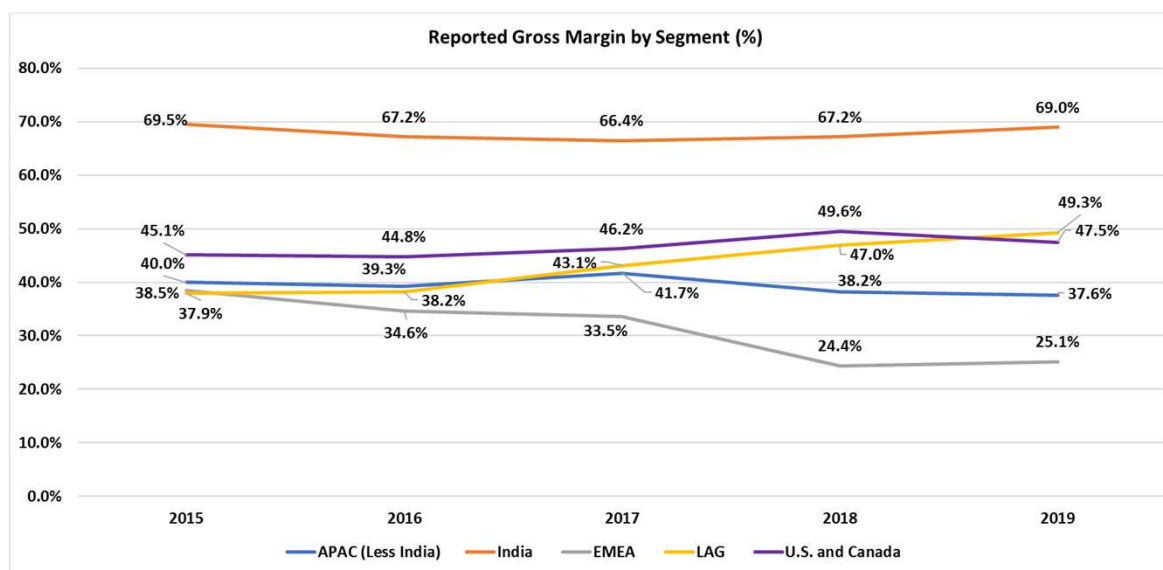
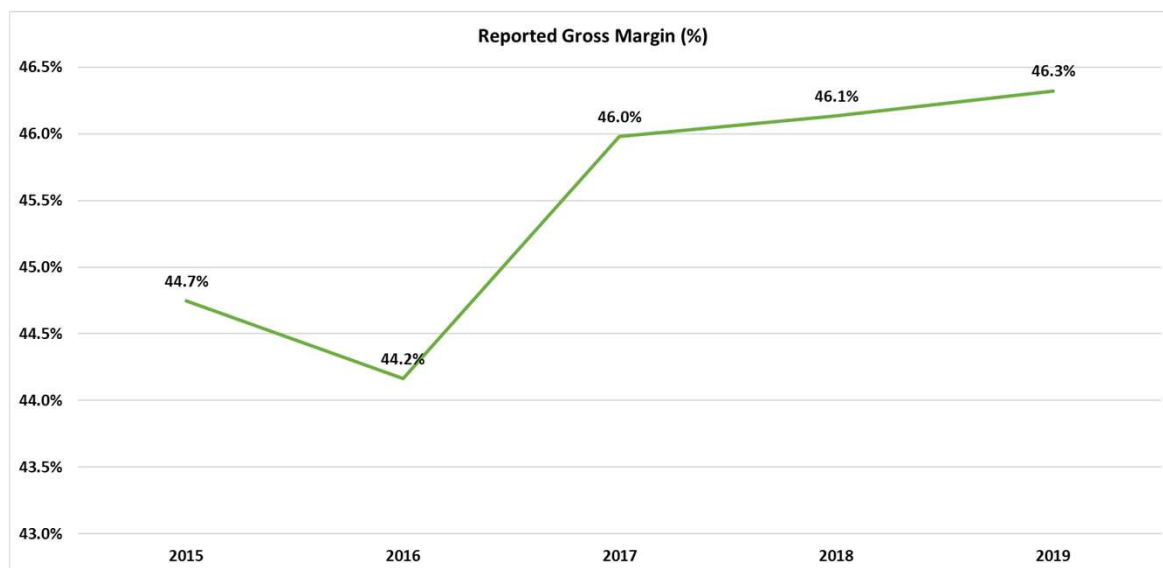


Management Discussion

- Overall (\$9.1M) decline from 2015 to 2019
 - Unfavorable, NA by (\$6.8M)
 - 951 Government padlocks (\$1.0M), Liberty Safe electronic locks (\$4.1M), GSA (\$1.2M)
 - Unfavorable, EMEA by (\$1.8M)
 - Amnco (\$0.5M), Polital (\$0.3M), Hollandi Bank (\$0.3M), Sanid (\$0.2M), House of Locks (\$0.2M)
 - Unfavorable, APAC less India (\$2.9M)
 - TK (\$1.0M), Tri-Star (\$0.6M), Dutech (\$1.0M), Hyosung (\$0.4M)
 - Favorable, India \$2.4M
 - NCR \$1.2M, Arya \$2.4M
 - Diebold (\$0.6M), AGS (\$0.3M)



Financial Summary | Gross Margin (@Standard)



Management Discussion

- Overall Gross Margin Favorable 160 basis points 2015 v 2019
 - Unfavorable, EMEA (1,340bps) due to increased cost of FAS and Mechanical Locks. Increased pricing pressure from Diebold and NCR.
 - Unfavorable, India (50bps) due to lower pricing for increased volume to NCR and Arya
 - Unfavorable, APAC less India (240bps) due to loss of higher margin sales to Takachiho, partially offset by a decrease of lower margin sales to Dutech
 - Favorable, LAG 1,140bps due to increased sales to Cogar
 - Favorable, NA 240bps due to loss of lower margin sales to residential safes (Liberty, Granite and Hamilton)



Financial Summary | Cost of Goods Sold by Component

\$'000	MTD		Var		QTD		Var		YTD		Var	
	Act	Bud	\$	%	Act	Bud	\$	%	Act	Bud	\$	%
Material												
Material costs at standard	\$ 588	\$ 1,131	\$ (544)	(48.1%)	\$ 3,324	\$ 3,705	\$ (382)	(10.3%)	\$ 15,543	\$ 15,623	\$ (79)	(0.5%)
Materials FX loss / (gain)	1	–	1	N/A	1	–	1	N/A	0	(0)	1	(387.1%)
Purchase price variance	(49)	5	(54)	(1054.5%)	(248)	17	(265)	(1585.1%)	(553)	37	(590)	(1613.3%)
Freight in	150	23	128	560.9%	267	66	200	301.8%	717	475	241	50.8%
Cost revision	–	–	–	N/A	–	–	–	N/A	(232)	(232)	–	0.0%
Scrap costs	(8)	(23)	15	(64.0%)	(48)	(75)	26	(35.3%)	(48)	(254)	206	(81.0%)
Consumables	39	6	33	537.7%	61	20	41	203.5%	153	69	84	122.5%
Total Material COGS	\$ 720	\$ 1,142	\$ (422)	(36.9%)	\$ 3,355	\$ 3,734	\$ (378)	(10.1%)	\$ 15,580	\$ 15,717	\$ (137)	(0.9%)
Labor												
Direct labor	\$ 233	\$ 194	\$ 39	19.8%	\$ 738	\$ 697	\$ 40	5.8%	\$ 3,013	\$ 3,307	\$ (294)	(8.9%)
Direct labor - overtime	11	16	(5)	(32.8%)	47	44	3	7.7%	198	143	56	39.0%
Direct labor - benefits	69	101	(32)	(31.6%)	208	327	(119)	(36.5%)	962	1,314	(352)	(26.8%)
Indirect labor	149	153	(5)	(3.0%)	468	465	3	0.7%	1,896	1,861	35	1.9%
Indirect labor – benefits	64	47	17	35.7%	194	144	50	34.9%	677	589	87	14.8%
Total Labor COGS	\$ 525	\$ 511	\$ 14	2.7%	\$ 1,655	\$ 1,677	\$ (22)	(1.3%)	\$ 6,746	\$ 7,214	\$ (468)	(6.5%)
Other												
Repairs and maintenance	\$ 13	\$ 17	\$ (4)	(22.2%)	\$ 51	\$ 54	\$ (4)	(6.9%)	\$ 201	\$ 199	\$ 2	1.0%
Rent / facilities	198	167	31	18.6%	555	523	32	6.2%	2,200	2,140	59	2.8%
Utilities	21	23	(2)	(9.6%)	71	75	(3)	(4.4%)	281	293	(12)	(4.1%)
Other cost of sales	3	33	(30)	(91.5%)	(292)	134	(425)	(317.9%)	(154)	322	(476)	(147.8%)
Total Other COGS	\$ 234	\$ 239	\$ (5)	(2.2%)	\$ 385	\$ 785	\$ (400)	(51.0%)	\$ 2,528	\$ 2,955	\$ (427)	(14.4%)
Total COGS	\$ 1,480	\$ 1,893	\$ (413)	(36.4%)	\$ 5,395	\$ 6,195	\$ (801)	(62.4%)	\$ 24,854	\$ 25,886	\$ (1,032)	(21.8%)

Management Discussion

December

- Favorable PPV from 6128 PCB's, keypads and FAS Key Blanks
- Freight-in unfavorable from \$110k freight accrual for estimated duties not billed

YTD

- Excluding the impact of the OBS entries, material costs at standard decreased from volume (\$1.9M) and other \$44k
 - *OBS inventory revalued step-up incurred of \$869k to material cost*
- Favorable PPV of (\$590k) driven primarily zinc and 6120 Satin Chrome Housings
- Unfavorable Scrap from 2740 covers, 6124 Case and key pad production errors



