



SARGENT AND GREENLEAF

2019 Quarterly Operating Review— Q3 2019

October 23rd, 2019

Q3 2019 Quarterly Operating Review Meeting Agenda

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



SARGENT AND GREENLEAF

Executive Summary | Overview

September revenues of \$3.2M, unfavorable to revised Standalone AOP (budget) (\$0.9M)/(21%), unfavorable to PY (\$0.8M)/(21%)

- Favorable, Government padlocks \$0.1M
- At target, EMEA
- Unfavorable, NA (\$0.5M)/(26%)
 - OEM: Diebold (\$0.1M), Timing of 6128 shipments and a decline in 6880 sales
 - Distributors: Southern Lock/Silver Sales (\$0.2M)
 - Government: Krieger (\$0.1M)
- Unfavorable, APAC (\$0.5M)/(33%) driven by NCR return order from replacements shipped in August (\$0.3M), Arya (\$0.2M), Qingdao (\$0.1M)
- Unfavorable, LAG (\$0.1M)/(38%) driven by distributors MAPA and International Latino American

QTD Q3 revenues of \$10.5M, unfavorable to budget by (\$1.7M)/(14%), unfavorable to PY (\$1.1M)/(9%)

- At target, APAC
- Unfavorable to Budget, NA by (\$2.0M)/(34%)
 - OEM: Diebold (\$0.3M), Diebold Canada (\$0.2M), Liberty (\$0.1M), Global File (\$0.1M)
 - Distributors: Timemaster (\$0.5M), Anixter (\$0.3M), Southern Lock/Silver Sales (\$0.2M)
 - Atm Deployers: Payment Alliance International (\$0.1M), 247 ATM Providers (\$0.1M)
 - Government: Krieger (\$0.2M)
- Unfavorable to Budget, LAG by (\$0.4M)/(39%) driven by decline in Sales to American Locks (distributor)
- Favorable to Budget, EMEA by \$0.2M driven by sales to Servus, a Ukrainian Distributor

YTD revenues of \$33.3M, unfavorable to budget by (\$3.3M)/(9%), unfavorable to PY (\$0.9M)/(3%)

- Favorable to Budget, APAC by \$0.6M/6%
 - India Favorable to PY \$1.1M/19%, driven by A-Series orders to the ATM market
- Unfavorable to Budget, NA by (\$3.3M)/(21%)
 - OEM: Liberty (\$0.7M), Diebold (\$0.5M), Genmega (\$0.4M), Global File (\$0.4M), Hamilton Safe (\$0.1M)
 - Distributors: Southern Lock/Silver Sales (\$0.3M), Anixter (\$0.3M)
 - CIT: Hitachi (\$0.3M)
 - ATM Deployers: 247 ATM Providers (\$0.1M)
 - Government: Krieger (\$0.2M)
- Unfavorable to Budget, LAG by (\$0.6M)/(22%) driven by decline in Sales to American Locks (distributor) and Cogar (Cash in Transit)

Executive Summary | Overview (continued)

Hits

- Total September bookings of \$4.4M favorable to PY \$0.8M
 - NCR (OEM) in India, additional stocking order of \$0.4M, represents 20% growth over 2018 YTD
 - Abusarhad (CIT) in Saudi Arabia, ASWD order of \$0.2M, inactive in 2018 YTD
 - APAC, SQ 6651 order totaling \$0.6M displaces Lagard partner Hyosung
 - NA, new OEM customer, APSM \$0.1M order for 1,800 lock project
- Favorable Opex by \$0.2M versus September budget related to timing of strategic initiative expense and IT carve-out expense. Full year Opex projected to be \$1.4M favorable to full year budget.
- New design of network capable modular digital platform with display and keypad finalized – launch Feb. 2020

Misses

- (\$0.8M) of revenue slippage in September may have been avoidable
 - (\$0.5M) of revenue moved to October due to change in customer directed shipments on the dock at September month-end
 - (\$0.3M) from correcting overstated revenue in August due to a credit for product returns not recognized in the same month as the replacement order
- Continued NA decline in both OEM and distribution
 - YTD revenue declines in OEM Liberty (\$0.5M), Diebold (\$0.5M), Genmega (\$0.4M), Global File (\$0.4M); and Distributor Anixter (\$0.3M)
 - Exploratory meeting with Residential safe OEM's, Liberty and ProSteel, reveals decline in their YTD volume
 - Recent exit of NA Sales Director – search in progress for replacement
- Unfavorable Gross Margin versus Standalone AOP (budget) by (\$0.4M) mostly related to volume
- Unfavorable Gross Margin versus PY, excluding OBS entries, by (\$0.6M) mostly related to volume

Executive Summary | Overview (continued)

Key Go-Forward Actions

- Sales: Align expectations and drive near-term performance
 - Assess regional team and individual performances → Deploy on corrective actions
 - NA Sales Director placed on Performance Improvement Plan (PIP), resigned 2 days later
 - EMEA BDM to be placed on PIP in October
 - APAC BDM under review for PIP in November
 - Revised Sales Incentive Program (SIP) for Q4 → Drive and recognize performance toward target (≥90%)
- Marketing: Finalize the refreshed Brand, including product Visual Brand Language
 - Keypad design concept internal VoC completed
 - Brand properties, including logo design concepts completed
- Engineering: Execute to the defined New Product Development Pipeline
 - Develop an configurable (Base – Biometric – Network Enabled) digital product platform
 - Design for manufacturability (sourcing/production → quality/reliability/value)
- Operations: Leverage capabilities and capacities
 - Fill key positions: Customer Relationship Director and Quality Engineer
 - Market-lead in product Quality & Reliability



Executive Summary | Overview (continued)

	Description	Potential Impact	Plan to Address
Risks	▪ LAG mechanical pricing pressures versus China-made mechanical locks	▪ Annualized sales impact of (\$400K)	▪ Introduce new product platform strategy to address scope of market needs ▪ Execute on a market pricing strategy ▪ Emphasis on operational excellence including quality
	▪ Padlock (8077) – North America	▪ Padlock YOY decline of 3,715 locks, (\$609K)	▪ Lock no longer meets military spec, so target after-market only (replacement/service)
	▪ ALT TM (Turkmenistan Bank) tests on connectivity between DHD solution and customer device	▪ 400 ATM's to start (\$180K); overall potential of 3000 ATM's country-wide	▪ Design of a PCB to connect being looked at internally ▪ Looking at new PCB supplier ▪ Samples sent and solution to be finalized in late Q4
	▪ OEM business moving offshore and out of NA (majority Diebold Nixdorf – Greensboro)	▪ YOY decline of (\$600)	▪ Organic growth focus with new customers and distributors (Hyosung, Cord Financial, APSM; Lockmasters, Timemaster, Anixter)
Opportunities	▪ LAG Penetration with A-Series and Nexus IP	▪ Cogar/GSI opportunity with A-series of 2,000 units in Q4 - \$450K ▪ Interlase partnership opportunity with Drugstore Chain (CAFAM) - \$200K	▪ Cogar focused on efforts to finalize order ▪ LAG team has provided samples and pilot implementation underway
	▪ EMEA OEM growth in the ATM manufacturer segment	▪ Organic growth opportunity of \$325K	▪ Partnership growth with Diebold Nixdorf, Caradonna, NCR
	▪ NA – Leverage Garda Canada's relationship with 5 Canadian Financial Institutions	▪ Targeting growth of OTC locks - \$400K	▪ BDM (Healey) working with Garda on meeting with each institution in Q4 for pull-through
	▪ APAC/India - AGS	▪ A-series growth order of \$850K	▪ Reviewing terms and DOS (Graham) and BDM (Dasgupta) to finalize in October



Executive Summary | Key Wins and Losses

Key Wins

APAC

- SQ – China (Dist) – 6651 order of \$562K and displaces Lagard partner (Hyosung)
- NCR – India (OEM) – additional stocking order of \$423K – 20%+ growth from 2018 YTD
- TK (OEM) – China (OEM) – additional \$84K order of 6128 due to growth

EMEA

- Abusarhad Saudi Arabia (CIT) – ASWD order of \$165K
- Diebold Nixdorf Germany (OEM) – stocking order of \$202K

LAG

- Cogar – Mexico (Dist) – 6128 order of \$220K – Organic CIT order
- Casper – Mexico (OEM) – Multiple lock order of \$40K
- PowerTech – Chile (Dist) – New customer with good potential placed first order of \$10K

NA

- APSM (new customer) – ASWD w/DHD incl special cable - \$86K (first rollout of 1,800 lock project)
- Wingenback – ATB Financial (Canada), Audit Lock retrofit project - \$16K (first order of 600 lock opportunity)

Key Losses

APAC

- PT Fokus (CIT) – project delayed expected in Q3 (\$300K), now expected in Q4
- Quingdao – 5K pieces of MPP's per month down \$25K due to quality challenges for their customer ProSteel

EMEA

- Saudi Arabia CIT market decline \$200K loss vs PY. Abusarhad is main customer affected

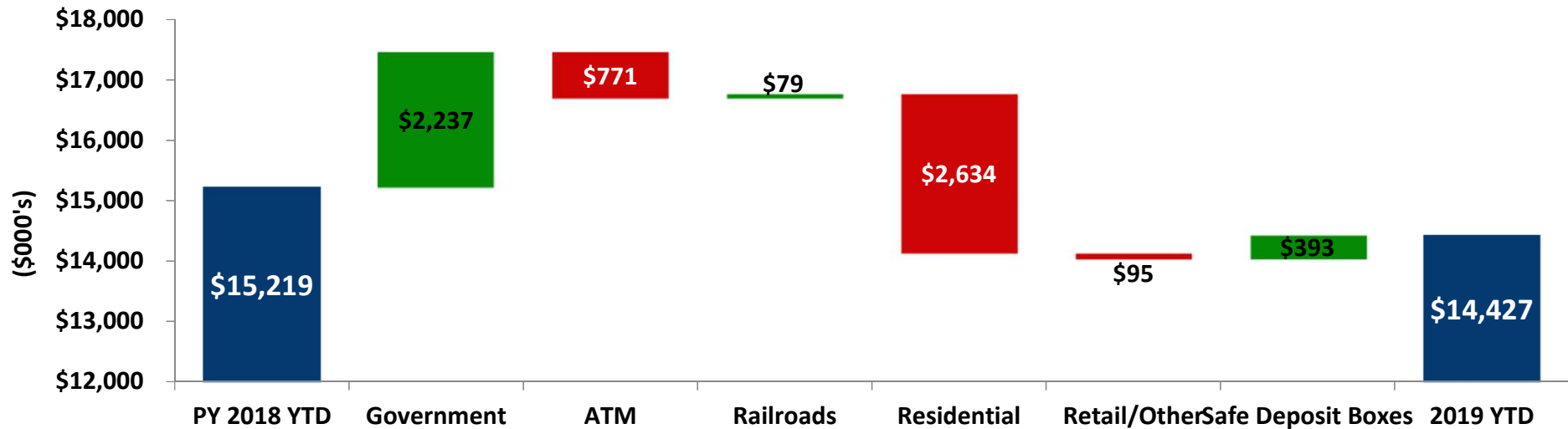
LAG

- Betatntecnica – Guatemala (OEM) – Potential opportunity with customer failed due to buying ATM's with Cencon's installed (\$100K)

NA

- Liberty – no September order, \$25K (mechanical demand erosion)
- Krieger – no inventory order, \$30K – they've begun using LKM10K & DK-10 on STC rated doors
- Holocom – 8077 stocking order, \$53K – demand slowing
- 8077 Padlocks – down YOY September by 600 locks, -\$112K

Executive Summary | North America YTD YOY Revenue Bridge



Government sales are \$2.2M favorable. Primarily driven by 951 padlocks to DFA.

NA without government is down (\$2.9M) versus PYTD

- **ATM** declined sales in part to Diebold closing Greensboro plant (\$526K) and moved to China – recovered equivalent sales by APAC team via Inspur, NCR, and Hyosung
- **Residential** sales decline
 - Liberty Safe (\$672K) from mechanical erosion and lost electrical business to Securam
 - Genmega (\$487k) order timing with approximately \$200k to ship Q4 and \$200k to ship 2020 Q1
 - DNU Silver Sales (\$382K) – business was sold to Southern Lock and they haven't made up gap to date
 - Global File (\$384k), as it was tied to the Canadian government project and there was a delay on recent orders. New order came in 10/7/19 for \$213K. 400 units on earlier orders were also replaced under warranty for quality issues, but new orders continue.
 - ProSteel flat due to missed product shipment opportunity. Decelerated purchases due to Mid-Price Point(MPP) lock quality issues.

Note: End market as defined with PWC due diligence product segments are included in the appendix

Executive Summary | North America YTD YOY Revenue Overview

Market Erosion (\$1.2M)

- Diebold (\$525K), value went to APAC
- Liberty (\$300K) on loss of mechanical business
 - *"We aren't producing many safes with mechanical hardware anymore. It's a special order item from our customers and represents only 5% to 8% of our safes anymore."* Steve Allred, CEO
 - *"Due to the safe market declining, we are looking at new areas to position ourselves. This would include home security products."* Steve Allred, CEO
- Fort Knox (\$76K) and Vault Pro (\$15K) no longer manufacturing Liberty doors (Liberty took in-house)

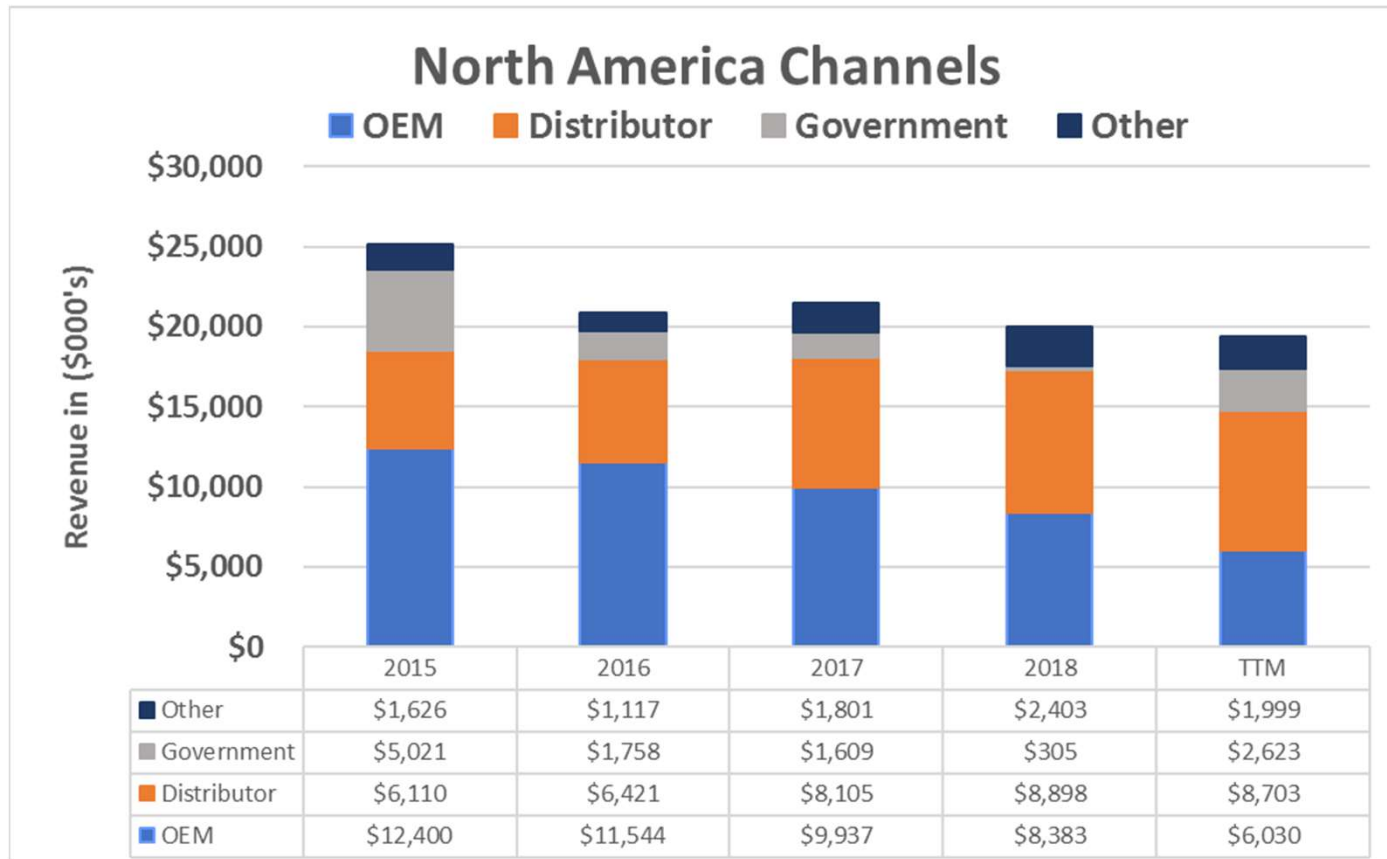
Competitive Takeaway Share Lost (\$700K)

- Liberty (\$372K) on remaining loss of electronic business to Securam
 - *"Since we took on the Securam product, our warranty issues have reduced over 60%. Their product is performing much better than we expected."* Steve Allred, CEO
- Hamilton Safe (\$105K) moved to Gunnebo Europe and away from timelocks
- ProSteel slowed purchases due to MPP lock quality issues. Missed product shipment opportunity.
 - *"We are incurring a large amount of lock issues (2200+) and that's cutting into our ability to partner further and order more product at this time."* Rick Stepp, VP Operations

Projects / Order Cycles (\$1M)

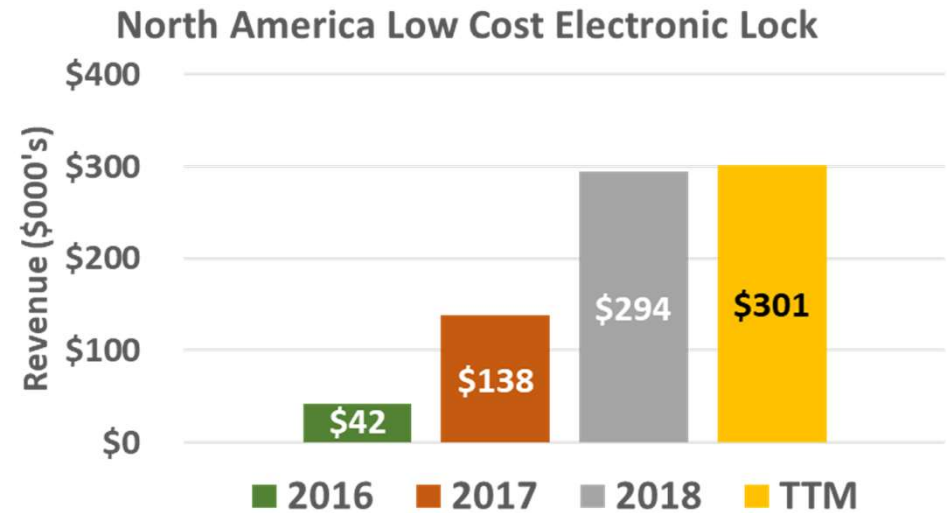
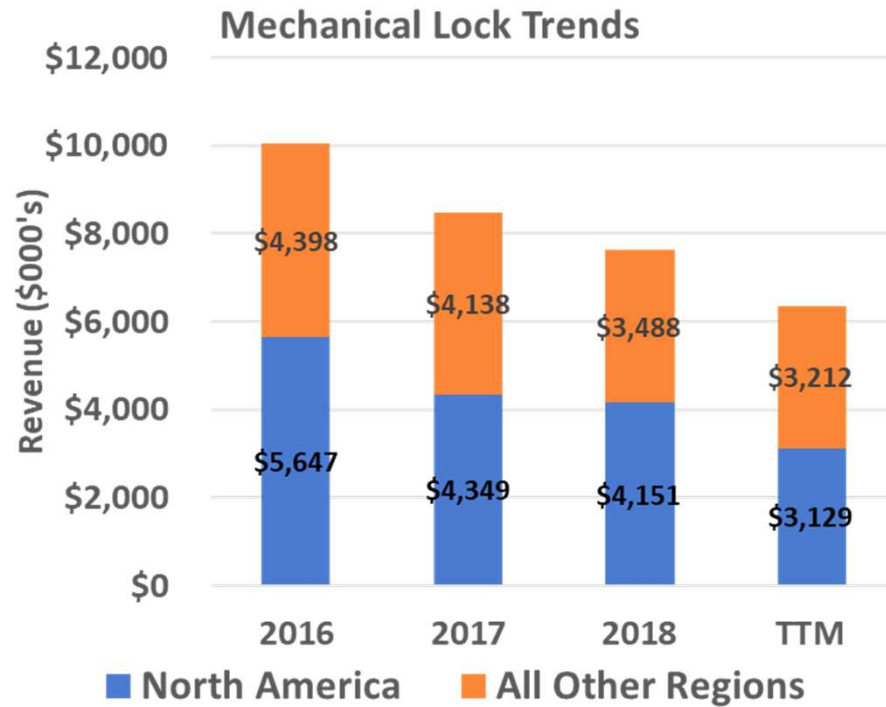
- Global File (\$385K) as it was tied to the Canadian government project and there was a delay on recent orders. New order came in 10/7/19 for \$213K and closing the gap. More orders expected (as in prior year) during late Q4.
- Genmega (\$415K) decline of 5K units should fix itself by Q1 2020 and should get 5K more in 2019.
- 247 ATM (\$100K) due to overstock in 2018
- Anixter (\$300K) on non-repeating project (8077's) that did not repeat this year
 - *"All is good with S&G, but we haven't seen the project wins this year that we had last year. The market isn't going down. We just missed out."* Beau Edelen, VP, Locking Solutions

Executive Summary | North America Trends

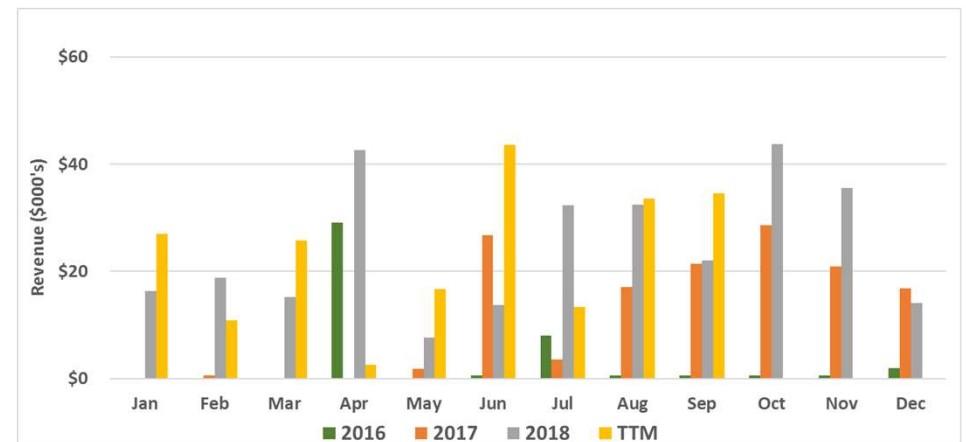


- **OEM decline over four year (51%)**
- **Distributor decline over four year +42%**

Executive Summary | North America Trends (continued)



- Trended decline over three years of (45%) for NA mechanical product revenues, as compared to;
- Trended decline over three years is (27%) for all other worldwide mechanical product revenues



Executive Summary | Global Sales Organization Overview





CURRENT RANK	ROLE	LOCATION	NAME	PERFORMANCE LEVEL (FORCED)	COACHING OPPTY
X				A	A
1	DIRECTOR	APAC	JOHN GRAHAM	B	DEVELOPING COACHING SKILLS TO DRIVE GREATER SALES THROUGH ALL TEAM MEMBERS
2	DIRECTOR	LAG	WILFREDO DIAZ	B	STRATEGIC UTILIZATION OF DISTRIBUTOR PARTNERS TO INCREASE SHARE
3	BDM	APAC	HOWARD LAM	B	CULTIVATE MORE BROAD RELATIONSHIPS ACROSS TERRITORY TO EXPAND CUSTOMER BASE/SHARE
4	DIRECTOR	EMEA-R	SYLVANO MONTANO	C	LEAD TEAM MORE STRATEGICALLY AND EXPAND STRATEGIC FOCUS OUTSIDE OF NORMAL BUSINESS CHANNELS
5	BDM	EMEA-R	TAMAS HORVATH	C	EXPAND SHARE THROUGH NEW CUSTOMER DEVELOPMENT
6	BDM	N. AMERICA	ROXIE RYDL	C	BETTER OFFSET LOSS IN BUSINESS AND DEVELOP GROWTH IN OTHER AREAS TO CLOSE GAP MONTHLY
7	INSIDE SALES	N. AMERICA	STEVE CLARK	C	BROADEN CUSTOMER SCOPE TO ALIGN WITH BDM'S ON "LOW HANGING FRUIT" TO INCREASE SHARE
8	DIRECTOR	N. AMERICA	KIM CONNELLY	D	RESIGNED 10/8/19
9	BDM	APAC	SOAMES PESCU	D	MISSING GOALS MONTHLY AND NEEDS TO PRODUCE SALES ON IDENTIFIED ACCOUNT OPPORTUNITIES. PEROMANCE IMPROVEMENT PLAN TBD IN Q4
10	BDM	EMEA-R	VLADIMIR NAZARENKO	D	MISSING GOALS MONTHLY AND NEEDS TO PRODUCE SALES ON IDENTIFIED ACCOUNT OPPORTUNITIES. PEROMANCE IMPROVEMENT PLAN TBD IN Q4
11	GOV'T BDM	N. AMERICA	HUSNA SMITH	NEW TO ROLE (<6 MONTHS)	NEW TO ROLE (<6 MONTHS)
12	BDM	APAC	INDRANIL DASGUPTA	NEW TO ROLE (<6 MONTHS)	NEW TO ROLE (<6 MONTHS)
13	BDM	N. AMERICA	JOE HEALEY	NEW TO ROLE (<6 MONTHS)	NEW TO ROLE (<6 MONTHS)