Financial Summary | Balance Sheet

	Dec-19		Variance	
	Act	Bud	\$	%
\$'000				
Current Assets				
Cash and cash equivalents	\$ 1,606	\$ 6,640	\$ (5,034)	(75.8%)
Accounts receivable, gross	4,956	6,424	(1,468)	(22.9%)
Accounts receivable, reserves	(220)	(116)	(104)	90.2%
Accounts receivable, net	4,736	6,309	(1,573)	(24.9%)
Inventory, gross	7,497	5,948	1,549	26.0%
Inventory, reserves	(474)	(416)	(57)	13.8%
Inventory, net	7,023	5,532	1,492	27.0%
Prepaid expenses and other current assets	(24)	141	(165)	(117.1%)
Other current assets	49,912	—	49,912	N/A
Total Current Assets	63,253	18,621	44,633	239.7%
Non-Current Assets				
Property, plant & equipment, gross	11,683	12,559	(876)	(7.0%)
Accumulated depreciation	(917)	(758)	(159)	21.0%
Property, plant & equipment, net	10,765	11,801	(1,035)	(8.8%)
Goodwill	42,050	43,223	(1,174)	(2.7%)
Identifiable intangible assets, gross	15,100	15,100	—	0.0%
Accumulated amortization	(690)	—	(690)	N/A
Identifiable intangible assets, net	14,410	15,100	(690)	(4.6%)
Deferred financing cost	2,759	1,646	1,113	67.6%
Other non-current assets	131	131	0	0.0%
Total Non-Current Assets	70,115	71,901	(1,786)	(2.5%)
Total Assets	\$ 133,369	\$ 90,522	\$ 42,847	47.3%
Current Liabilities				
Current portion of long-term debt	\$ 1,850	\$ 1,115	\$ 736	66.0%
Accounts payable	2,788	4,041	(1,253)	(31.0%)
Accrued liabilities	1,975	1,226	750	61.2%
Accrued compensation	125	347	(222)	(64.0%)
Income taxes payable	128	(792)	921	(116.2%)
Short-term unearned revenue	45	56	(11)	(20.1%)
Total Current Liabilities	6,912	5,993	919	15.3%
Long-term liabilities				
Long-term debt less current maturities	90,745	43,025	47,719	110.9%
Deferred income taxes	(831)	2,989	(3,820)	(127.8%)
Other non-current liabilities	—	87	(87)	(100.0%)
Total Long-Term Liabilities	89,914	46,102	43,812	95.0%
Total Liabilities	96,825	52,094	44,731	85.9%
Shareholders' Equity				
Common stock	40,228	40,228	—	0.0%
Retained earnings	(5,055)	(3,155)	(1,901)	60.2%
Accumulated other comprehensive income	1,370	1,354	16	1.2%
Other equity transactions	1	1	—	0.0%
Total Shareholders' Equity	36,543	38,428	(1,884)	(4.9%)
Total Liabilities and Shareholders' Equity	\$ 133,369	\$ 90,522	\$ 42,847	47.3%

Management Discussion

- Lower Accounts Receivable by (\$1.6M) compared to Budget due to lower than budgeted sales
 - Slow pay A/R > than 16 days
 - DFAS \$238k
 - Arya \$205k
 - Pingan \$124k
 - Abusarhad \$119k
 - Shanghai Bestandard \$113k
 - AGS \$92k
- Accounts Payable lower by (\$1.3M) compared to Budget due to lower volume and lower Capex spend
- Unfavorable inventory position \$1.5M
 - (\$500K) finished goods on dock due to delayed pickup – shipping terms controlled by customer. ASSA at 25%-35% discount in Oct. 2018 – greater than 6-months stock on-hand.
 - E&O reduced by \$75 in December. Efforts continue.
- Budgeted Balance sheet has been adjusted to reflect Opening Balance Sheet position.
- Balance Sheet does not accurately reflect the Delaney December 20th acquisition.



Financial Summary | Opex Summary MTD

\$'000	MTD		Variance		PY MTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
Opex Overview:								
Payroll	\$ 242	\$ 307	\$ (66)	(21.4%)	\$ 289	\$ (48)	(16.5%)	
Overtime	–	1	(1)	(100.0%)	0	(0)	(100.0%)	
Benefits	(20)	24	(44)	(183.2%)	83	(103)	(124.2%)	
Bonus	(71)	42	(113)	(268.5%)	(45)	(26)	59.0%	
Severance	–	310	(310)	(100.0%)	–	–	N/A	
Commissions	10	60	(50)	(83.5%)	14	(4)	(27.7%)	
Marketing	5	19	(14)	(72.1%)	23	(17)	(76.1%)	
Travel and Entertainment	51	35	16	44.4%	34	17	48.8%	
Rent and Facilities	1	–	1	N/A	–	1	N/A	
Insurance	–	3	(3)	(100.0%)	3	(3)	(100.0%)	
Professional Fees	296	488	(191)	(39.3%)	125	171	136.7%	
Utl., Repair, Maint., & Sec.	5	4	1	34.0%	4	0	8.3%	
IT	83	80	2	2.8%	45	38	84.3%	
Bad Debts	5	0	5	1367056.2%	18	(13)	(69.8%)	
Supplies	1	10	(10)	(90.9%)	3	(2)	(69.6%)	
Other Expenses	75	53	23	42.8%	100	(25)	(25.1%)	
Total Opex	\$ 684	\$ 1,436	\$ (753)	(52.4%)	\$ 697	\$ (14)	(2.0%)	

Management Discussion

- December vs Budget – favorable \$0.8M related to 1X charges and Year-end adjustments
 - Actual 1x charges were \$0.2M versus Budget of \$0.6M
 - AOP included a \$0.3M restructuring charge, a 1x charge, not acted upon
 - AOP included \$0.2M fees for engineering, a 1x charge, timing
 - Bonus for sales and performance initiatives and commissions paid to customers are favorable to budget due to not achieving revenues and adj. EBITDA targets



Financial Summary | Opex Summary QTD

\$'000	QTD		Var		PY QTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
Opex Overview:								
Payroll	\$ 844	\$ 921	\$ (77)	(8.4%)	\$ 900	\$ (56)	(6.2%)	
Overtime	–	2	(2)	(100.0%)	0	(0)	(100.0%)	
Benefits	93	53	40	76.7%	256	(163)	(63.6%)	
Bonus	(43)	131	(174)	(132.8%)	(8)	(35)	430.2%	
Severance	–	310	(310)	(100.0%)	–	–	N/A	
Commissions	54	194	(141)	(72.4%)	39	15	37.3%	
Marketing	73	73	0	0.3%	107	(34)	(31.7%)	
Travel and Entertainment	173	116	56	48.4%	99	74	75.1%	
Rent and Facilities	4	–	4	N/A	–	4	N/A	
Insurance	–	8	(8)	(100.0%)	9	(9)	(100.0%)	
Professional Fees	810	1,442	(632)	(43.8%)	467	343	73.3%	
Utl., Repair, Maint., & Sec.	11	11	(0)	(1.6%)	9	2	21.7%	
IT	453	239	214	89.8%	134	319	237.1%	
Bad Debts	33	0	33	2775632.5%	27	6	24.1%	
Supplies	3	32	(30)	(91.8%)	16	(13)	(83.6%)	
Other Expenses	113	164	(51)	(31.0%)	342	(229)	(66.9%)	
Total Opex	\$ 2,621	\$ 3,697	\$ (1,076)	(29.1%)	\$ 2,397	\$ 224	9.3%	

Management Discussion

- December vs Budget – favorable \$1.1M related to timing of vacant salary positions not filled, delayed strategic initiative spend and bonus/commission targets not achieved
 - Actual 1x adjustments were \$0.9M versus AOP of \$1.2M



Financial Summary | Opex Summary YTD

\$'000	YTD		Var		PY YTD		Variance	
	Act	Bud	\$	%	Act	\$	\$	%
Opex Overview:								
Payroll	\$ 3,481	\$ 3,591	\$ (110)	(3.1%)	\$ 3,716	\$ (235)		(6.3%)
Overtime	0	9	(9)	(96.3%)	5	(5)		(93.1%)
Benefits	744	588	156	26.6%	967	(223)		(23.1%)
Bonus	104	445	(341)	(76.7%)	193	(89)		(46.2%)
Severance	–	310	(310)	(100.0%)	–	–		N/A
Commissions	281	761	(480)	(63.0%)	222	60		26.8%
Marketing	395	311	84	27.2%	546	(151)		(27.6%)
Travel and Entertainment	521	495	26	5.2%	434	87		20.0%
Rent and Facilities	17	–	17	N/A	–	17		N/A
Insurance	1	33	(32)	(96.7%)	36	(35)		(97.0%)
Professional Fees	6,347	4,421	1,927	43.6%	1,996	4,352		218.1%
Utl., Repair, Maint., & Sec.	25	52	(27)	(52.0%)	73	(48)		(66.1%)
IT	1,264	1,003	261	26.1%	538	727		135.2%
Bad Debts	101	0	101	6303599.6%	55	46		84.3%
Supplies	39	128	(89)	(69.7%)	67	(28)		(42.1%)
Other Expenses	469	702	(232)	(33.1%)	897	(427)		(47.6%)
Total Opex	\$ 13,790	\$ 12,847	\$ 943	7.3%	\$ 9,744	\$ 4,046		41.5%

Management Discussion

- Excluding the impact of the OBS entries, December vs Budget – favorable \$2.5M related to timing of vacant salary positions not filled, delayed strategic initiative spend and bonus/commission targets not achieved
 - Actual 1x adjustments were \$2.3M versus Budget of \$2.9M
 - OBS transaction fee expenses incurred of \$3.4M



Financial Summary | YTD Opex Analysis

\$'000

	YTD			Explanation of Variance				Variance Impact		
	Act	Bud	Variance B / (W)	One-Time / Non-recurring	Timing	Change in Run-rate	Other	Total Variance B / (W)	YoY Impact B / (W)	Annualized Impact B / (W)
Payroll	\$ 3,481	\$ 3,591	\$ (110)	\$ —	\$ (110)	\$ 0	\$ —	\$ (110)	\$ 0	\$ 0
Overtime	0	9	(9)	—	—	(9)	—	(9)	(9)	(9)
Benefits	744	588	156	—	—	156	—	156	156	156
Bonus	104	445	(341)	—	—	(341)	—	(341)	(341)	(341)
Commissions	395	761	(366)	—	—	(366)	—	(366)	(366)	(366)
Marketing	281	311	(29)	—	—	(29)	—	(29)	(29)	(29)
Travel and Entertainment	521	495	26	—	—	26	—	26	26	26
Rent and Facilities	17	—	17	—	—	17	—	17	17	17
Insurance	1	33	(32)	—	—	(32)	—	(32)	(32)	(32)
Professional Fees	6,347	4,421	1,927	4,675	—	(2,748)	—	1,927	(2,748)	(2,748)
Utl., Repair, Maint., & Sec.	25	52	(27)	—	—	(27)	—	(27)	(27)	(27)
IT	1,264	1,003	261	1,055	(570)	(224)	—	261	(224)	(224)
Bad Debts	101	0	101	—	—	101	—	101	101	101
Supplies	39	128	(89)	—	—	(89)	—	(89)	(89)	(89)
Other Expenses	469	702	(232)	—	—	(232)	—	(232)	(232)	(232)
Total Opex	\$ 13,790	\$ 12,847	\$ 943	\$ 5,730	\$ (680)	\$ (4,107)	\$ —	\$ 943	\$ (4,107)	\$ (4,107)

Management Discussion

- Bonus for sales and performance initiatives and commissions paid to customers are better than budget due to lower revenues than budget
- Professional fees included non recurring expense of \$3.4M in OBS transaction fee expense, as well as, other 1x costs (recruiting fees, consultants). Change in run rate related to the timing of innovation spend and open sales positions.
- IT contains 1x costs \$537k in TSA fees and \$518k in other carve-out costs. The decline in run rate is related to timing of technology carve-out costs.
- Rent and Insurance variances are a mapping issues. Rent mapped to COGS in budget. Insurance actual expense mapped to COGS.



SARGENT AND GREENLEAF

Financial Summary | Incurred Standalone Costs

\$'000	Description	MTD		Variance		QTD		Variance		YTD		Variance	
		Act	Bud	\$	%	Act	Bud	\$	%	Act	Bud	\$	%
IT		9	42	(33)	-78.6%	31	123	(91)	-74.5%	97	108	(11)	-10.2%
Manager	Salary and Benefits	9	9	-	0.0%	27	27	-	0.0%	54	28	27	96.7%
Analyst	Salary and Benefits	-	6	(6)	-100.0%	-	19	(19)	-100.0%	-	12	(12)	-100.0%
Direct Technology Charges	Office 365, AvePoint, WebRoot, Duo MFA, voice services, Creo, Windchill	-	7	(7)	-100.0%	-	20	(20)	-100.0%	35	24	11	47.2%
Business Services	Offset to TSA	-	11	(11)	-100.0%	-	30	(30)	-100.0%	-	22	(22)	-100.0%
Sales Force	Licensing	-	2	(2)	-100.0%	-	6	(6)	-100.0%	-	4	(4)	-100.0%
Accounting / HR systems	Concur Set-up and monthly fee	-	2	(2)	-100.0%	4	6	(2)	-30.7%	7	8	(1)	-9.2%
ERP transition licensing fees	Licensing	-	5	(5)	-100.0%	-	15	(15)	-100.0%	-	10	(10)	-100.0%
Data Communications	Licensing	-	-	-	0.0%	-	-	-	0.0%	-	-	-	0.0%
Legal		-	19	(19)	-100.0%	6	57	(51)	-90.2%	19	57	(38)	-67.2%
Headcount costs (1 FTE)	Salary and Benefits	-	-	-	0.0%	-	-	-	0.0%	-	-	-	0.0%
External legal fees and other expenses	Legal Fees	-	13	(13)	-100.0%	6	38	(32)	-85.4%	19	38	(19)	-51.2%
Patent fees	Patent Fees	-	6	(6)	-100.0%	-	19	(19)	-100.0%	-	19	(19)	-100.0%
Finance		30	30	(0)	-0.7%	89	89	(0)	-0.2%	192	88	104	118.5%
CFO	Salary and Benefits	21	21	-	0.0%	63	63	-	0.0%	130	61	69	112.9%
Base compensation (2 FTEs)	Salary and Benefits	-	-	-	0.0%	-	-	-	0.0%	-	-	-	0.0%
Audit Fees	2019 Audit Fees	9	9	(0)	-2.4%	26	27	(0)	-0.8%	62	27	35	131.5%
Sales		22	22	0	1.8%	67	67	0	0.6%	125	46	79	170.7%
VP of Sales	Salary and Benefits	22	22	0	1.8%	67	67	0	0.6%	125	46	79	170.7%
Customer Relationship Manager	Salary and Benefits	-	-	-	0.0%	-	-	-	0.0%	-	-	-	0.0%
HR		2	7	(5)	-76.4%	5	22	(17)	-77.6%	11	70	(59)	-83.9%
Specialist	Salary and Benefits	-	6	(6)	0.0%	-	18	(18)	-100.0%	-	19	(19)	-100.0%
Business Travel and Accident	Business Travel and Accident	0	-	0	#DIV/0!	1	1	0	50.0%	2	324	(322)	-99.5%
Global Emergency Travel Services	Global Emergency Travel Services	1	1	0	37.6%	4	4	0	10.0%	10	40	(31)	-76.2%
Trade Compliance		1	1	0	25.7%	4	4	0	7.3%	9	29	(20)	-69.1%
Export Compliance Daily/ICPA annual fee	Export Compliance Daily/ICPA annual fee	0	-	0	#DIV/0!	0	0	0	50.0%	1	206	(205)	-99.5%
Trade Flow software license	Trade Flow software license	1	1	0	10.0%	3	3	0	3.1%	8	27	(20)	-71.9%
Bonuses		15	15	0	3.3%	46	46	0	1.1%	88	50	38	75.5%
Risk		16	16	0	1.8%	49	49	0	0.6%	114	56	58	103.6%
Freight		42	42	(0)	-1.0%	125	125	(0)	-0.3%	274	145	129	88.8%
401(k) compensation		10	10	(0)	-1.9%	29	30	(0)	-0.6%	69	30	39	131.8%
Total Standalone Costs		147	204	(57)	-27.8%	451	610	(159)	-26.0%	997	1,514	(517)	-34.1%



SARGENT AND GREENLEAF

Financial Summary | PF Standalone Costs

\$'000	Description	Dec								QTD								YTD							
		Budget				Actual				Budget				Actual				Budget				Actual			
		Incurred	Unincurred	PF	Incurred	Unincurred	PF	Incurred	Unincurred	PF	Incurred	Unincurred	PF	Incurred	Unincurred	PF	Incurred	Unincurred	PF						
IT		42	(2)	40	9	31	40	123	(6)	117	31	86	117	837	(2)	836	503	333	836						
Manager	Salary and Benefits	9	-	9	9	-	9	27	-	27	27	-	27	123	(10)	113	113	-	113						
Analyst	Salary and Benefits	6	-	6	-	6	6	18	-	18	-	19	19	160	6	166	123	44	167						
Direct Technology Charges	Office 365, AvePoint, WebRoot, Duo MFA, voice services, Creo, Windchill	7	-	7	-	7	7	21	-	21	-	20	20	299	16	315	103	211	314						
Business Services	Offset to TSA	11	-	11	-	11	11	30	-	30	-	30	98	-	98	52	46	98							
Sales Force	Licensing	2	(2)	-	-	-	-	6	(6)	-	-	-	8	(8)	-	-	-	-	-						
Accounting / HR systems	Concur Set-up and monthly fee	2	-	2	-	2	2	6	-	6	4	2	6	99	(6)	93	91	2	93						
ERP transition licensing fees	Licensing	5	-	5	-	5	5	15	-	15	-	15	30	-	30	-	30	30							
Data Communications	Licensing	-	-	-	-	-	-	-	-	-	-	-	21	-	21	21	-	21							
Legal		19	-	19	13	6	19	57	-	57	19	38	57	304	-	304	203	101	304						
External legal fees and other expenses	Legal Fees	13	-	13	13	13	26	39	-	39	19	33	52	151	-	151	94	71	165						
Patent fees	Patent Fees	6	-	6	-	6	6	18	-	18	-	19	19	75	-	75	31	44	75						
Finance		30	11	41	30	11	41	90	33	122	89	32	121	352	61	412	337	74	411						
CFO	Salary and Benefits	21	-	21	21	-	21	63	-	63	63	-	63	238	(14)	224	224	-	224						
Base compensation (2 FTEs)	Salary and Benefits	-	11	11	-	11	11	-	33	33	-	32	52	75	127	52	74	126							
Audit Fees	2019 Audit Fees	9	-	9	9	-	9	27	-	27	27	-	27	62	-	62	62	-	62						
Sales		22	17	39	22	17	39	66	51	118	67	51	118	122	209	332	126	207	333						
VP of Sales	Salary and Benefits	22	-	22	22	-	22	66	-	66	67	-	67	122	2	124	125	-	125						
Customer Relationship Manager	Salary and Benefits	-	17	17	-	17	17	-	51	51	-	51	51	-	207	207	-	207							
HR		1	6	7	1	6	7	5	18	23	4	18	22	41	42	83	39	43	82						
Specialist	Salary and Benefits	-	6	6	-	6	6	-	18	18	-	18	18	30	42	72	30	42	72						
Business Travel and Accident	Business Travel and Accident	-	-	0	-	0	0	-	0	1	-	1	1	1	2	2	1	3							
Global Emergency Travel Services	Global Emergency Travel Services	1	-	1	1	-	1	3	-	3	4	-	4	9	-	9	10	-	10						
Trade Compliance		1	-	1	1	-	1	3	-	3	4	-	4	50	-	50	51	-	51						
Export Compliance Daily/ICPA annual fee	Export Compliance Daily/ICPA annual fee	-	-	0	-	0	0	-	0	0	-	0	32	-	32	32	-	32							
Trade Flow software license	Trade Flow software license	1	-	1	1	-	1	3	-	3	3	-	3	18	-	18	18	-	18						
Bonuses	Incremental management bonuses	15	-	15	15	-	15	45	-	45	46	-	46	108	-	108	88	21	109						
Risk	Incremental cost of business insurances	16	-	16	16	-	16	48	-	48	49	-	49	231	-	231	232	-	232						
Freight	Adjust freight to actual charges versus allocation	42	-	42	42	-	42	126	-	126	125	-	125	677	25	702	659	42	701						
401(k) compensation	Estimated incremental 401(k) expense	10	-	10	10	-	10	30	-	30	30	-	30	83	-	83	83	-	83						
Total Standalone Costs		198	32	231	159	71	231	593	96	688	463	225	688	2,804	335	3,141	2,320	821	3,141						