Executive Summary | North America Sales Region

- Kim Connelly, Director of Sales
 - Began at S&G on 8/10/15
 - Was put on Performance Improvement Plan 10/4/19
 - Resigned 10/8/19
- Roxie Rydl, Business Development Manager, West
 - Been with S&G since 5/30/17
- Steve Clark, Inside Sales Rep
 - Been with S&G since 8/8/75
- Husna Smith, Gov't Business Development Manager
 - Began on 7/29/19
- Joe Healey, Business Development Manager, East
 - Began on 8/13/19



Executive Summary | 2019 Key Initiatives

Initiative	Status	Recent Progress	Next Steps	Risks
Establish globally consistent pricing strategy		<ul style="list-style-type: none"> • Transactional data and mapping tables pulled and provided to Open Gate • Evaluate 3rd party partners at smaller levels to meet initiative needs 	<ul style="list-style-type: none"> • Meeting week of 10/21 to determine next steps in regards to internal analysis • Final evaluation of 3rd party assistance partners 	<ul style="list-style-type: none"> • Potential for instances of margin loss when applying a unified pricing model ➢ Anticipate aggregate upside ➢ Offset with premium list price and targeted discount
Launch refreshed brand and digital marketing presence (i.e. website)		<ul style="list-style-type: none"> • Presented research findings and conclusions to team • Logo concept finalized, but being evaluated for color options; internal focus groups scheduled for 10/14 • Team reviewed first round of website site map • Social media strategy testing started 10/7 	<ul style="list-style-type: none"> • Finalize brand logo colors week of 10/14 • Align internally on aspirational brand positioning and vision • Finalize website site map • Kickoff call between web developers and creative partners • Analyze social strategy test results (ongoing) 	<ul style="list-style-type: none"> • Achieve objective while managing potential for scope creep and diminishing returns ➢ Prioritize on core and growth Market, Product & Region
Develop new industrial design aesthetic for existing and new products		<ul style="list-style-type: none"> • Modular keypad design concept finalized • Display screen and biometric sensor manufacturers reviewed/vetted • App / Software for new keypad products underway 	<ul style="list-style-type: none"> • Review design with key stakeholders / partners • Finalize keypad layout • Kick-off tooling • Determine manufacturing plan / supplier selection 	<ul style="list-style-type: none"> • Bandwidth to apply new design across new product pipeline and core product (i.e. Titan, Spartan) ➢ Consider contractor for application across core product
Improve instructions for electronic lock products		<ul style="list-style-type: none"> • QR codes added to Spartan operating instructions • Instruction content defined • First draft written and submitted for Marketing review 	<ul style="list-style-type: none"> • Complete first draft of installation instructions with QR codes • Add new video about command 43* and QR code • Move to animated instructions 	<ul style="list-style-type: none"> • Instructions are still hardcopies ➢ If lost, QR codes also lost



Complete



On-Schedule







At Risk



Behind



Executive Summary | 2019 Key Initiatives (continued)

Initiative	Status	Recent Progress	Next Steps	Risks
Modularize core product lines		<ul style="list-style-type: none"> Defined modular architecture for new keypad and residential product line (network connected, biometric and basic lock) In process of defining modular architecture for locking mechanism 	<ul style="list-style-type: none"> Define rollout strategy for new keypad design Develop SKU rationalization strategy for legacy keypads(Discovery phase) Define architecture and project plan for locking mechanism changes 	<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"> High-level analysis of Residential market opportunities complete Residential market gaps and potential opportunities identified 	<ul style="list-style-type: none"> Assess Residential market opportunities and provide go-forward recommendations Perform analysis of market needs / opportunities across remaining verticals Generate multi-year NPD Pipeline with ROC's and establish priorities 	<ul style="list-style-type: none"> Effectual deployment of design resources including contract (i.e. biometric & network connect) <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"> Demand Solutions (SBD Forecasting tool) has been shut down SKU level data to be loaded into SAP week of 10/14 	<ul style="list-style-type: none"> Organize data/template for monthly SIOP meetings 	<ul style="list-style-type: none"> Sufficient history and clean data to derive accurate demand and forecast model
Deploy Artificial Intelligence vision inspection system to improve quality		<ul style="list-style-type: none"> Reviewed candidate production areas (FAS Key Cut Verification and Packed Components) to maximize customer satisfaction needs and ROI 	<ul style="list-style-type: none"> Software feasibility and design proposal by OGx Conduct ROI analysis; based on pricing provided by OGx 	<ul style="list-style-type: none"> Software development requirements on OGx <ul style="list-style-type: none"> ➤ Requirements straight-forward, risk is nominal

Executive Summary | PROPOSED LOGO

S&G Attributes and Key Insights.
Security. Authority. Responsive.
Innovative. Easy.

Security Trusted, proven, high-quality, "If S&G is doing it, it must be ok"

Authority Informative, helpful, industry experts, "S&G is my go-to resource"

Responsive Engaging, relevant, timely, "S&G listens to me"

Innovative Smart, high-energy, industry changers, "S&G goes a step further"

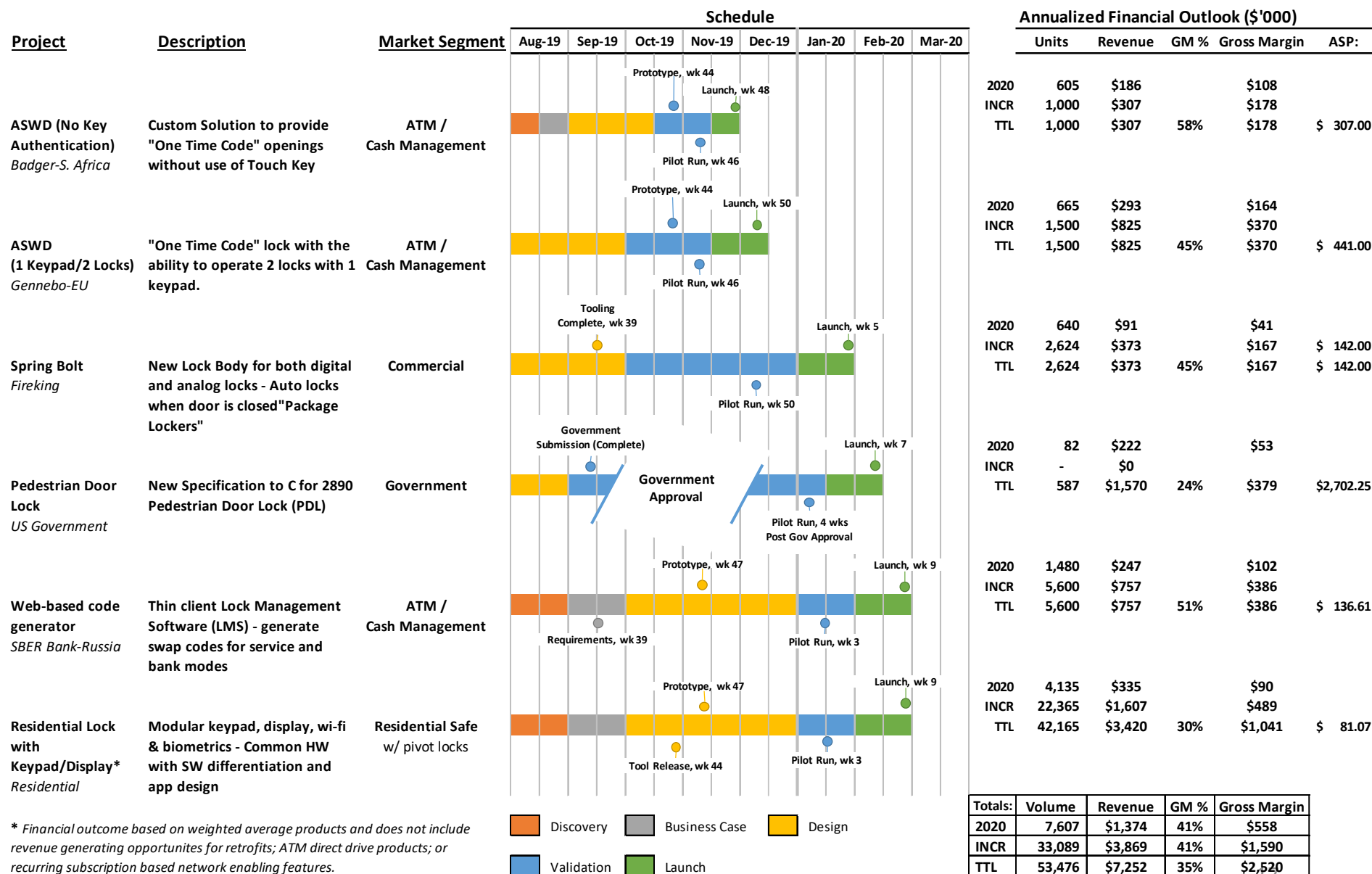
Easy Easy to understand, flexible, scalable, convenient, "S&G makes my job/life easier"





SARGENT AND GREENLEAF

Executive Summary | New Product Pipeline





Executive Summary | Key Performance Indicators

In \$(000)s		Full Month - Sep			Full Quarter - 3Q		
		Actual	QR	VOR	Actual	QR	VOR
Safety	# of Recordables	0.0	0.0	0.0	1.0	0.0	1.0
	TRIR	0.7	1.6	(0.9)	0.7	1.6	(0.9)
	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	98.8%	98.0%	0.8%	96.6%	98.0%	-1.4%
	Past Due	263.0	100.0	163.0	263.0	100.0	163.0
	Oldest Order	9.00	30.0	(21.0)	9.0	30.0	(21.0)
Quality	EOLA	948.0	800.0	148.0	672.0	800.0	(128.0)
	Customer Complaints #	31	32	(1)	71	104	(33)
	Warranty \$	\$ 48.0	\$ 34.6	\$ 13.4	\$ 226.9	\$ 112.5	\$ 114.4
	Scrap %	1.6%	1.3%	0.3%	2.3%	1.3%	1.0%
Supply Chain	Inventory \$	\$ 6,495.8	\$ 5,608.0	\$ 887.8	\$ 6,495.8	\$ 5,608.0	\$ 887.8
	DSI	90.5	90.2	0.3	90.5	90.2	0.3
	Plant Turns	4.0	4.0	(0.0)	4.0	4.0	(0.0)
	E&O \$	\$ 1,248.0	\$ 747.0	\$ 501.0	\$ 1,248.0	\$ 747.0	\$ 501.0
	E&O %	19.2%	13.3%	5.9%	19.2%	13.3%	5.9%
Mtl Cost	Material COS @ STD	\$ 1,102.0	\$ 1,356.1	\$ (254.1)	\$ 3,469.4	\$ 3,690.3	\$ (221.0)
	Mat'l PPV	\$ (64.0)	\$ 12.7	\$ (76.7)	\$ (165.0)	\$ 41.3	\$ (206.3)
	Other Mat'l Variances	\$ 28.0	\$ (58.1)	\$ 86.1	\$ 129.6	\$ (173.0)	\$ 302.6
	Subtotal	\$ 1,066.0	\$ 1,310.7	\$ (244.7)	\$ 3,434.0	\$ 3,558.6	\$ (124.6)
Labor & Conv	Labor (Comp & Ben)	\$ 346.0	\$ 334.6	\$ 11.4	\$ 1,159.9	\$ 1,085.5	\$ 74.4
	OT Premium	\$ 27.0	\$ 9.6	\$ 17.4	\$ 62.1	\$ 30.2	\$ 31.9
	Conversion	\$ 133.0	\$ 123.4	\$ 9.6	\$ 482.3	\$ 401.0	\$ 81.3
	Base	\$ 293.0	\$ 289.2	\$ 3.8	\$ 957.2	\$ 877.5	\$ 79.7
	Subtotal	\$ 799.0	\$ 756.7	\$ 42.3	\$ 2,661.4	\$ 2,394.2	\$ 267.2
	Liquidations	\$ (678.0)	\$ (725.1)	\$ 47.1	\$ (2,088.2)	\$ (2,267.8)	\$ 179.6
Variance to Standard		\$ 121.0	\$ 31.6	\$ 89.4	\$ 573.2	\$ 126.4	\$ 446.8
Total 4-wall Cost		\$ 1,865.0	\$ 2,067.4	\$ (202.4)	\$ 6,095.4	\$ 5,952.8	\$ 142.6
Total Variances		\$ 85.0	\$ (13.8)	\$ 98.8	\$ 537.8	\$ (5.3)	\$ 543.1
<i>% of Standard COS</i>		<i>5%</i>	<i>-1%</i>	<i>5%</i>	<i>10%</i>	<i>0%</i>	<i>10%</i>

Management Discussion

Safety

- 2,048 days or 5.6 years of 1.5M worked hours without a lost time
- Recordable-laceration to left thumb requiring prescription

Delivery

- (\$263k) of current opportunity sales orders, FAS 6880 \$59k; Dials & Rings \$53k; 6129 \$36k; 2937 \$46k; and 2890 \$27k, not produced due to components shortage.
- Demand higher than lead-time forecast for 6129 Printed Circuit Boards (PCB's) from Etratech and key blanks from ASSA.

Supply Chain

- (\$625k) components inventory for pre-tariff opportunity buy of ASWD keypads and electronic locks – less than 6-months on-hand
- (\$275k) FAS mechanical key lock inventory purchased from ASSA at 25%-35% discount in Oct. 2018 – greater than 6-months stock on-hand
- (\$481) finished goods on dock due to delayed pickup – shipping terms controlled by customer and delivered in Oct.
- Initiative to disposition excess and obsolescence stock in 4Q

Material Cost

- Duties unfavorable (\$35k) and scrap from key pad production errors(\$31k)

Labor & Conversion

- 3Q warranty expense of (\$222k) – field failures of the mid price point(MPP) lock resulted in (\$180k) of costs. Corrective action of new housings fully implemented.
- Favorable conversion cost liquidations from use of purchased FAS locks reduced use of in-house die cast and stamping components

Q3 2019 Quarterly Operating Review Meeting Agenda

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



Financial Review | Summary P&L - MTD

\$'000	MTD		Variance		PY MTD	Variance	
	Act	Bud	\$	%	Act	\$	%
Net Revenue	3,196	4,050	(854)	(21.1%)	4,037	(841)	(20.8%)
Material	1,067	1,433	(366)	(25.6%)	1,408	(341)	(24.2%)
Labor	528	646	(118)	(18.2%)	495	33	6.7%
Other COGS	198	217	(20)	(9.0%)	126	71	56.3%
Total COGS	1,793	2,296	(504)	(21.9%)	2,029	(236)	(11.6%)
Gross Margin	1,403	1,754	(350)	(20.0%)	2,008	(604)	(30.1%)
<i>Gross Margin %</i>	<i>43.9%</i>	<i>43.3%</i>			<i>49.7%</i>		
R&D	114	288	(174)	(60.4%)	167	(53)	(31.8%)
Sales & Marketing	338	435	(97)	(22.4%)	550	(212)	(38.5%)
Administrative	480	379	102	26.9%	301	179	59.4%
Other Opex	—	—	—	N/A	—	—	N/A
Total Opex	932	1,102	(169)	(15.3%)	1,018	(86)	(8.4%)
EBITDA	471	652	(181)	(27.8%)	989	(518)	(52.4%)
<i>EBITDA %</i>	<i>14.7%</i>	<i>16.1%</i>			<i>24.5%</i>		
Adj. EBITDA	771	932	(161)	(17.2%)	989	(218)	(22.1%)
<i>Adj. EBITDA %</i>	<i>23.8%</i>	<i>23.0%</i>			<i>24.5%</i>		
Net Income (Loss)	\$ 45	\$ 96	\$ (50)	(52.5%)	\$ 879	\$ (834)	(94.8%)
Capex	\$ 3	\$ 47	\$ (44)	(93.2%)	\$ 18	\$ (14)	(81.9%)
Unincurred Standalone Costs	60	46					
PF Adj EBITDA	711	886					
<i>PF Adj. EBITDA %</i>	<i>22.2%</i>	<i>21.9%</i>					

Management Discussion

Budget

- September Adjusted EBITDA unfavorable variance of (\$161k).
- Gross margin is unfavorable (\$350k) with a volume/mix impact of (\$333k) and one-time sales price discount to SQ for (\$17k.)
- Opex is favorable \$169k related timing of vacant salary positions not filled, delayed strategic initiative spend and commissions not earned.
 - Actual 1x adjustments were \$300k versus budget of \$280k

PY

- September Adjusted EBITDA unfavorable (\$218k).
- Gross Margin is unfavorable (\$604k) with a volume/mix impact of (\$393k), one-time sales price discount to SQ for (\$17k) and unfavorable manufacturing cost of (\$195k).
- Opex is favorable to PY \$86k related primarily to salary position vacancies not filled.
 - Actual 1x adjustments were \$300k versus PY of \$0



Financial Review | Summary P&L - QTD

\$'000	QTD		Variance		PY QTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
Net Revenue	10,513	12,230	(1,717)	(14.0%)	11,597	(1,085)	(9.4%)	
Material	4,304	4,104	201	4.9%	3,944	361	9.1%	
Labor	1,718	1,846	(129)	(7.0%)	1,658	59	3.6%	
Other COGS	743	605	138	22.7%	417	326	78.0%	
Total COGS	6,765	6,555	210	3.2%	6,019	746	12.4%	
Gross Margin	3,748	5,675	(1,927)	(34.0%)	5,578	(1,830)	(32.8%)	
<i>Gross Margin %</i>	<i>35.6%</i>	<i>46.4%</i>			<i>48.1%</i>	<i>(12.4%)</i>	<i>(25.9%)</i>	
R&D	406	738	(332)	(45.0%)	478	(72)	(15.0%)	
Sales & Marketing	1,128	1,319	(191)	(14.5%)	978	150	15.4%	
Administrative	4,747	1,525	3,223	211.4%	1,037	3,711	357.9%	
Other Opex	–	–	–	N/A	–	–	N/A	
Total Opex	6,281	3,581	2,700	75.4%	2,492	3,789	152.1%	
EBITDA	(2,534)	2,094	(4,627)	(221.0%)	3,086	(5,620)	(182.1%)	
<i>EBITDA %</i>	<i>(24.1%)</i>	<i>17.1%</i>			<i>26.6%</i>	<i>(50.7%)</i>	<i>(190.6%)</i>	
Adj. EBITDA	2,635	3,148	(513)	(16.3%)	3,086	(451)	(14.6%)	
<i>Adj. EBITDA %</i>	<i>25.1%</i>	<i>25.7%</i>			<i>26.6%</i>	<i>(1.5%)</i>	<i>(5.8%)</i>	
Net Income (Loss)	\$ (4,860)	\$ 128	\$ (4,988)	(3896.7%)	\$ 2,771	\$ (7,631)	(275.4%)	
Capex	\$ 3	\$ 197	\$ (194)	(98.4%)	\$ 284	\$ (281)	(98.9%)	
Unincurred Standalone Costs	381	140						
PF Adj EBITDA	2,254	3,008						
<i>PF Adj. EBITDA %</i>	<i>21.4%</i>	<i>24.6%</i>						

Management Discussion

Budget

- September Adjusted EBITDA unfavorable variance of (\$0.5M).
- Excluding the impact of the Opening Balance Sheet (OBS) entries, the Gross margin is unfavorable (\$1.1M) with a volume/mix impact of (\$0.8M) and manufacturing variance of (\$0.3M).
 - OBS inventory revalued at step-up costs by \$0.9M to COGS
- Excluding the impact of the OBS entries, Opex is favorable \$0.7M related to open positions, timing of HR specialist fees, timing of strategic initiative spend and unearned commission.
 - Actual 1x adjustments were \$0.9M versus budget of \$1.1M
 - OBS transaction fee expenses incurred of \$3.4M

PY

- September Adjusted EBITDA unfavorable (\$0.5M).
- Excluding the impact of the OBS entries, Gross Margin is unfavorable (\$1.0M) with a volume/mix impact of (\$0.5M) and manufacturing cost of (\$0.5M).
 - OBS inventory revalued at step-up costs by \$0.9M to COGS
- Excluding the impact of the OBS entries, Opex is unfavorable (\$0.3M) from recruiting fees and other 1x expenses
 - Actual 1x adjustments were \$0.9M versus PY of \$0
 - OBS transaction fee expenses incurred of \$3.4M



Financial Review | Summary P&L - YTD

\$'000	YTD		Variance		PY YTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
Net Revenue	33,275	36,543	(3,268)	(8.9%)	34,212	(937)	(2.7%)	
Material	12,225	11,984	241	2.0%	12,407	(182)	(1.5%)	
Labor	5,092	5,537	(446)	(8.1%)	4,859	233	4.8%	
Other COGS	2,143	2,169	(26)	(1.2%)	1,559	584	37.5%	
Total COGS	19,459	19,690	(231)	(1.2%)	18,825	635	3.4%	
Gross Margin	13,815	16,852	(3,037)	(18.0%)	15,388	(1,572)	(10.2%)	
Gross Margin %	41.5%	46.1%			45.0%			
R&D	1,055	1,640	(585)	(35.7%)	1,359	(304)	(22.4%)	
Sales & Marketing	3,007	3,541	(534)	(15.1%)	2,901	106	3.7%	
Administrative	7,107	3,970	3,137	79.0%	3,087	4,020	130.2%	
Other Opex	–	–	–	N/A	–	–	N/A	
Total Opex	11,169	9,151	2,018	22.1%	7,347	3,822	52.0%	
EBITDA	2,646	7,701	(5,055)	(65.6%)	8,041	(5,394)	(67.1%)	
EBITDA %	8.0%	21.1%			23.5%			
Adj. EBITDA	8,319	9,342	(1,022)	(10.9%)	8,041	279	3.5%	
Adj. EBITDA %	25.0%	25.6%			23.5%			
Net Income (Loss)	\$ (876)	\$ 3,345	\$ (4,222)	(126.2%)	\$ 7,100	\$ (7,977)	(112.3%)	
Capex	\$ 252	\$ 798	\$ (546)	(68.4%)	\$ 938	\$ (686)	(73.1%)	
Unincurred Standalone Costs	595	197						
PF Adj EBITDA	7,724	9,145						
PF Adj. EBITDA %	23.2%	25.0%						

Management Discussion

Budget

- YTD Adjusted EBITDA unfavorable variance of (\$1.0M).
- Excluding the impact of the OBS entries, gross margin is unfavorable (\$2.1M) with a volume impact of (\$1.4M) and manufacturing variances of (\$0.7M).
 - *OBS inventory revalued at step-up costs of \$0.9M to COGS*
 - (\$0.2M) of other impact related to warranty expense on MPP
- Excluding the impact of the OBS entries, Opex is favorable \$1.4M related to open positions, timing of strategic initiative spend and unearned commissions
 - Actual 1x adjustments were \$1.4M versus Budget of \$1.6M
 - *OBS transaction fee expenses incurred of \$3.4M*

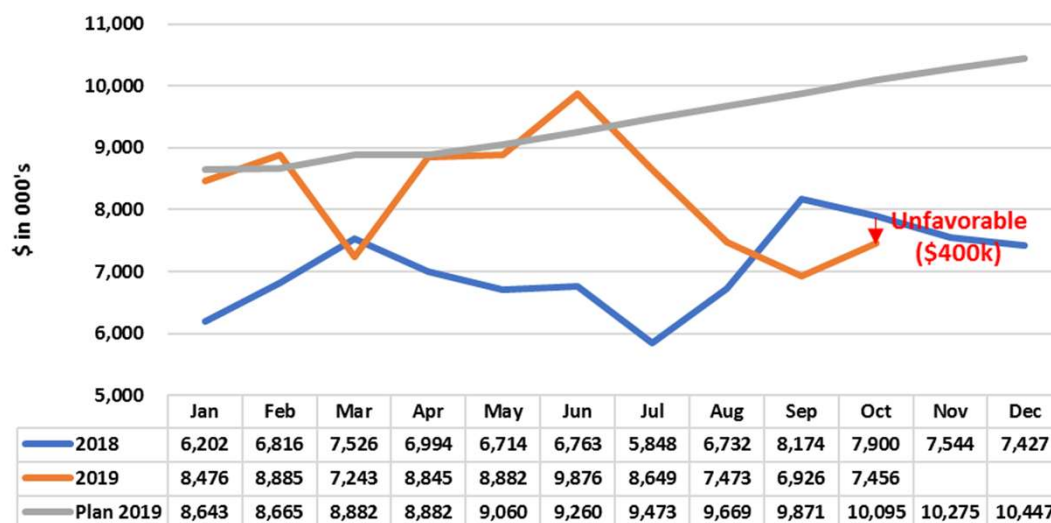
PY

- YTD Adjusted EBITDA favorable \$0.3M. Excluding the impact of the OBS entries, Gross Margin is unfavorable (\$0.7M) with a volume impact of (\$0.4M) and manufacturing variances (\$0.3M).
 - *OBS inventory revalued at step-up costs of \$0.9M to COGS*
 - (\$0.2M) of other impact related to warranty expense on MPP
- Excluding the impact of the OBS entries, Opex is unfavorable (\$0.4M) related to professional fees, recruiting fees, and other 1x costs.
 - Actual 1x adjustments were \$1.4M versus \$0 in PY
 - *OBS transaction fee expenses incurred of \$3.4M*