SARGENT AND GREENLEAF

Financial Summary | 1X Costs

\$'000		MTD		Variance		QTD		Variance		YTD		Variance	
	Description	Act	Bud	\$	%	Act	Bud	\$	%	Act	Bud	\$	%
IT		(27)	54	(9)	-17.1%	48	163	(34)	-31.0%	163	449	(205)	-51.9%
IT Specialist	Gray Drohan consulting fees	(39)	20	(8)	-41.1%	(20)	60	(21)	-53.1%	65	169	(45)	-30.4%
Technology Carve-Out	ERP Implementation, VOIP, Firewall hardware, network re-engineering, Office 365	12	34	(1)	0.0%	68	103	(12)	0.0%	98	280	(159)	0.0%
Legal/Professional Fees		73	41	94	206.2%	251	137	82	85.5%	958	921	4	0.5%
Audit/Valuation Fees	Opening Balance Sheet/Asset Valuation Fees	10	—	—	—	10	—	—	—	66	55	1	1.0%
HR Specialist	consulting fees	9	18	(11)	-58.3%	28	54	(17)	-47.9%	312	363	(43)	-12.4%
Employee Recruitment	Recruiting Fees for CFO, VP of Sales, IT Manager, IT Analyst, Gov't BDM	—	—	15	—	20	—	20	—	287	259	28	10.9%
OGX	Consulting Fees	54	23	94	408.7%	194	69	94	204.3%	285	161	93	67.2%
Other	Navex	—	—	(5)	-100.0%	—	15	(15)	-100.0%	10	87	(77)	-88.8%
Relocation	Relocation Expenses (LeMire/Tonkel)	48	—	—	—	48	—	—	—	48	—	—	—
Marketing/Rebranding	Deal related external communications, rebranding (signage, business cards, etc),Ecommerce	50	58	(82)	-75.8%	90	196	(98)	-70.9%	125	259	(126)	-62.6%
Payroll Implementation	Internaltion GEO, Domestic PEO set up fees	—	—	—	—	—	—	—	—	7	27	(20)	-73.1%
Market Parity	Products to catch up to competitors' offerings	—	83	(56)	0.0%	—	194	(111)	0.0%	—	351	(268)	0.0%
SA Closure	SA Severance Costs	—	310	—	—	—	310	—	—	—	310	—	—
TSA		80	70	259	372.4%	488	212	266	186.7%	986	535	440	94.4%
TSA - IT	Data center infrastructure, ERP and all other in use systems and support, Enterprise services and Business Services	45	38	260	678.8%	388	118	263	331.1%	750	314	429	155.5%
TSA - Non-IT	Order to Cash, AP, GL, Treasury Management, Trade Compliance, Transportation, Global Supply Management,	34	31	(1)	-1.8%	99	94	2	3.7%	236	221	12	6.2%
Sub Total		224	615	207	62.4%	925	1,209	107	18.0%	2,287	2,847	(169)	-7.6%
OBS-Inventory		—	—	—	—	—	—	—	—	869	—	869	—
OBS-Transaction Costs		—	—	—	—	—	—	—	—	3,441	—	3,441	—
Grand Total		224	615	(390)	62.4%	925	1,209	(284)	18.0%	6,597	2,847	3,750	131.7%



Financial Summary | Cash Flow Statement

\$'000	YTD		Variance		PY YTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
Cash flow from operations								
Net Income (Loss)	\$ (5,988)	\$ 60	\$ (6,048)	(10096.3%)	\$ 8,802	\$ (14,789)	(168.0%)	
Depreciation, amortization and other	4,441	1,758	2,682	152.6%	1,238	3,202	258.6%	
Change in operating assets and liabilities:								
Accounts receivable	2,312	1,107	1,205	108.8%	(646)	2,958	(458.0%)	
Inventory	765	1,611	(846)	(52.5%)	(720)	1,485	(206.2%)	
Prepaid expenses and other current assets	105	(81)	187	(229.6%)	24	81	337.0%	
Accounts payable	(178)	350	(527)	(150.7%)	(496)	318	(64.2%)	
Accrued expenses	1,374	472	902	191.2%	103	1,272	1238.3%	
Accrued income taxes	128	(1,291)	1,419	(109.9%)	(1,326)	1,454	(109.7%)	
Other changes in operating assets and liabilities	(62,804)	236	(63,040)	(26725.4%)	(329)	(62,475)	18992.1%	
Other cash flow from operations	–	–	–	N/A	–	–	N/A	
Total Cash Flow from Operations	\$ (59,844)	\$ 4,222	\$ (64,066)	(1517.5%)	\$ 6,650	\$ (66,494)	(999.9%)	
Cash flow from investing								
Additions to property, plant and equipment	\$ (139)	\$ (990)	\$ 851	(86.0%)	\$ (1,360)	\$ 1,221	(89.8%)	
Total Cash Flow from Investing	\$ (139)	\$ (990)	\$ 851	(86.0%)	\$ (1,360)	\$ 1,221	(89.8%)	
Cash flow from financing								
Proceeds from the issuance (repayment) of short-term debt	\$ (800)	\$ (800)	\$ –	0.0%	\$ –	\$ (800)	N/A	
Proceeds from the issuance of debt	–	–	–	N/A	–	–	N/A	
Repayment of debt	48,009	(446)	48,455	(10867.7%)	–	48,009	N/A	
Other cash flow from financing costs	11,974	225	11,749	5216.7%	(5,717)	17,691	(309.4%)	
Total Cash Flow from Financing	\$ 59,182	\$ (1,021)	\$ 60,203	(5898.5%)	\$ (5,717)	\$ 64,899	(1135.2%)	
	\$ –	\$ –	\$ –	N/A	\$ –	\$ –	N/A	
Net change in cash	\$ (801)	\$ 2,211	\$ (3,012)	(136.2%)	\$ (427)	\$ (374)	87.5%	
Beginning cash	2,406	4,429	(2,023)	(45.7%)	11,601	(9,195)	(79.3%)	
Change in cash	(801)	2,211	(3,012)	(136.2%)	(427)	(374)	87.5%	
Ending cash	\$ 1,606	\$ 6,640	\$ (5,034)	(75.8%)	\$ 11,174	\$ (9,568)	(85.6%)	

YTD Cash Flow calculated from May 30th 2019.



SARGENT AND GREENLEAF

Financial Summary | 13-Week Cash Flow Projection

In US\$	Forecast 1/20	Forecast 1/27	Forecast 2/3	Forecast 2/10	Forecast 2/17	Forecast 2/24	Forecast 3/2	Forecast 3/9	Forecast 3/16	Forecast 3/23	Forecast 3/30	Forecast 4/6	Forecast 4/13	Forecast 4/20
Cash Inflows - Operational														
Collections from customers (Actual)														
Collections from customers based on projected aging (Foreca	957	635	519	988	578	612	553	269	246	81	30	87	32	30
Collections from new forecasted sales	-	-	-	-	-	263	280	430	335	685	660	710	615	813
Total AR Collections	957	635	519	988	578	875	833	699	581	766	690	797	647	843
Other non-AR inflows														
Total Cash Inflows - Operational	957	635	519	988	578	875	833	699	581	766	690	797	647	843
Cash Outflows - Operational														
Product inventory (SAP AP)	(275)	(483)	(402)	(513)	(248)	(326)	(366)	(276)	(269)	(256)	(340)	(354)	(378)	(451)
Payroll	(300)	(70)	(388)	(70)	(300)	(70)	(388)	(70)	(300)	(70)	(245)	(213)	(245)	(70)
Commissions														
Bonus														
Facilities & other (Freight)	(120)	(20)	(20)	(65)	(70)	(20)	(20)	(65)	(70)	(20)	(20)	(20)	(65)	(70)
Professional services	(62)	(85)	-	-	-	(62)	(210)	-	(62)	-	-	-	-	-
Marketing		(18)								(50)				(75)
Recruiter fees				(25)					(25)				(25)	
Other expenses (Insurance, TSA, CC)	-	(160)	-	(72)	-	(160)	-	(72)	-	-	(160)	-	-	-
Total Cash Outflows - Operational	(757)	(836)	(810)	(745)	(618)	(638)	(984)	(483)	(726)	(396)	(765)	(587)	(713)	(666)
Cashflows - Financial and Other														
Revolving Loan Draw (Paydown)														
Term Loan paydowns											(463)			
Interest and financial amortization											(1,715)			
Other financial income/expense (e.g. fx, hedging)														
Non-financial income/expense														
Estimated Tax Payments														
Monitoring fees (including travel expenses)												(500)		
Non-recurring items														
Total Cash Outflows - Financial and Other	-	-	-	-	-	-	-	-	-	-	(2,178)	(500)	-	-
TOTAL CASH FLOW	200	(201)	(292)	243	(40)	237	(152)	216	(145)	369	(2,253)	(290)	(66)	177
Cash Rollforward														
Beginning cash balance	459	659	458	167	410	370	606	455	670	525	895	(1,359)	(1,649)	(1,715)
Cash activity	200	(201)	(292)	243	(40)	237	(152)	216	(145)	369	(2,253)	(290)	(66)	177
ENDING CASH BALANCE	659	458	167	410	370	606	455	670	525	895	(1,359)	(1,649)	(1,715)	(1,538)
Debt Summary														
Rolled debt	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Credit facility	92,508	92,508	92,508	92,508	92,508	92,508	92,508	92,508	92,508	92,508	92,045	92,045	92,045	92,045
TOTAL DEBT	93,758	93,758	93,758	93,758	93,758	93,758	93,758	93,758	93,758	93,758	93,295	93,295	93,295	93,295
TOTAL NET DEBT	93,099	93,300	93,591	93,348	93,388	93,152	93,303	93,088	93,233	92,863	94,654	94,944	95,010	94,833
AVAILABILITY	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750