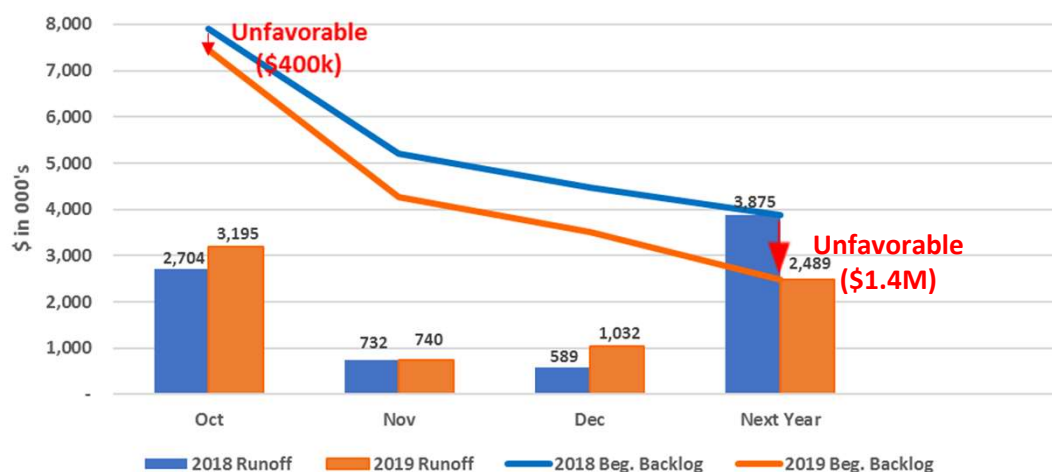


Financial Summary | Backlog Trends

Trended Backlog - Comparative August



Backlog Runoff - Comparative August



Management Discussion

- Current backlog of \$7.5M contains \$5.0M of run-off in 2019
 - \$1.0M for 951 Government padlock orders scheduled in 2019
 - October, \$300k
 - November, \$117k
 - December, \$554k
- 2018 Backlog of \$7.9M contained \$4.0M of run-off for 2018
 - \$3.8M of 2019 run-off contained:
 - 951 Government padlock orders, \$1.2M
 - Arya blanket order, \$1.0M
 - Timemaster 8077 blanket order, \$400k



SARGENT AND GREENLEAF

Financial Summary | Business Split Comparison

YTD Sales (\$M)

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	\$5,387	\$0	\$250	\$1	\$0	\$5,638
APAC (Less India)	\$3,093	\$399	\$2,598	\$192	\$16	\$6,298
EMEA	\$2,611	\$351	\$1,208	\$86	\$9	\$4,266
LATAM	\$1,197	\$125	\$606	\$75	\$180	\$2,183
US and Canada	\$2,097	\$7,401	\$3,880	\$489	\$721	\$14,587
Total	\$14,386	\$8,276	\$8,542	\$842	\$926	\$32,971

YTD Sales (% of Total)

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	16.3%	0.0%	0.8%	0.0%	0.0%	17.1%
APAC (Less India)	9.4%	1.2%	7.9%	0.6%	0.0%	19.1%
EMEA	7.9%	1.1%	3.7%	0.3%	0.0%	12.9%
LATAM	3.6%	0.4%	1.8%	0.2%	0.5%	6.6%
US and Canada	6.4%	22.4%	11.8%	1.5%	2.2%	44.2%
Total	43.6%	25.1%	25.9%	2.6%	2.8%	100.0%

YTD Contribution Margin (\$M)

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	\$3,730	\$0	\$98	(\$2)	\$0	\$3,826
APAC (Less India)	\$1,624	\$52	\$691	\$28	\$6	\$2,401
EMEA	\$595	\$91	\$337	\$30	\$3	\$1,056
LATAM	\$738	\$17	\$247	\$32	\$41	\$1,074
US and Canada	\$1,266	\$3,370	\$1,780	\$220	\$176	\$6,813
Total	\$7,952	\$3,531	\$3,153	\$307	\$226	\$15,170

YTD Contribution Margin (% of Total)

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	24.6%	0.0%	0.6%	(0.0%)	0.0%	25.2%
APAC (Less India)	10.7%	0.3%	4.6%	0.2%	0.0%	15.8%
EMEA	3.9%	0.6%	2.2%	0.2%	0.0%	7.0%
LATAM	4.9%	0.1%	1.6%	0.2%	0.3%	7.1%
US and Canada	8.3%	22.2%	11.7%	1.4%	1.2%	44.9%
Total	52.4%	23.3%	20.8%	2.0%	1.5%	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) – YOY 3,950 locks
- 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 (Resi)

- 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	\$915	(\$4)	\$21	\$1	\$0	\$932
APAC (Less India)	(\$122)	\$15	(\$251)	\$144	(\$3)	(\$218)
EMEA	(\$503)	\$72	\$119	(\$22)	(\$0)	(\$333)
LATAM	(\$485)	\$26	(\$69)	(\$16)	(\$88)	(\$632)
US and Canada	(\$771)	\$1,283	(\$1,442)	(\$95)	\$393	(\$632)
Total	(\$967)	\$1,392	(\$1,622)	\$12	\$302	(\$883)

YTD YoY Change in Sales (% Growth)

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	20.5%	(100.0%)	9.1%	251,575.0%	N/A	19.8%
APAC (Less India)	(3.8%)	4.0%	(8.8%)	297.7%	(14.0%)	(3.3%)
EMEA	(16.1%)	25.8%	11.0%	(20.0%)	(2.9%)	(7.2%)
LATAM	(28.8%)	26.0%	(10.2%)	(17.3%)	(32.8%)	(22.5%)
US and Canada	(26.9%)	21.0%	(27.1%)	(16.2%)	119.7%	(4.2%)
Total	(6.3%)	20.2%	(16.0%)	1.5%	48.4%	(2.6%)

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	\$679	(\$0)	(\$4)	(\$0)	\$0	\$675
APAC (Less India)	\$56	(\$4)	(\$144)	\$16	(\$1)	(\$77)
EMEA	(\$22)	\$23	(\$44)	(\$12)	(\$0)	(\$54)
LATAM	(\$196)	\$1	(\$28)	(\$14)	(\$8)	(\$246)
US and Canada	(\$220)	\$189	(\$526)	(\$75)	\$65	(\$567)
Total	\$298	\$209	(\$746)	(\$85)	\$56	(\$269)

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

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	102 bps	N/A	-521 bps	55681993 bps	N/A	89 bps
APAC (Less India)	375 bps	-155 bps	-271 bps	-988 bps	-138 bps	9 bps
EMEA	298 bps	164 bps	-710 bps	-376 bps	-202 bps	62 bps
LATAM	610 bps	-257 bps	-2 bps	-801 bps	440 bps	233 bps
US and Canada	858 bps	-646 bps	254 bps	-561 bps	-934 bps	-179 bps
Total	542 bps	-560 bps	-145 bps	-1080 bps	-285 bps	40 bps

* FY YTD CM less FY-1 YTD CM (ex: [72% YTD CM in FY] - [70% YTD CM in FY-1] = 200 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 -\$323.
- RES - Erosion in YOY sales; Liberty \$638, Genmega \$418 (business not lost, agreement in place for 15,000 locks annually, Global File - \$384k (dependent on Gov't contract, demand has slowed w/RCMP in Canada), Granite Security Products, \$69 (production moved offshore to APAC, they've since stopped using our lock), Follett - \$93 (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

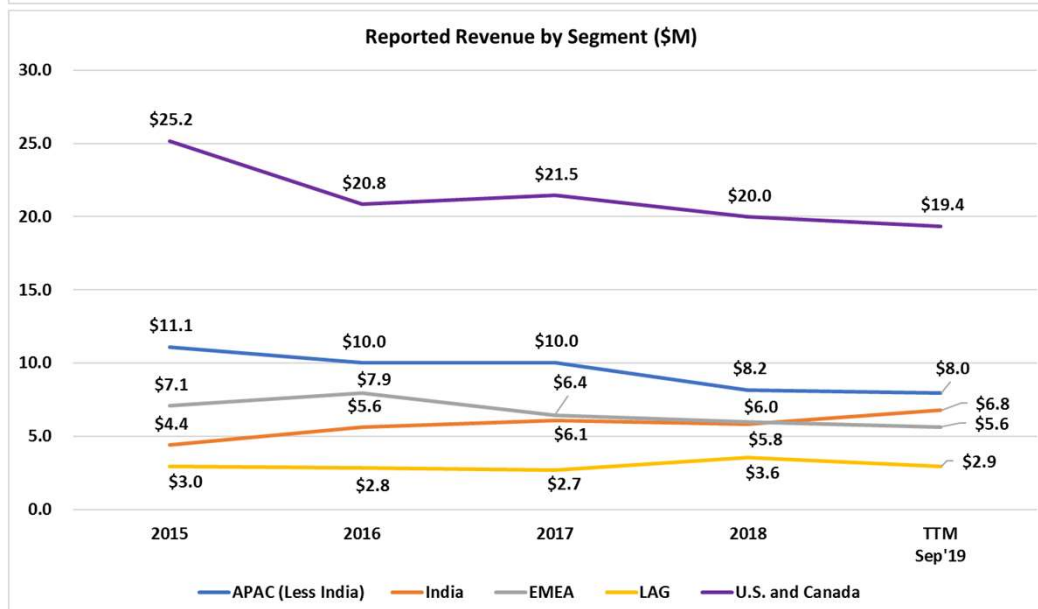
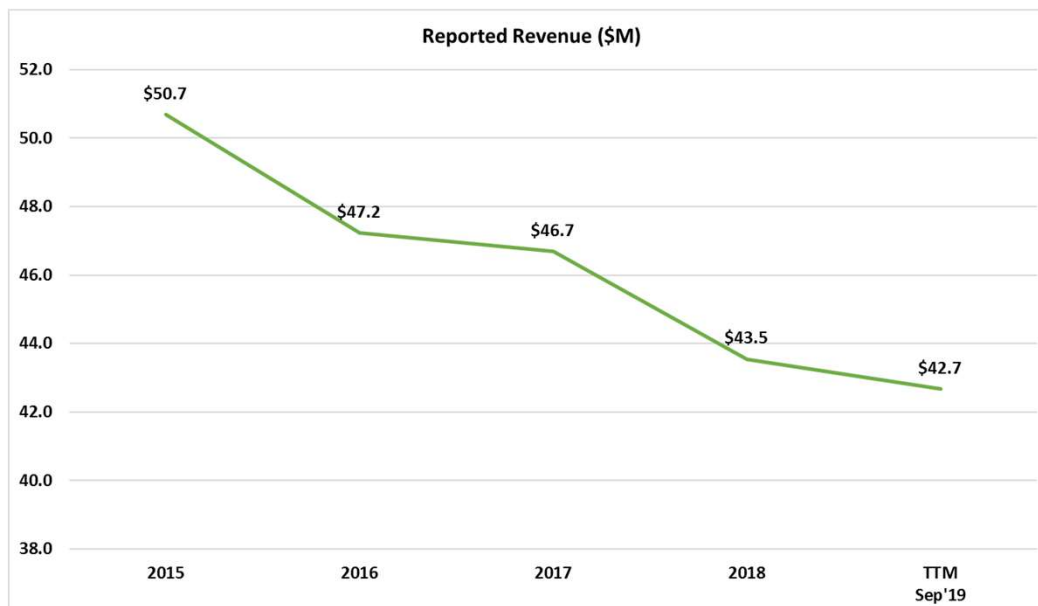
APAC