Financial Summary | Covenant Analysis - Consolidated

Fixed Charge Coverage Ratio

	Dec 2019
Fixed Charges:	
Interest paid (net of interest received)	6,190
Plus:	
Principal payments with respect to all debt	1,850
Fixed Charges	8,040
EBITDA for defined Period	21,457
Less:	
Unfinanced Capital Expenditures	1,120
Fees and expenses paid/incurred under the Management Agreement	2,000
Any federal, state, local or other income and franchise taxes paid or payable in cash net of any cash tax credits or other cash tax benefits	199
Operating Cash Flow	18,139
Fixed Charge Coverage Ratio	2.26
Minimum Ratio	1.10
In Compliance	YES
TTM Minimum Operating Cash Flow	8,845
TTM Operating Cash Flow Cushion	9,294

Amounts for January 2019 through October 2019 defined per credit agreement

Financial Summary | Covenant Analysis - Consolidated

Total Debt to EBITDA

000's	Dec 2019
Total Debt:	
Revolver Balance	-
Plus: Term Loan Balance	92,508
Plus: Other Debt	-
Less: Qualified Cash	2,585
Total Debt	89,923
EBITDA for the Defined Period (calculated in the manner required by Section 6.1 of the Compliance Certificate)	21,457
TTM Adjusted EBITDA	21,457
Total Debt to EBITDA Ratio (ratio of Total Debt to Adjusted EBITDA for the Defined Period)	4.19
Maximum Permitted Total Debt to EBITDA Ratio for the Defined Period	5.75
In Compliance	YES
Minimum TTM EBITDA required	15,639
TTM EBITDA Cushion	5,819

Amounts for January 2019 through October 2019 defined per credit agreement

4Q 2019 Operating Review Meeting Agenda

➔ Executive Summary

➔ Financial Review

➔ **Governance Reporting**

➔ Appendix

Governance Reporting | Management Report

Disclosure Committee:

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

Anonymous Hotline:

- No activity

Modification of Internal Control and Authority Matrix:

- None



Governance Reporting | Management Report (Continued)

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

4Q 2019 Operating Review Meeting Agenda

- ➔ Executive Summary
- ➔ Financial Review
- ➔ Governance Reporting
- ➔ **Appendix**



SARGENT AND GREENLEAF

Appendix | Squeeze Report

	Act	Bud	Variance	PY	Variance	Act	Bud	Variance	PY	Variance	Act	Rfc	PY
This Month	\$ 1,767	\$ 3,448	-48.8%	\$ 3,109	-43.2%	\$ (172)	\$ 734	-123.4%	\$ 588	-129.2%	\$ 90,988	\$ (1,235)	\$ (11,172)
Quarter to Date	\$ 8,847	\$ 11,529	-23.3%	\$ 9,655	-8.4%	\$ 1,757	\$ 2,848	-38.3%	\$ 2,016	-12.8%			
Year to Date	\$ 42,122	\$ 48,072	-12.4%	\$ 43,867	-4.0%	\$ 10,077	\$ 12,190	-17.3%	\$ 10,056	0.2%			
LTM Trends (\$'000s)	1/31/19	2/28/19	3/31/19	4/30/19	5/31/19	6/30/19	7/31/19	8/31/19	9/30/19	10/31/19	11/30/19	12/31/19	LTM
Net Revenue	\$ 3,350	\$ 4,088	\$ 3,904	\$ 3,773	\$ 3,235	\$ 4,413	\$ 4,259	\$ 3,058	\$ 3,196	\$ 4,025	\$ 3,055	\$ 1,767	\$ 42,122
Gross Margin	1,456	1,821	1,838	1,469	1,354	2,129	1,777	567	1,403	2,039	1,126	287	17,268
Gross Margin %	43.5%	44.6%	47.1%	38.9%	41.9%	48.2%	41.7%	18.6%	43.9%	50.7%	36.9%	16.3%	41.0%
SG&A	898	810	715	765	720	980	1,077	4,272	932	980	958	684	13,790
Reported EBITDA	559	1,011	1,123	705	634	1,149	700	(3,704)	471	1,059	169	(397)	3,477
Rep. EBITDA %	16.7%	24.7%	28.8%	18.7%	19.6%	26.0%	16.4%	(121.1%)	14.7%	26.3%	5.5%	(22.4%)	8.3%
Adj. EBITDA	559	1,011	1,123	705	634	1,653	1,064	800	771	1,221	708	(172)	10,077
Adj. EBITDA %	16.7%	24.7%	28.8%	18.7%	19.6%	37.5%	25.0%	26.2%	24.1%	30.3%	23.2%	(9.7%)	23.9%
Capex	\$ 120	\$ 22	\$ 21	\$ 16	\$ 45	\$ 24	\$ -	\$ -	\$ 3	\$ -	\$ 30	\$ 4	\$ 286
Accounts Receivable, Net	\$ 6,542	\$ 7,672	\$ 7,838	\$ 7,201	\$ 7,047	\$ 7,940	\$ 7,955	\$ 6,852	\$ 6,945	\$ 7,040	\$ 6,722	\$ 4,736	\$ 4,736
Inventory, Net	6,919	6,772	6,832	6,979	7,788	7,453	7,327	6,760	6,942	7,183	6,846	7,023	7,023
Accounts Payable	3,933	3,707	3,716	4,031	2,966	3,682	3,374	3,531	3,483	3,574	2,839	2,788	2,788
CCC	\$ 9,528	\$ 10,736	\$ 10,954	\$ 10,149	\$ 11,870	\$ 11,710	\$ 11,907	\$ 10,081	\$ 10,405	\$ 10,649	\$ 10,729	\$ 8,971	\$ 8,971
DSO	84.9	95.7	63.2	56.0	58.8	63.3	60.8	53.2	60.2	62.4	59.6	48.8	48.8
DSI	121.8	104.1	100.8	96.6	102.2	94.3	93.3	88.1	97.2	104.3	112.2	132.0	132.0
DPO	67.7	55.8	54.3	55.4	43.8	33.7	48.7	46.0	48.8	51.9	46.5	52.4	52.4
C2C	139.1	144.0	109.7	97.2	117.2	123.9	105.4	95.3	108.6	114.8	125.3	128.3	128.3
Bank revolver	\$ -	\$ -	\$ -	\$ -	\$ 800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unclassified external debt / OID	-	-	-	-	44,586	44,586	44,586	44,586	44,363	44,363	44,363	92,595	92,595
OpenGate debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Debt Outstanding	-	-	-	-	45,386	44,586	44,586	44,586	44,363	44,363	44,363	92,595	92,595
Cash and equivalents	-	-	-	-	-	-	3,579	5,017	3,600	3,780	3,401	1,606	1,606
Total Net Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,007	\$ 39,569	\$ 40,764	\$ 40,584	\$ 40,962	\$ 90,988	\$ 90,988
Beginning Cash Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,407	\$ 2,878	\$ 3,579	\$ 5,017	\$ 3,600	\$ 3,780	\$ 3,402	\$ -
Add / (Less): Operating Cash Flow	-	-	-	-	-	(7,751)	708	(2,004)	(1,262)	(578)	(333)	(48,784)	(60,005)
Add / (Less): Investing Cash Flow	-	-	-	-	-	(26)	1	(0)	77	(0)	(30)	(161)	(139)
Add / (Less): Financing Cash Flow	-	-	-	-	-	8,248	(9)	3,443	(232)	758	(15)	47,149	59,343
Effect of FX rates / Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Cash Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,878	\$ 3,579	\$ 5,017	\$ 3,600	\$ 3,780	\$ 3,402	\$ 1,606	\$ 1,606



Appendix | Monthly P&L

\$'000	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	FY	FY	Var		PY	Var	
	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Bud	\$	%	Act	\$	%
Net Revenue	3,350	4,088	3,904	3,773	3,235	4,413	4,259	3,058	3,196	4,025	3,055	1,767	42,122	48,072	(5,950)	(12.4%)	43,867	(1,746)	(4.0%)
Material	1,083	1,424	1,272	1,488	1,169	1,485	1,516	1,722	1,067	1,259	1,376	720	15,580	15,717	(137)	(0.9%)	15,626	(46)	(0.3%)
Labor	621	550	539	632	543	489	656	533	528	615	515	525	6,746	7,214	(468)	(6.5%)	6,473	273	4.2%
Other COGS	190	292	255	184	168	311	310	236	198	112	38	234	2,528	2,955	(427)	(14.4%)	1,968	560	28.4%
Total COGS	1,894	2,266	2,066	2,303	1,881	2,284	2,482	2,490	1,793	1,986	1,929	1,480	24,854	25,886	(1,032)	(4.0%)	24,067	787	3.3%
Gross Margin	1,456	1,821	1,838	1,469	1,354	2,129	1,777	567	1,403	2,039	1,126	287	17,268	22,186	(4,919)	(22.2%)	19,800	(2,533)	(12.8%)
<i>Gross Margin %</i>	<i>43.5%</i>	<i>44.6%</i>	<i>47.1%</i>	<i>38.9%</i>	<i>41.9%</i>	<i>48.2%</i>	<i>41.7%</i>	<i>18.6%</i>	<i>43.9%</i>	<i>50.7%</i>	<i>36.9%</i>	<i>16.3%</i>	<i>41.0%</i>	<i>46.2%</i>			<i>45.1%</i>		
R&D	133	112	103	109	109	84	176	116	114	223	54	163	1,495	2,511	(1,016)	(40.5%)	1,763	(268)	(15.2%)
Sales & Marketing	374	336	315	308	305	240	388	402	338	423	281	219	3,929	4,930	(1,001)	(20.3%)	3,727	202	5.4%
Administrative	390	362	297	348	306	656	513	3,754	480	334	623	302	8,366	5,407	2,959	54.7%	4,254	4,112	96.7%
Other Opex	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Total Opex	898	810	715	765	720	980	1,077	4,272	932	980	958	684	13,790	12,848	942	7.3%	9,744	4,046	41.5%
EBITDA	559	1,011	1,123	705	634	1,149	700	(3,704)	471	1,059	169	(397)	3,477	9,338	(5,861)	(62.8%)	10,056	(6,579)	(65.4%)
<i>EBITDA %</i>	<i>16.7%</i>	<i>24.7%</i>	<i>28.8%</i>	<i>18.7%</i>	<i>19.6%</i>	<i>26.0%</i>	<i>16.4%</i>	<i>(121.1%)</i>	<i>14.7%</i>	<i>26.3%</i>	<i>5.5%</i>	<i>(22.4%)</i>	<i>8.3%</i>	<i>19.4%</i>			<i>22.9%</i>		
Adj. EBITDA	559	1,011	1,123	705	634	1,653	1,064	800	771	1,221	708	(172)	10,077	12,190	(2,113)	(17.3%)	10,056	21	0.2%
<i>Adj. EBITDA %</i>	<i>16.7%</i>	<i>24.7%</i>	<i>28.8%</i>	<i>18.7%</i>	<i>19.6%</i>	<i>37.5%</i>	<i>25.0%</i>	<i>26.2%</i>	<i>23.8%</i>	<i>30.3%</i>	<i>23.2%</i>	<i>(9.7%)</i>	<i>23.9%</i>	<i>25.4%</i>			<i>22.9%</i>		
Net Income (Loss)	\$ 440	\$ 909	\$ 1,028	\$ 609	\$ 535	\$ 463	\$ 41	\$ (4,947)	\$ 45	\$ 192	\$ (648)	\$ (1,295)	\$ (2,628)	\$ 3,154	\$ (5,781)	(183.3%)	\$ 8,802	\$ (11,429)	(129.9%)
Unincurred Standalone Costs	17	17	17	17	17	127	86	236	60	80	75	69	818						
PF Adj EBITDA	542	994	1,106	688	617	1,526	978	564	711	1,141	633	(241)	9,259						
<i>PF Adj. EBITDA %</i>	<i>16.2%</i>	<i>24.3%</i>	<i>28.3%</i>	<i>18.2%</i>	<i>19.1%</i>	<i>34.6%</i>	<i>23.0%</i>	<i>18.4%</i>	<i>22.2%</i>	<i>28.4%</i>	<i>20.7%</i>	<i>(13.6%)</i>	<i>22.0%</i>						



Appendix | Actual Incurred Monthly Standalone Costs

\$'000		Pre-close Proforma Standalone Costs					Post-Close Standalone Costs							
Description		Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	2019
IT		81	81	81	81	81	-	11	10	44	11	11	9	503
Manager	Salary and Benefits	12	12	12	12	12	-	9	9	9	9	9	9	113
Analyst	Salary and Benefits	25	25	25	25	25	-	-	-	-	-	-	-	123
Direct Technology Charges	Office 365, AvePoint, WebRoot, Duo MFA, voice services, Creo, Windchill	14	14	14	14	14	-	-	-	35	-	-	-	103
Business Services	Offset to TSA	10	10	10	10	10	-	-	-	-	-	-	-	52
Sales Force	Licensing	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounting / HR systems	Concur Set-up and monthly fee	17	17	17	17	17	-	3	1	-	2	2	-	91
ERP transition licensing fees	Licensing	-	-	-	-	-	-	-	-	-	-	-	-	-
Data Communications	Licensing	4	4	4	4	4	-	-	-	-	-	-	-	21
Legal		34	34	34	34	34	-	-	-	13	-	6	13	203
Headcount costs (1 FTE)	Salary and Benefits	16	16	16	16	16	-	-	-	-	-	-	-	78
External legal fees and other expenses	Legal Fees	13	13	13	13	13	-	-	-	13	-	6	13	94
Patent fees	Patent Fees	6	6	6	6	6	-	-	-	-	-	-	-	31
Finance		29	29	29	29	29	14	30	30	30	30	30	30	338
CFO	Salary and Benefits	19	19	19	19	19	5	21	21	21	21	21	21	224
Base compensation (2 FTEs)	Salary and Benefits	10	10	10	10	10	-	-	-	-	-	-	-	52
Audit Fees	2019 Audit Fees	-	-	-	-	-	9	9	9	9	9	9	9	62
Sales		-	-	-	-	-	-	13	22	22	22	22	22	125
VP of Sales	Salary and Benefits	-	-	-	-	-	-	13	22	22	22	22	22	125
Customer Relationship Manager	Salary and Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-
HR		6	6	6	6	6	2	2	2	1	1	2	1	39
Specialist	Salary and Benefits	6	6	6	6	6	-	-	-	-	-	-	-	29
Business Travel and Accident	Business Travel and Accident	-	-	-	-	-	0	0	0	-	0	0	0	2
Global Emergency Travel Services	Global Emergency Travel Services	-	-	-	-	-	1	1	1	1	1	1	1	9
Trade Compliance		8	8	8	8	8	1	1	1	1	1	1	1	50
Export Compliance Daily/ICPA annual fee	Export Compliance Daily/ICPA annual fee	6	6	6	6	6	0	0	0	0	0	0	0	32
Trade Flow software license	Trade Flow software license	2	2	2	2	2	1	1	1	1	1	1	1	18
Bonuses	Incremental management bonuses	-	-	-	-	-	-	10	15	15	15	15	15	87
Risk	Incremental cost of business insurances	24	24	24	24	24	16	16	16	16	16	16	16	232
Freight	Adjust freight to actual charges versus allocation	77	77	77	77	77	-	61	47	42	42	42	42	660
401(k) compensation	Estimated incremental 401(k) expense	3	3	3	3	3	10	10	10	10	10	10	10	83
Total Standalone Costs		262	262	262	262	262	43	154	153	195	149	155	159	2,320



Appendix | Actual Unincurred Monthly Standalone Costs

\$'000		Pre-close Proforma Standalone Costs					Post-Close Standalone Costs							
	Description	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	2019
IT		-	-	-	-	-	16	27	183	19	26	29	31	331
Manager	Salary and Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-
Analyst	Salary and Benefits	-	-	-	-	-	6	6	6	6	6	6	6	43
Direct Technology Charges	Office 365, AvePoint, WebRoot, Duo MFA, voice services, Creo, Windchill	-	-	-	-	-	10	16	164	-	7	7	7	210
Business Services	Offset to TSA	-	-	-	-	-	-	0	8	8	8	11	11	46
Sales Force	Licensing	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounting / HR systems	Concur Set-up and monthly fee	-	-	-	-	-	-	-	-	-	-	-	2	2
ERP transition licensing fees	Licensing	-	-	-	-	-	-	5	5	5	5	5	5	30
Data Communications	Licensing	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal		-	-	-	-	-	19	19	19	6	19	13	6	100
Headcount costs (1 FTE)	Salary and Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-
External legal fees and other expenses	Legal Fees	-	-	-	-	-	13	13	13	-	13	7	13	70
Patent fees	Patent Fees	-	-	-	-	-	6	6	6	6	6	6	6	44
Finance		-	-	-	-	-	11	11	11	11	11	11	11	76
CFO	Salary and Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-
Base compensation (2 FTEs)	Salary and Benefits	-	-	-	-	-	11	11	11	11	11	11	11	76
Audit Fees	2019 Audit Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales		17	17	17	17	17	17	17	17	17	17	17	17	207
VP of Sales	Salary and Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-
Customer Relationship Manager	Salary and Benefits	17	17	17	17	17	17	17	17	17	17	17	17	207
HR		-	-	-	-	-	6	6	6	6	6	6	6	43
Specialist	Salary and Benefits	-	-	-	-	-	6	6	6	6	6	6	6	42
Business Travel and Accident	Business Travel and Accident	-	-	-	-	-	0	0	0	0	0	-	-	1
Global Emergency Travel Services	Global Emergency Travel Services	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade Compliance		-	-	-	-	-	-	-	-	-	-	-	-	-
Export Compliance Daily/ICPA annual fee	Export Compliance Daily/ICPA annual fee	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade Flow software license	Trade Flow software license	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonuses	Incremental management bonuses	-	-	-	-	-	15	5	-	-	-	-	-	21
Risk	Incremental cost of business insurances	-	-	-	-	-	-	-	-	-	-	-	-	-
Freight	Adjust freight to actual charges versus allocation	-	-	-	-	-	42	-	-	-	-	-	-	42
401(k) compensation	Estimated incremental 401(k) expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Standalone Costs		17	17	17	17	17	126	86	236	59	79	75	71	820