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



SARGENT AND GREENLEAF

Financial Summary | Revenue

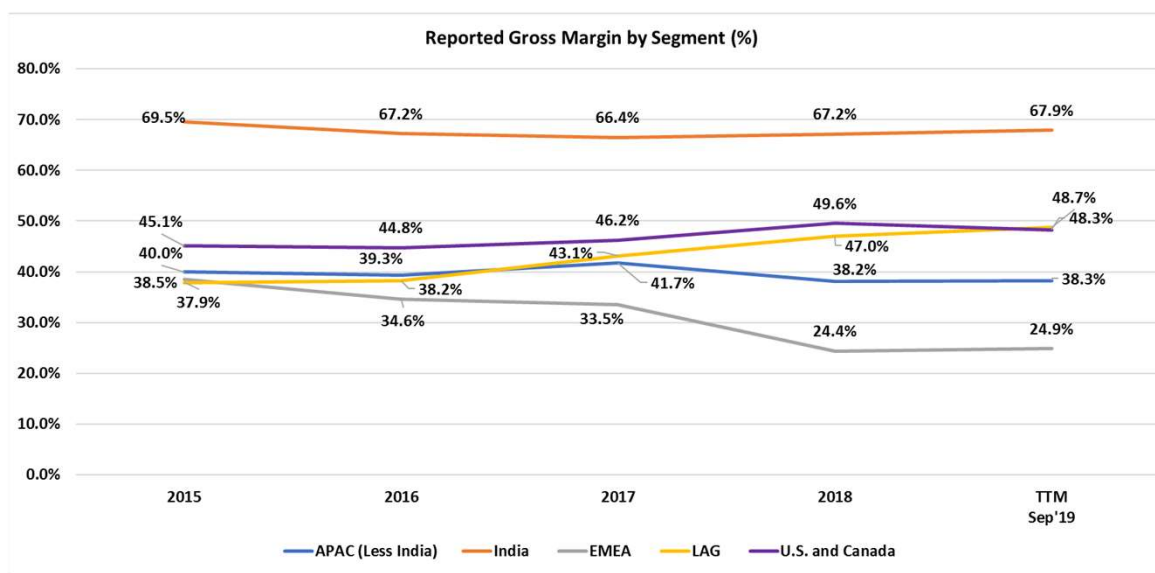
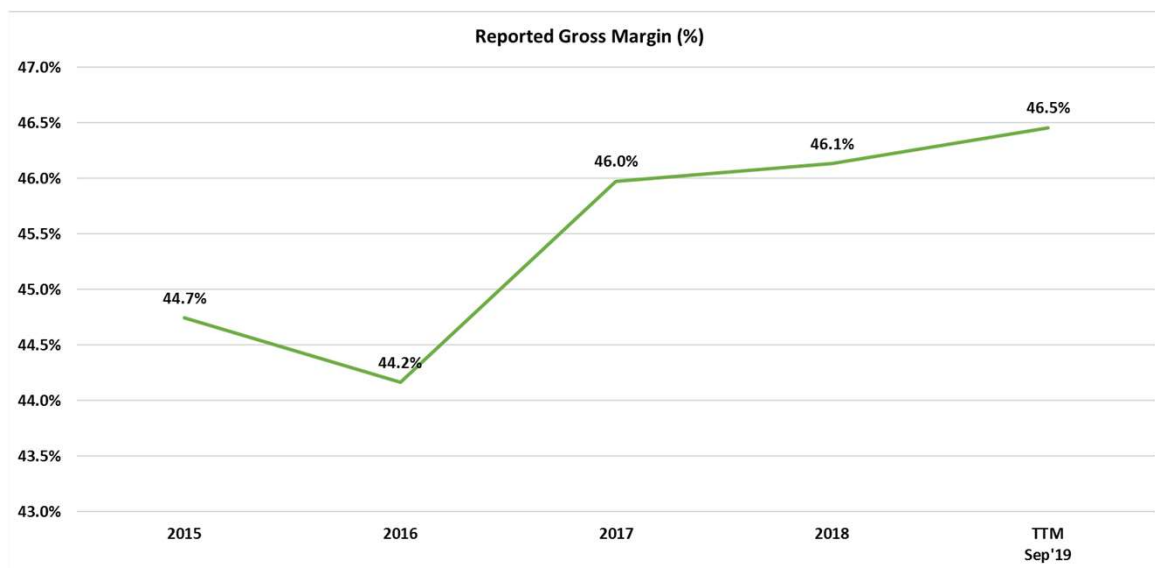


Management Discussion

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



Financial Summary | Gross Margin (@Standard)



Management Discussion

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



Financial Summary | Cost of Goods Sold by Component

\$'000	MTD		Var		QTD		Var		YTD		Var	
	Act	Bud	\$	%	Act	Bud	\$	%	Act	Bud	\$	%
Material												
Material costs at standard	\$ 1,102	\$ 1,423	\$ (320)	(22.5%)	\$ 4,339	\$ 4,064	\$ 275	6.8%	\$ 12,219	\$ 11,917	\$ 302	2.5%
Materials FX loss / (gain)	0	–	0	N/A	(0)	0	(0)	(985.2%)	(0)	(0)	(0)	35.8%
Purchase price variance	(64)	5	(69)	(1339.3%)	(164)	17	(181)	(1083.0%)	(305)	20	(325)	(1637.1%)
Freight in	35	22	13	58.2%	101	78	24	30.3%	450	409	41	10.0%
Cost revision	–	–	–	N/A	–	–	–	N/A	(232)	(232)	–	0.0%
Scrap costs	(2)	(23)	21	(92.7%)	13	(75)	88	(117.7%)	0	(179)	179	(100.2%)
Consumables	(5)	6	(12)	(188.9%)	16	20	(4)	(21.9%)	93	49	44	89.4%
Total Material COGS	\$ 1,067	\$ 1,433	\$ (366)	(25.6%)	\$ 4,304	\$ 4,104	\$ 201	4.9%	\$ 12,225	\$ 11,984	\$ 241	2.0%
Labor												
Direct labor	\$ 235	\$ 335	\$ (100)	(30.0%)	\$ 771	\$ 882	\$ (111)	(12.5%)	\$ 2,276	\$ 2,610	\$ (335)	(12.8%)
Direct labor - overtime	27	10	17	177.4%	61	30	31	102.8%	151	99	52	53.0%
Direct labor - benefits	66	102	(36)	(35.5%)	230	330	(99)	(30.2%)	754	987	(233)	(23.6%)
Indirect labor	145	152	(8)	(4.9%)	462	461	1	0.2%	1,428	1,396	32	2.3%
Indirect labor – benefits	57	47	9	19.9%	193	144	49	34.4%	482	445	37	8.4%
Total Labor COGS	\$ 528	\$ 646	\$ (118)	(18.2%)	\$ 1,718	\$ 1,846	\$ (129)	(7.0%)	\$ 5,092	\$ 5,537	\$ (446)	(8.1%)
Other												
Repairs and maintenance	\$ 14	\$ 17	\$ (3)	(15.1%)	\$ 47	\$ 54	\$ (7)	(12.7%)	\$ 151	\$ 145	\$ 6	4.0%
Rent / facilities	155	166	(11)	(6.5%)	530	520	10	1.9%	1,645	1,618	27	1.7%
Utilities	28	23	5	20.7%	77	74	3	4.0%	210	218	(9)	(4.0%)
Other cost of sales	0	11	(11)	(97.6%)	88	(43)	131	(305.2%)	138	188	(51)	(27.0%)
Total Other COGS	\$ 198	\$ 217	\$ (20)	(9.0%)	\$ 743	\$ 605	\$ 138	22.7%	\$ 2,143	\$ 2,169	\$ (26)	(1.2%)
Total COGS	\$ 1,793	\$ 2,296	\$ (504)	(52.8%)	\$ 6,765	\$ 6,555	\$ 210	20.7%	\$ 19,459	\$ 19,690	\$ (231)	(7.3%)

Management Discussion

September

- Material costs at standard variance decreased volume (\$296k) and mix (\$24k)
- Favorable PPV from commodity pricing for 6120 Satin Chrome Housings (\$22k) and zinc commodity (\$14k). Purchased components 2006-101 Titan (\$10k), 951 cylinders (\$7k), and 6870-130 key blanks (\$6k)
- Freight-in unfavorable from duties \$35k
- Unfavorable scrap from key pad production errors \$31k

QTD

- Excluding the impact of the OBS entries, favorable Material costs at standard decreased volume (\$380k) and other (\$214k)
 - *OBS inventory revalued step-up incurred of \$869k to material cost*
- Favorable PPV from commodity pricing for zinc (\$62k) and 6120 Satin Chrome housings (\$43k). Purchased components 2006/2007-101 Titan (\$29k), 605-284 packing tray (\$22k) and 6124 keypad (\$11k)
- Freight-in unfavorable from duties \$46k
- Unfavorable Scrap from 6124 case \$13k, 2740 covers \$11k, 6870 key blanks \$6k and key pad production errors \$31k

YTD

- Excluding the impact of the OBS entries, material costs at standard decreased volume (\$327k) and other(\$301k)
 - *OBS inventory revalued step-up incurred of \$869k to material cost*
- Favorable PPV of (\$325k) driven primarily zinc and 6120 Satin Chrome Housings
- Unfavorable Scrap from 2740 covers, 6124 Case and key pad production errors



Financial Summary | Balance Sheet

\$'000	Sep-19		Variance	
	Act	Bud	\$	%
Current Assets				
Cash and cash equivalents	\$ 3,600	\$ 6,175	\$ (2,576)	(41.7%)
Accounts receivable, gross	7,131	7,125	6	0.1%
Accounts receivable, reserves	(186)	(128)	(57)	44.7%
Accounts receivable, net	6,945	6,997	(51)	(0.7%)
Inventory, gross	7,404	6,329	1,074	17.0%
Inventory, reserves	(462)	(443)	(19)	4.3%
Inventory, net	6,942	5,886	1,055	17.9%
Prepaid expenses and other current assets	142	189	(47)	(25.0%)
Total Current Assets	17,629	19,248	(1,619)	(8.4%)
Non-Current Assets				
Property, plant & equipment, gross	11,492	11,991	(499)	(4.2%)
Accumulated depreciation	(405)	(480)	75	(15.6%)
Property, plant & equipment, net	11,087	11,511	(424)	(3.7%)
Goodwill	45,034	43,973	1,061	2.4%
Identifiable intangible assets, gross	15,100	15,100	—	0.0%
Accumulated amortization	—	—	—	N/A
Identifiable intangible assets, net	15,100	15,100	—	0.0%
Deferred financing cost	1,646	1,646	—	0.0%
Other non-current assets	131	131	(0)	(0.0%)
Total Non-Current Assets	72,999	72,362	637	0.9%
Total Assets	\$ 90,628	\$ 91,609	\$ (982)	(1.1%)
Current Liabilities				
Current portion of long-term debt	\$ 1,003	\$ 1,003	\$ —	0.0%
Accounts payable	3,483	4,291	(809)	(18.8%)
Accrued liabilities	1,564	1,218	346	28.4%
Accrued compensation	321	374	(53)	(14.2%)
Income taxes payable	160	(389)	549	(141.2%)
Short-term unearned revenue	141	56	84	149.1%
Total Current Liabilities	6,671	6,554	117	1.8%
Long-term liabilities				
Long-term debt less current maturities	43,360	43,360	0	0.0%
Deferred income taxes	2,989	2,989	—	0.0%
Other non-current liabilities	87	87	—	0.0%
Total Long-Term Liabilities	46,436	46,436	0	0.0%
Total Liabilities	53,108	52,990	117	0.2%
Shareholders' Equity				
Common stock	40,228	40,228	—	0.0%
Retained earnings	(4,054)	(2,963)	(1,091)	36.8%
Accumulated other comprehensive income	1,346	1,354	(8)	(0.6%)
Other equity transactions	1	1	—	0.0%
Total Shareholders' Equity	37,521	38,619	(1,099)	(2.8%)
Total Liabilities and Shareholders' Equity	\$ 90,628	\$ 91,609	\$ (981)	(1.1%)

Management Discussion

- Lower Accounts Receivable by (\$51k) compared to Budget due to lower than budgeted sales
 - Slow pay A/R > than 16 days
 - AGS \$183k
 - Arya \$166k
 - Diebold \$150k
 - AGS \$183k
- Accounts Payable lower by (\$809k) compared to Budget due to lower volume
- Unfavorable inventory position \$1,074k
 - \$625k components inventory for pre-tariff opportunity buy of ASWD keypads and electronic locks – less than 6-months on-hand
 - \$275k FAS mechanical key lock inventory purchased from ASSA at 25%-35% discount in Oct. 2018 – greater than 6-months stock on-hand
 - \$481 finished goods on dock due to delayed pickup – shipping terms controlled by customer and delivered in Oct.
 - Initiative to disposition excess and obsolescence stock in 4Q
- Budgeted Balance sheet has been adjusted to reflect Opening Balance Sheet position.