Appendix | Actual PF Monthly Standalone Costs

\$'000		Pre-close Proforma Standalone Costs					Post-Close Standalone Costs							2019
	Description	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	
IT		81	81	81	81	81	16	38	193	63	38	40	40	835
Manager	Salary and Benefits	12	12	12	12	12	-	9	9	9	9	9	9	113
Analyst	Salary and Benefits	25	25	25	25	25	6	6	6	6	6	6	6	165
Direct Technology Charges	Office 365, AvePoint, WebRoot, Duo MFA, voice services, Creo, Windchill	14	14	14	14	14	10	16	164	35	7	7	7	313
Business Services	Offset to TSA	10	10	10	10	10	-	0	8	8	8	11	11	98
Sales Force	Licensing	-	-	-	-	-	-	-	-	-	1	-	-	1
Accounting / HR systems	Concur Set-up and monthly fee	17	17	17	17	17	-	3	1	-	2	2	2	93
ERP transition licensing fees	Licensing	-	-	-	-	-	-	5	5	5	5	5	5	30
Data Communications	Licensing	4	4	4	4	4	-	-	-	-	-	-	-	21
Legal		34	34	34	34	34	19	19	19	19	19	19	19	304
Headcount costs (1 FTE)	Salary and Benefits	16	16	16	16	16	-	-	-	-	-	-	-	78
External legal fees and other expenses	Legal Fees	13	13	13	13	13	13	13	13	13	13	13	26	164
Patent fees	Patent Fees	6	6	6	6	6	6	6	6	6	6	6	6	75
Finance		29	29	29	29	29	25	41	41	41	41	40	41	415
CFO	Salary and Benefits	19	19	19	19	19	5	21	21	21	21	21	21	224
Base compensation (2 FTEs)	Salary and Benefits	10	10	10	10	10	11	11	11	11	11	11	11	128
Audit Fees	2019 Audit Fees	-	-	-	-	-	9	9	9	9	9	9	9	62
Sales		17	17	17	17	17	17	31	40	40	39	39	39	332
VP of Sales	Salary and Benefits	-	-	-	-	-	-	13	22	22	22	22	22	125
Customer Relationship Manager	Salary and Benefits	17	17	17	17	17	17	17	17	17	17	17	17	207
HR		6	6	6	6	6	8	8	8	8	8	8	7	82
Specialist	Salary and Benefits	6	6	6	6	6	6	6	6	6	6	6	6	71
Business Travel and Accident	Business Travel and Accident	-	-	-	-	-	1	1	1	0	1	0	0	3
Global Emergency Travel Services	Global Emergency Travel Services	-	-	-	-	-	1	1	1	1	1	1	1	9
Trade Compliance		8	8	8	8	8	1	1	1	1	1	1	1	50
Export Compliance Daily/ICPA annual fee	Export Compliance Daily/ICPA annual fee	6	6	6	6	6	0	0	0	0	-	0	0	32
Trade Flow software license	Trade Flow software license	2	2	2	2	2	1	1	1	1	1	1	1	18
Bonuses		-	-	-	-	-	15	15	15	15	15	15	15	108
Risk		24	24	24	24	24	16	16	16	16	16	16	16	232
Freight		77	77	77	77	77	42	61	47	42	42	42	42	701
401(k) compensation		3	3	3	3	3	10	10	10	10	10	10	10	83
Total Standalone Costs		280	280	280	280	280	169	240	390	255	229	230	231	3,142



Appendix | Budget Incurred Monthly Standalone Costs

\$'000		Pre-close Proforma Standalone Costs					Post-Close Standalone Costs							2019
		Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	
Description														
IT		81	81	81	81	81	24	39	207	39	39	42	42	838
Manager	Salary and Benefits	12	12	12	12	12	9	9	9	9	9	9	9	123
Analyst	Salary and Benefits	25	25	25	25	25	-	6	6	6	6	6	6	160
Direct Technology Charges	Office 365, AvePoint, WebRoot, Duo MFA, voice services, Creo, Windchill	14	14	14	14	14	10	16	177	7	7	7	7	298
Business Services	Offset to TSA	10	10	10	10	10	-	0	8	8	8	11	11	98
Sales Force	Licensing	-	-	-	-	-	-	-	-	2	2	2	2	8
Accounting / HR systems	Concur Set-up and monthly fee	17	17	17	17	17	4	2	2	2	2	2	2	99
ERP transition licensing fees	Licensing	-	-	-	-	-	-	5	5	5	5	5	5	30
Data Communications	Licensing	4	4	4	4	4	-	-	-	-	-	-	-	21
Legal		34	34	34	34	34	19	19	19	19	19	19	19	304
Headcount costs (1 FTE)	Salary and Benefits	16	16	16	16	16	-	-	-	-	-	-	-	78
External legal fees and other expenses	Legal Fees	13	13	13	13	13	13	13	13	13	13	13	13	151
Patent fees	Patent Fees	6	6	6	6	6	6	6	6	6	6	6	6	75
Finance		29	29	29	29	29	28	28	28	28	30	30	30	348
CFO	Salary and Benefits	19	19	19	19	19	19	19	19	19	21	21	21	234
Base compensation (2 FTEs)	Salary and Benefits	10	10	10	10	10	-	-	-	-	-	-	-	52
Audit Fees	2019 Audit Fees	-	-	-	-	-	9	9	9	9	9	9	9	62
Sales		-	-	-	-	-	-	11	22	22	22	22	22	121
VP of Sales	Salary and Benefits	-	-	-	-	-	-	11	22	22	22	22	22	121
Customer Relationship Manager	Salary and Benefits						-	-	-	-	-	-	-	
HR		6	6	6	6	6	2	2	2	2	1	2	1	40
Specialist	Salary and Benefits	6	6	6	6	6	0	0	0	0	-	-	-	30
Business Travel and Accident	Business Travel and Accident	-	-	-	-	-	0	0	0	0	-	0	-	1
Global Emergency Travel Services	Global Emergency Travel Services	-	-	-	-	-	1	1	1	1	1	1	1	9
Trade Compliance		8	8	8	8	8	1	1	1	1	1	1	1	50
Export Compliance Daily/ICPA annual fee	Export Compliance Daily/ICPA annual fee	6	6	6	6	6	0	0	0	0	-	0	-	32
Trade Flow software license	Trade Flow software license	2	2	2	2	2	1	1	1	1	1	1	1	18
Bonuses	Incremental management bonuses	-	-	-	-	-	15	15	15	15	15	15	15	107
Risk	Incremental cost of business insurances	24	24	24	24	24	16	16	16	16	16	16	16	231
Freight	Adjust freight to actual charges versus allocation	77	77	77	77	77	42	42	42	42	42	42	42	677
401(k) compensation	Estimated incremental 401(k) expense	3	3	3	3	3	10	10	10	10	10	10	10	83
Total Standalone Costs		262	262	262	262	262	158	183	362	194	195	199	198	2,799



Appendix | Budget Unincurred Monthly Standalone Costs

\$'000		Pre-close Proforma Standalone Costs					Post-Close Standalone Costs								
Description		Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	2019	
IT		-	-	-	-	-	(14)	21	-	(4)	(2)	(2)	(2)	(2)	
Manager	Salary and Benefits	-	-	-	-	-	(9)	(1)	-	-	-	-	-	(10)	
Analyst	Salary and Benefits	-	-	-	-	-	-	6	-	-	-	-	-	6	
Direct Technology Charges	Office 365, AvePoint, WebRoot, Duo MFA, voice services, Creo, Windchill	-	-	-	-	-	-	16	-	-	-	-	-	16	
Business Services	Offset to TSA	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sales Force	Licensing	-	-	-	-	-	-	-	-	(2)	(2)	(2)	(2)	(8)	
Accounting / HR systems	Concur Set-up and monthly fee	-	-	-	-	-	(4)	-	-	(2)	-	-	-	(6)	
ERP transition licensing fees	Licensing	-	-	-	-	-	-	-	-	-	-	-	-	-	
Data Communications	Licensing	-	-	-	-	-	-	-	-	-	-	-	-	-	
Legal		-	-	-	-	-	-	-	-	-	-	-	-	-	
Headcount costs (1 FTE)	Salary and Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	
External legal fees and other expenses	Legal Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	
Patent fees	Patent Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	
Finance		-	-	-	-	-	(4)	11	11	11	11	11	11	61	
CFO	Salary and Benefits	-	-	-	-	-	(14)	-	-	-	-	-	-	(14)	
Base compensation (2 FTEs)	Salary and Benefits	-	-	-	-	-	11	11	11	11	11	11	11	75	
Audit Fees	2019 Audit Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sales		17	17	17	17	17	17	19	17	17	17	17	17	209	
VP of Sales	Salary and Benefits	-	-	-	-	-	-	2	-	-	-	-	-	2	
Customer Relationship Manager	Salary and Benefits	17	17	17	17	17	17	17	17	17	17	17	17	207	
HR		-	-	-	-	-	6	6	6	6	6	6	6	42	
Specialist	Salary and Benefits	-	-	-	-	-	6	6	6	6	6	6	6	42	
Business Travel and Accident	Business Travel and Accident	-	-	-	-	-	-	-	-	-	-	-	-	-	
Global Emergency Travel Services	Global Emergency Travel Services	-	-	-	-	-	-	-	-	-	-	-	-	-	
Trade Compliance		-	-	-	-	-	-	-	-	-	-	-	-	-	
Export Compliance Daily/ICPA annual fee	Export Compliance Daily/ICPA annual fee	-	-	-	-	-	-	-	-	-	-	-	-	-	
Trade Flow software license	Trade Flow software license	-	-	-	-	-	-	-	-	-	-	-	-	-	
Bonuses	Incremental management bonuses	-	-	-	-	-	-	-	-	-	-	-	-	-	
Risk	Incremental cost of business insurances	-	-	-	-	-	-	-	-	-	-	-	-	-	
Freight	Adjust freight to actual charges versus allocation	-	-	-	-	-	-	19	5	-	-	-	-	25	
401(k) compensation	Estimated incremental 401(k) expense	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Standalone Costs		17	17	17	17	17	6	77	39	30	32	32	32	334	



Appendix | Budget PF Monthly Standalone Costs

\$'000		Pre-close Proforma Standalone Costs					Post-Close Standalone Costs							2019
	Description	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	
IT		81	81	81	81	81	10	60	207	35	37	40	40	841
Manager	Salary and Benefits	12	12	12	12	12	-	9	9	9	9	9	9	113
Analyst	Salary and Benefits	25	25	25	25	25	6	12	6	6	6	6	6	172
Direct Technology Charges	Office 365, AvePoint, WebRoot, Duo MFA, voice services, Creo, Windchill	14	14	14	14	14	10	32	177	7	7	7	7	314
Business Services	Offset to TSA	10	10	10	10	10	-	0	8	8	8	11	11	98
Sales Force	Licensing	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounting / HR systems	Concur Set-up and monthly fee	17	17	17	17	17	-	2	2	(0)	2	2	2	93
ERP transition licensing fees	Licensing	-	-	-	-	-	-	5	5	5	5	5	5	30
Data Communications	Licensing	4	4	4	4	4	-	-	-	-	-	-	-	21
Legal		34	34	34	34	34	19	19	19	19	19	19	19	304
Headcount costs (1 FTE)	Salary and Benefits	16	16	16	16	16	-	-	-	-	-	-	-	78
External legal fees and other expenses	Legal Fees	13	13	13	13	13	13	13	13	13	13	13	13	151
Patent fees	Patent Fees	6	6	6	6	6	6	6	6	6	6	6	6	75
Finance		29	29	29	29	29	25	39	39	39	41	40	41	409
CFO	Salary and Benefits	19	19	19	19	19	5	19	19	19	21	21	21	220
Base compensation (2 FTEs)	Salary and Benefits	10	10	10	10	10	11	11	11	11	11	11	11	127
Audit Fees	2019 Audit Fees	-	-	-	-	-	9	9	9	9	9	9	9	62
Sales		17	17	17	17	17	17	30	39	39	39	40	39	330
VP of Sales	Salary and Benefits	-	-	-	-	-	-	13	22	22	22	22	22	123
Customer Relationship Manager	Salary and Benefits	17	17	17	17	17	17	17	17	17	17	17	17	207
HR		6	6	6	6	6	8	8	8	8	7	8	7	82
Specialist	Salary and Benefits	6	6	6	6	6	6	6	6	6	6	6	6	72
Business Travel and Accident	Business Travel and Accident	-	-	-	-	-	0	0	0	0	-	0	-	1
Global Emergency Travel Services	Global Emergency Travel Services	-	-	-	-	-	1	1	1	1	1	1	1	9
Trade Compliance		8	8	8	8	8	1	1	1	1	1	1	1	50
Export Compliance Daily/ICPA annual fee	Export Compliance Daily/ICPA annual fee	6	6	6	6	6	0	0	0	0	-	0	-	32
Trade Flow software license	Trade Flow software license	2	2	2	2	2	1	1	1	1	1	1	1	18
Bonuses		-	-	-	-	-	15	15	15	15	15	15	15	107
Risk		24	24	24	24	24	16	16	16	16	16	16	16	231
Freight		77	77	77	77	77	42	61	47	42	42	42	42	702
401(k) compensation		3	3	3	3	3	10	10	10	10	10	10	10	83
Total Standalone Costs		280	280	280	280	280	164	260	401	224	227	230	230	3,139



Appendix | 1X Costs

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

Appendix | AR and AP Aging Detail

\$ 000's

AR Aging			
Days	Oct-19	Nov-19	Dec-19
0-30	6,264	6,027	3,766
30-60	516	508	509
60-90	225	32	454
>90	235	368	227
Total Gross AR	7,240	6,935	4,956
Reserves	(201)	(213)	(220)
Total Net AR	7,040	6,722	4,736

AP Aging			
Days	Oct-19	Nov-19	Dec-19
0-30	2,251	1,982	1,594
30-60	935	613	1,022
60-90	268	215	162
>90	120	29	11
Total AP	3,574	2,839	2,788

Management Discussion

- Slow pay A/R > than 16 days
 - DFAS \$238k
 - Arya \$205k
 - Pingan \$124k
 - Abusarhad \$119k
 - Shanghai Bestandard \$113k
 - AGS \$92k



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Appendix | Monthly Cost of Goods Sold by Component

\$'000	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	FY	FY	Var		PY	Var	
	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Bud	\$	%	Act	\$	%
Material																			
Material costs at standard	\$ 1,075	\$ 1,395	\$ 1,318	\$ 1,462	\$ 1,122	\$ 1,508	\$ 1,535	\$ 1,701	\$ 1,102	\$ 1,357	\$ 1,379	\$ 588	\$ 15,543	\$ 15,623	\$ (79)	(0.5%)	\$ 14,987	\$ 556	3.7%
Materials FX loss / (gain)	—	(0)	0	—	—	—	—	(0)	0	—	0	1	0	(0)	1	(387.1%)	(2)	3	(117.5%)
Purchase price variance	14	(32)	(48)	14	(44)	(45)	(65)	(36)	(64)	(127)	(72)	(49)	(553)	37	(590)	(1613.3%)	68	(621)	(918.0%)
Freight in	57	82	58	38	84	30	41	25	35	61	56	150	717	475	241	50.8%	681	36	5.3%
Cost revision	(50)	(30)	(50)	(50)	(50)	—	—	—	—	—	—	—	(232)	(232)	—	0.0%	—	(232)	N/A
Scrap costs	5	(11)	(54)	11	47	(11)	10	5	(2)	(33)	(7)	(8)	(48)	(254)	206	(81.0%)	(200)	152	(75.9%)
Consumables	(18)	20	49	12	11	2	(5)	26	(5)	1	20	39	153	69	84	122.5%	92	61	66.2%
Total Material COGS	\$ 1,083	\$ 1,424	\$ 1,272	\$ 1,488	\$ 1,169	\$ 1,485	\$ 1,516	\$ 1,722	\$ 1,067	\$ 1,259	\$ 1,376	\$ 720	\$ 15,580	\$ 15,717	\$ (137)	(0.9%)	\$ 15,626	\$ (46)	(0.3%)
Labor																			
Direct labor	\$ 277	\$ 238	\$ 235	\$ 293	\$ 244	\$ 217	\$ 290	\$ 246	\$ 235	\$ 296	\$ 209	\$ 233	\$ 3,013	\$ 3,307	\$ (294)	(8.9%)	\$ 2,736	\$ 277	10.1%
Direct labor - overtime	15	19	17	16	8	14	19	16	27	25	11	11	198	143	56	39.0%	194	5	2.5%
Direct labor - benefits	102	83	81	98	81	80	92	72	66	72	67	69	962	1,314	(352)	(26.8%)	971	(10)	(1.0%)
Indirect labor	168	161	158	167	164	149	182	135	145	154	165	149	1,896	1,861	35	1.9%	1,971	(75)	(3.8%)
Indirect labor – benefits	60	48	48	57	47	29	73	64	57	68	62	64	677	589	87	14.8%	600	76	12.7%
Total Labor COGS	\$ 621	\$ 550	\$ 539	\$ 632	\$ 543	\$ 489	\$ 656	\$ 533	\$ 528	\$ 615	\$ 515	\$ 525	\$ 6,746	\$ 7,214	\$ (468)	(6.5%)	\$ 6,473	\$ 273	4.2%
Other																			
Repairs and maintenance	\$ 13	\$ 6	\$ 35	\$ 24	\$ 10	\$ 14	\$ 21	\$ 12	\$ 14	\$ 20	\$ 17	\$ 13	\$ 201	\$ 199	\$ 2	1.0%	\$ 220	\$ (18)	(8.4%)
Rent / facilities	206	215	193	167	157	178	199	175	155	191	166	198	2,200	2,140	59	2.8%	979	1,220	124.6%
Utilities	22	25	21	22	21	21	24	25	28	26	24	21	281	293	(12)	(4.1%)	300	(19)	(6.2%)
Other cost of sales	(50)	46	5	(29)	(21)	98	65	23	0	(125)	(169)	3	(154)	322	(476)	(147.8%)	469	(623)	(132.8%)
Total Other COGS	\$ 190	\$ 292	\$ 255	\$ 184	\$ 168	\$ 311	\$ 310	\$ 236	\$ 198	\$ 112	\$ 38	\$ 234	\$ 2,528	\$ 2,955	\$ (427)	(14.4%)	\$ 1,968	\$ 560	28.4%
Total COGS	\$ 1,894	\$ 2,266	\$ 2,066	\$ 2,303	\$ 1,881	\$ 2,284	\$ 2,482	\$ 2,490	\$ 1,793	\$ 1,986	\$ 1,929	\$ 1,480	\$ 24,854	\$ 25,886	\$ (1,032)	(21.8%)	\$ 24,067	\$ 787	32.4%



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Appendix | Headcount by Month

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



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