Financial Summary | Opex Summary vs AOP

\$'000	MTD		Variance		QTD		Var		YTD		Var	
	Act	Bud	\$	%	Act	Bud	\$	%	Act	Bud	\$	%
Opex Overview:												
Payroll	\$ 290	\$ 301	\$ (10)	(3.4%)	\$ 898	\$ 873	\$ 26	2.9%	\$ 2,637	\$ 2,670	\$ (33)	(1.2%)
Overtime	–	1	(1)	(100.0%)	–	2	(2)	(100.0%)	0	7	(7)	(95.0%)
Benefits	56	23	33	146.3%	173	49	124	254.3%	651	535	116	21.7%
Bonus	16	42	(26)	(63.0%)	34	131	(97)	(74.1%)	147	314	(168)	(53.3%)
Commissions	24	60	(36)	(60.4%)	89	191	(102)	(53.3%)	228	567	(339)	(59.8%)
Marketing	(0)	14	(14)	(101.6%)	100	52	48	93.1%	322	238	84	35.4%
Travel and Entertainment	73	68	5	7.4%	150	141	9	6.4%	348	379	(30)	(8.0%)
Insurance	–	3	(3)	(100.0%)	–	8	(8)	(100.0%)	1	25	(24)	(95.6%)
Professional Fees	193	433	(240)	(55.5%)	4,265	1,442	2,823	195.8%	5,537	2,979	2,559	85.9%
Utl., Repair, Maint., & Sec.	1	4	(2)	(69.6%)	2	18	(16)	(89.1%)	14	41	(27)	(65.9%)
IT	271	88	183	209.5%	491	477	14	3.0%	811	764	47	6.2%
Bad Debts	(9)	0	(9)	(2202521.8%)	9	0	9	2299070.5%	68	0	68	16887501.1%
Supplies	(5)	10	(16)	(152.3%)	4	32	(28)	(89.0%)	36	96	(60)	(62.2%)
Other Expenses	22	57	(35)	(61.7%)	61	165	(104)	(63.1%)	356	538	(181)	(33.7%)
Total Opex	\$ 932	\$ 1,102	\$ (169)	(15.3%)	\$ 6,281	\$ 3,581	\$ 2,700	75.4%	\$ 11,169	\$ 9,151	\$ 2,018	22.1%

Management Discussion

- September vs Budget – favorable \$0.2M related to timing of vacant salary positions not filled, delayed strategic initiative spend and commissions not earned
 - Actual 1x adjustments were \$0.3M was at Budget of \$0.3M
- QTD vs Budget- favorable \$0.7M ,excluding the impact of the OBS entries, related to open positions, timing of HR specialist fees, timing of strategic initiative spend and unearned commission
 - Actual 1x adjustments were \$0.9M versus Budget of \$1.1M
 - OBS transaction fee expenses incurred of \$3.4M
- YTD vs Budget - favorable \$1.4M, excluding the impact of the OBS entries, related to open positions, timing of strategic initiative spend and unearned commissions
 - Actual 1x adjustments were \$1.4M versus Budget of \$1.6M
 - OBS transaction fee expenses incurred of \$3.4M



Financial Summary | Opex Summary vs PY

\$'000	MTD		PY MTD		Variance		QTD		PY QTD		Variance		YTD		PY YTD		Variance				
	Act		Act		\$	%	Act		Act		\$	%	Act		Act		\$	%			
Opex Overview:																					
Payroll	\$	290	\$	315	\$	(24)	(7.7%)	\$	898	\$	954	\$	(56)	(5.9%)	\$	2,637	\$	2,816	\$	(179)	(6.4%)
Overtime		–		0		(0)	(100.0%)		–		1		(1)	(100.0%)		0		5		(5)	(92.9%)
Benefits		56		84		(27)	(32.7%)		173		250		(77)	(30.6%)		651		712		(60)	(8.5%)
Bonus		16		26		(10)	(39.3%)		34		69		(35)	(51.2%)		147		201		(54)	(27.1%)
Commissions		24		7		17	237.7%		89		29		60	208.5%		228		183		45	24.6%
Marketing		(0)		69		(69)	(100.3%)		100		151		(51)	(33.6%)		322		439		(117)	(26.7%)
Travel and Entertainment		73		28		45	157.4%		150		78		72	92.6%		348		335		13	3.8%
Insurance		–		3		(3)	(100.0%)		–		9		(9)	(100.0%)		1		27		(26)	(95.9%)
Professional Fees		193		183		9	5.0%		4,265		534		3,731	698.5%		5,537		1,528		4,009	262.3%
Utl., Repair, Maint., & Sec.		1		38		(36)	(97.1%)		2		48		(46)	(95.8%)		14		64		(50)	(78.4%)
IT		271		45		226	505.0%		491		134		356	265.1%		811		403		408	101.3%
Bad Debts		(9)		(64)		55	(86.2%)		9		(17)		26	(155.2%)		68		28		40	142.3%
Supplies		(5)		11		(17)	(147.2%)		4		18		(15)	(80.9%)		36		51		(15)	(29.1%)
Other Expenses		22		273		(251)	(92.0%)		61		232		(171)	(73.8%)		356		555		(198)	(35.8%)
Total Opex	\$	932	\$	1,018	\$	(86)	(8.4%)	\$	6,281	\$	2,492	\$	3,789	152.1%	\$	11,169	\$	7,347	\$	3,822	52.0%

Management Discussion

- September vs PY – favorable \$0.1M related primarily to salary position vacancies not filled
 - Actual 1x adjustments were \$0.3M versus \$0 in PY
- QTD vs PY – unfavorable (\$0.3M), excluding the impact of the OBS entries, from recruiting fees and other 1x expenses
 - Actual 1x adjustments were \$300k versus \$0 in PY
 - OBS transaction fee expenses incurred of \$3.4M
- YTD vs PY – unfavorable (\$0.4M), excluding the impact of the OBS entries, related to professional fees, recruiting fees, and other 1x costs
 - Actual 1x adjustments were \$1.4M versus \$0 in PY
 - 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	\$ 2,637	\$ 2,670	\$ (33)	\$ —	\$ (33)	\$ 0	\$ —	\$ (33)	\$ 0	\$ 0
Overtime	0	7	(7)	—	—	(7)	—	(7)	(7)	(7)
Benefits	651	535	116	—	—	116	—	116	116	116
Bonus	147	314	(168)	—	—	(168)	—	(168)	(168)	(168)
Commissions	322	567	(245)	—	—	(245)	—	(245)	(245)	(245)
Marketing	228	238	(10)	—	—	(10)	—	(10)	(10)	(10)
Travel and Entertainment	348	379	(30)	—	—	(30)	—	(30)	(30)	(30)
Rent and Facilities	13	—	13	—	—	13	—	13	13	13
Insurance	1	25	(24)	—	—	(24)	—	(24)	(24)	(24)
Professional Fees	5,537	2,979	2,559	4,285	—	(1,726)	—	2,559	(1,726)	(1,726)
Utl., Repair, Maint., & Sec.	14	41	(27)	—	—	(27)	—	(27)	(27)	(27)
IT	811	764	47	519	(472)	0	—	47	0	0
Bad Debts	68	0	68	—	—	68	—	68	68	68
Supplies	36	96	(60)	—	—	(60)	—	(60)	(60)	(60)
Other Expenses	356	538	(181)	—	—	(181)	—	(181)	(181)	(181)
Total Opex	\$ 11,169	\$ 9,151	\$ 2,018	\$ 4,804	\$ (505)	\$ (2,280)	\$ —	\$ 2,018	\$ (2,280)	\$ (2,280)

Management Discussion

- Bonus and Commissions are under budget due to lower than budgeted revenue.
- 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 (now filled).
- IT contains 1x costs \$499k in TSA fees and \$20k in other carve-out costs. The decline in run rate is related to timing of technology carve-out costs.
- Rent and Insurance variances are mapping issues. Rent mapped to COGS in budget. Insurance actual expense mapped to COGS.



Financial Summary | Incurred Standalone Costs

\$'000		MTD				Variance				QTD				Variance				YTD				Variance			
Description		Act	Bud	\$	%	Act	Bud	\$	%	Act	Bud	\$	%	Act	Bud	\$	%	Act	Bud	\$	%	Act	Bud	\$	%
IT		10	39	(29)	-73.8%	31	284	(253)	-89.0%	31	308	(277)	-89.8%												
Manager	Salary and Benefits	9	9	-	0.0%	27	28	(1)	-2.3%	27	37	(10)	-27.2%												
Analyst	Salary and Benefits	-	6	(6)	0.0%	-	19	(19)	0.0%	-	19	(19)	0.0%												
Direct Technology Cha Office 365, AvePoint, WebRoot, Duo MFA, voice services, Creo, Windchill		-	7	(7)	-100.0%	-	199	(199)	-100.0%	-	210	(210)	-100.0%												
Business Services	Offset to TSA	-	8	(8)	0.0%	-	16	(16)	0.0%	-	16	(16)	0.0%												
Sales Force	Licensing	-	2	(2)	0.0%	-	2	(2)	0.0%	-	2	(2)	0.0%												
Accounting / HR syster Concur Set-up and monthly fee		1	2	(1)	-46.0%	5	6	(1)	-19.0%	5	10	(5)	-54.6%												
ERP tranisition licensir Licensing		-	5	(5)	0.0%	-	15	(15)	0.0%	-	15	(15)	0.0%												
Data Communications Licensing		-	-	-	0.0%	-	-	-	0.0%	-	-	-	0.0%												
Legal		-	19	(19)	-100.0%	-	56	(56)	-100.0%	-	75	(75)	-100.0%												
Headcount costs (1 FTE Salary and Benefits		-	-	-	0.0%	-	-	-	0.0%	-	-	-	0.0%												
External legal fees anc Legal Fees		-	13	(13)	-100.0%	-	38	(38)	-100.0%	-	50	(50)	-100.0%												
Patent fees	Patent Fees	-	6	(6)	-100.0%	-	19	(19)	-100.0%	-	25	(25)	-100.0%												
Finance		30	30	-	0.0%	89	89	0	0.0%	103	117	(14)	-12.1%												
CFO	Salary and Benefits	21	21	-	0.0%	62	62	0	0.0%	68	82	(14)	-17.3%												
Base compensation (2 Salary and Benefits		-	-	-	0.0%	-	-	-	0.0%	-	-	-	0.0%												
Audit Fees	2019 Audit Fees	9	9	-	0.0%	26	26	-	0.0%	35	35	-	0.0%												
Sales		22	22	(0)	0.0%	58	56	2	4.0%	58	58	0	0.5%												
VP of Sales	Salary and Benefits	22	22	(0)	0.0%	58	56	2	4.0%	58	58	0	0.5%												
HR		2	2	(0)	-14.4%	5	6	(1)	-14.4%	7	8	(1)	-14.4%												
Specialist	Salary and Benefits	-	0	(0)	-100.0%	-	1	(1)	-100.0%	-	1	(1)	-100.0%												
Business Travel and Ac Business Travel and Accident		0	0	-	0.0%	1	1	-	0.0%	1	1	-	0.0%												
Global Emergency Trav Global Emergency Travel Services		1	1	-	0.0%	4	4	-	0.0%	6	6	-	0.0%												
Trade Compliance		1	1	-	0.0%	4	4	-	0.0%	5	5	-	0.0%												
Export Compliance Dai Export Compliance Daily/ICPA annual fee		0	0	-	0.0%	0	0	-	0.0%	1	1	-	0.0%												
Trade Flow software li Trade Flow software license		1	1	-	0.0%	3	3	-	0.0%	4	4	-	0.0%												
Bonuses		15	15	-	0.0%	41	46	(5)	-11.2%	41	62	(21)	-33.4%												
Risk		16	16	-	0.0%	49	49	-	0.0%	65	65	-	0.0%												
Freight		47	42	5	12.4%	155	125	30	23.9%	155	166	(12)	-7.1%												
401(k) compensation		10	10	-	0.0%	29	29	-	0.0%	39	39	-	0.0%												
Total Standalone Costs		153	196	(42)	-21.7%	461	744	(283)	-38.0%	504	904	(400)	-44.2%												



Financial Summary | PF Standalone Costs

\$'000	Sep						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	39	25	64	44	19	64	284	11	296	66	230	296	837	4	842	472	247	719
Manager	9	-	9	9	-	9	28	(1)	27	27	-	27	124	(10)	114	86	-	86
Analyst	6	-	6	-	6	6	19	-	19	-	19	19	160	6	166	123	25	148
Direct Technology Charges	7	29	35	35	-	35	199	16	215	35	180	215	297	16	313	103	191	294
Business Services	8	-	8	-	8	8	16	-	16	-	16	16	98	-	98	52	16	68
Sales Force	2	(2)	-	-	-	-	2	(2)	-	-	-	-	8	(2)	6	-	-	-
Accounting / HR systems	2	(2)	(0)	-	-	-	6	(2)	4	4	-	4	99	(6)	92	87	-	87
ERP transition licensing fees	5	-	5	-	5	5	15	-	15	-	15	15	30	-	30	-	15	15
Data Communications	-	-	-	-	-	-	-	-	-	-	-	-	21	-	21	21	-	21
Legal	19	-	19	13	6	19	56	-	56	13	44	56	303	-	303	184	63	247
Headcount costs (1 FTE)	-	-	-	-	-	-	-	-	-	-	-	-	78	-	78	78	-	78
External legal fees and other expenses	13	-	13	13	-	13	38	-	38	13	25	38	150	-	150	75	38	113
Patent fees	6	-	6	-	6	6	19	-	19	-	19	19	75	-	75	31	25	56
Finance	30	11	40	30	11	40	89	32	120	89	32	120	347	28	375	249	42	291
CFO	21	-	21	21	-	21	62	-	62	62	-	62	234	(14)	220	161	-	161
Base compensation (2 FTEs)	-	11	11	-	11	11	-	32	32	-	32	32	52	42	94	52	42	94
Audit Fees	9	-	9	9	-	9	26	-	26	26	-	26	62	-	62	35	-	35
Sales	22	17	40	22	17	40	56	54	110	58	52	110	105	158	264	58	156	214
VP of Sales	22	-	22	22	-	22	55	2	58	58	-	58	105	2	108	58	-	58
Customer Relationship Manager	-	17	17	-	17	17	-	52	52	-	52	52	-	156	156	-	156	156
HR	2	6	8	1	6	8	6	18	24	5	19	24	59	24	83	35	25	60
Specialist	0	6	6	-	6	6	1	18	19	-	18	18	47	24	71	29	24	53
Business Travel and Accident	0	-	0	-	0	0	1	-	1	1	1	1	2	-	2	1	1	2
Global Emergency Travel Services	1	-	1	1	-	1	4	-	4	4	-	4	10	-	10	6	-	6
Trade Compliance	1	-	1	1	-	1	4	-	4	4	-	4	50	-	50	47	-	47
Export Compliance Daily/ICPA annual fee	0	-	0	0	-	0	0	-	0	0	-	0	32	-	32	32	-	32
Trade Flow software license	1	-	1	1	-	1	3	-	3	3	-	3	18	-	18	15	-	15
Bonuses	15	-	15	15	-	15	46	-	46	41	5	46	108	-	108	41	21	62
Risk	16	-	16	16	-	16	49	-	49	49	-	49	232	-	232	183	-	183
Freight	42	-	42	42	-	42	125	25	149	149	-	149	676	25	701	534	42	576
401(k) compensation	10	-	10	10	-	10	29	-	29	29	-	29	83	-	83	53	-	53
Total Standalone Costs	196	59	254	195	60	254	744	140	884	503	381	884	2,802	239	3,042	1,857	595	2,453



SARGENT AND GREENLEAF

Financial Summary | 1X Costs

\$'000		MTD		Variance		QTD		Variance		YTD		Variance	
	Description	Act	Bud	\$	%	Act	Bud	\$	%	Act	Bud	\$	%
IT		33	64	(32)	-48.9%	75	237	(162)	-68.4%	115	286	(171)	-59.9%
IT Specialist	Gray Drohan consulting fees	12	20	(8)	-39.5%	45	60	(15)	-25.2%	85	109	(24)	-22.1%
Technology Carve-Out	ERP Implementation, VOIP, Firewall hardware, network re-engineering, Office 365	21	44	(24)	0.0%	30	177	(147)	0.0%	30	177	(147)	0.0%
Legal/Professional Fees		40	41	(1)	-1.2%	345	353	(7)	-2.1%	707	785	(78)	-9.9%
Audit/Valuation Fees	Opening Balance Sheet/Asset Valuation Fees	—	—	—	#DIV/0!	56	—	56	#DIV/0!	56	55	1	1.0%
HR Specialist	Joel Tokarz consulting fees	8	18	(11)	-58.3%	8	96	(89)	-92.2%	283	309	(26)	-8.3%
Employee Recruitment	Recruiting Fees for CFO, VP of Sales, IT Manager, IT Analyst, Gov't BDM	10	—	10	#DIV/0!	211	164	47	28.4%	268	259	8	3.2%
OGX	Consulting Fees	23	23	(1)	-2.2%	68	69	(1)	-1.4%	91	92	(1)	-1.4%
Other	Navex	—	—	—	#DIV/0!	4	25	(22)	-86.0%	10	72	(62)	-86.5%
Marketing/Rebranding	Deal related external communications, rebranding (signage, business cards, etc)	—	20	(20)	-100.0%	35	56	(21)	-37.5%	35	63	(28)	-44.5%
Payroll Implementation	Internaltion GEO, Domestic PEO set up fees	—	—	—	#DIV/0!	—	16	(16)	-100.0%	7	27	(20)	-73.1%
Market Parity	Products to catch up to competitors' offerings	—	82	(82)	0.0%	—	157	(157)	0.0%	—	157	(157)	0.0%
TSA		227	73	155	212.8%	402	237	166	69.9%	498	324	174	53.9%
TSA - IT	Data center infrastructure, ERP and all other in use systems and support, Enterprise services and Business Services	194	41	153	369.5%	305	142	163	115.0%	362	196	165	84.3%
TSA - Non-IT	Order to Cash, AP, GL, Treasury Management, Trade Compliance, Transportation, Global Supply Management,	33	31	2	6.2%	98	95	3	3.2%	137	127	9	7.4%
Total 1X Costs		300	279	21	7.6%	858	1,052	(195)	-18.5%	1,362	1,638	(276)	-16.9%



Financial Summary | Cash Flow Statement

\$'000	YTD		Variance		PY YTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
Cash flow from operations								
Net Income (Loss)	\$ (4,397)	\$ 252	\$ (4,649)	(1847.7%)	\$ 7,100	\$ (11,498)	(161.9%)	
Depreciation, amortization and other	253	730	(476)	(65.3%)	922	(668)	(72.5%)	
<i>Change in operating assets and liabilities:</i>								
Accounts receivable	102	419	(317)	(75.7%)	(1,721)	1,823	(105.9%)	
Inventory	846	1,256	(410)	(32.6%)	(680)	1,526	(224.4%)	
Prepaid expenses and other current assets	(61)	(130)	69	(53.3%)	3	(64)	(2270.3%)	
Accounts payable	517	600	(83)	(13.8%)	134	383	286.9%	
Accrued expenses	963	464	499	107.4%	(105)	1,067	(1020.4%)	
Accrued income taxes	160	(887)	1,047	(118.1%)	(12)	172	(1424.1%)	
Other changes in operating assets and liabilities	(8,693)	263	(8,956)	(3406.4%)	(721)	(7,972)	1105.0%	
Other cash flow from operations	—	—	—	N/A	—	—	N/A	
Total Cash Flow from Operations	\$ (10,310)	\$ 2,966	\$ (13,276)	(447.6%)	\$ 4,919	\$ (15,229)	(309.6%)	
Cash flow from investing								
Additions to property, plant and equipment	\$ 52	\$ (422)	\$ 474	(112.3%)	\$ (887)	\$ 939	(105.8%)	
Total Cash Flow from Investing	\$ 52	\$ (422)	\$ 474	(112.3%)	\$ (887)	\$ 939	(105.8%)	
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	(223)	(223)	0	(0.1%)	—	(223)	N/A	
Other cash flow from financing costs	12,474	225	12,249	5438.8%	(3,976)	16,449	(413.8%)	
Total Cash Flow from Financing	\$ 11,451	\$ (798)	\$ 12,249	(1535.5%)	\$ (3,976)	\$ 15,427	(388.0%)	
	\$ —	\$ —	\$ —	N/A	\$ —	\$ —	N/A	
Net change in cash	\$ 1,193	\$ 1,746	\$ (554)	(31.7%)	\$ 56	\$ 1,137	2018.0%	
Beginning cash	—	—	—	N/A	11,601	(11,601)	(100.0%)	
Change in cash	1,193	1,746	(554)	(31.7%)	56	1,137	2018.0%	
Ending cash	\$ 3,600	\$ 6,175	\$ (2,575)	(41.7%)	\$ 11,658	\$ (8,058)	(69.1%)	

YTD Cash Flow calculated from May 30th 2019.



SARGENT AND GREENLEAF

Financial Summary | 13-Week Cash Flow Projection

In US\$	Forecast 10/7	Forecast 10/14	Forecast 10/21	Forecast 10/28	Forecast 11/4	Forecast 11/11	Forecast 11/18	Forecast 11/25	Forecast 12/2	Forecast 12/9	Forecast 12/16	Forecast 12/23	Forecast 12/30	Forecast 1/6
Cash Inflows - Operational														
Collections from customers (Actual)														
Collections from customers based on projected aging (Foreca	750	835	1,121	1,380	682	1,171	494	440	327	87	91	30	39	50
Collections from new forecasted sales	-	-	-	-	-	175	263	450	588	550	775	800	1,025	600
Total AR Collections	750	835	1,121	1,380	682	1,346	757	890	915	637	866	830	1,064	650
Other non-AR inflows														
Total Cash Inflows - Operational	750	835	1,121	1,380	682	1,346	757	890	915	637	866	830	1,064	650
Cash Outflows - Operational														
Product inventory (SAP AP)	(478)	(258)	(309)	(434)	(222)	(475)	(547)	(340)	(297)	(327)	(347)	(393)	(415)	(384)
Payroll	(213)	(290)	(70)	(245)	(213)	(245)	(115)	(245)	(213)	(245)	(125)	(245)	(70)	(388)
Commissions														
Bonus														
Facilities & other (Freight)	(10)	(116)	(10)	(10)	(10)	(195)	(10)	(10)	(10)	(195)	(10)	(10)	(10)	(55)
Professional services	-	-	(62)	-	-	-	(62)	-	-	-	(62)	-	-	-
Marketing		(18)												
Recruiter fees														
Other expenses (Insurance, TSA, CC)	-	(224)	-	(144)	-	(157)	-	(144)	-	(157)	-	-	(144)	-
Total Cash Outflows - Operational	(701)	(907)	(451)	(833)	(445)	(1,071)	(734)	(739)	(520)	(924)	(544)	(648)	(639)	(827)
Cashflows - Financial and Other														
Revolving Loan Draw (Paydown)														
Term Loan paydowns													(223)	
Interest and financial amortization													(885)	
Other financial income/expense (e.g. fx, hedging)														
Non-financial income/expense														
Estimated Tax Payments										(600)				
Monitoring fees (including travel expenses)														(250)
Non-recurring items														
Total Cash Outflows - Financial and Other	-	-	-	-	-	-	-	-	-	(600)	-	-	(1,108)	(250)
TOTAL CASH FLOW	49	(72)	670	547	236	275	23	150	395	(886)	323	183	(683)	(427)
Cash Rollforward														
Beginning cash balance	2,777	2,826	2,754	3,424	3,971	4,207	4,482	4,505	4,655	5,050	4,164	4,486	4,669	3,985
Cash activity	49	(72)	670	547	236	275	23	150	395	(886)	323	183	(683)	(427)
ENDING CASH BALANCE	2,826	2,754	3,424	3,971	4,207	4,482	4,505	4,655	5,050	4,164	4,486	4,669	3,985	3,559
Debt Summary														
Rolled debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit facility	44,363	44,363	44,363	44,363	44,363	44,363	44,363	44,363	44,363	44,363	44,363	44,363	44,140	44,140
TOTAL DEBT	44,363	44,363	44,363	44,363	44,363	44,363	44,363	44,363	44,363	44,363	44,363	44,363	44,140	44,140
TOTAL NET DEBT	41,537	41,609	40,939	40,392	40,156	39,881	39,858	39,708	39,313	40,199	39,877	39,694	40,155	40,581
AVAILABILITY	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500

Financial Summary | Covenant Analysis

	Fixed Charge Ratio			
000's	Sep	Oct	Nov	Dec
TTM Fixed Charges:				
TTM Net Cash Interest	3,608	3,428	3,489	3,539
Plus:				
TTM Mandatory Principal Debt Payments	892	892	892	892
Fixed Charges	4,500	4,320	4,381	4,430
TTM EBITDA for defined Period	10,458	10,757	11,023	11,169
Less:				
TTM Unfinanced Capital Expenditures	846	1,006	1,107	1,048
TTM OGC Monitoring Fees	1,000	1,000	1,000	1,000
TTM Cash Taxes Paid	3,185	3,185	3,185	3,185
TTM Operating Cash Flow	5,426	5,566	5,730	5,936
Fixed Charge Coverage Ratio	1.21	1.29	1.31	1.34
Minimum Ratio	1.10	1.10	1.10	1.10
In Compliance	YES	YES	YES	YES
TTM Minimum Operating Cash Flow	4,950	4,752	4,819	4,873
TTM Operating Cash Flow Cushion	477	814	911	1,062

Amounts for October 2018 through April 2019 defined per credit agreement



Financial Summary | Covenant Analysis

Total Debt to EBITDA Ratio

000's	Sep	Oct	Nov	Dec
Total Debt:				
Revolver Balance	-	-	-	-
Plus: Term Loan Balance	44,363	44,363	44,363	44,140
Plus: Other Debt	-	-	-	-
Less: Qualified Cash	3,600	5,894	7,439	6,640
Total Debt	40,763	38,469	36,924	37,500
EBITDA for the Defined Period (calculated in the manner required by Section 6.1 of the Compliance Certificate)	10,458	10,757	11,023	11,169
TTM Adjusted EBITDA	10,458	10,757	11,023	11,169
Total Debt to EBITDA Ratio (ratio of Total Debt to Adjusted EBITDA for the Defined Period)	4.24	4.12	4.02	3.95
Maximum Permitted Total Debt to EBITDA Ratio for the Defined Period	6.00	6.00	6.00	6.00
In Compliance	YES	YES	YES	YES
Minimum TTM EBITDA required	6,794	6,412	6,154	6,250
TTM EBITDA Cushion	3,664	4,346	4,869	4,919

Amounts for October 2018 through April 2019 defined per credit agreement

Q3 2019 Quarterly Operating Review Meeting Agenda

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



Full Year Financial Outlook | Summary P&L

\$'000	FY		Variance		PY	Variance	
	Fcst	Bud	\$	%	Act	\$	%
Net Revenue	44,804	48,072	(3,268)	(6.8%)	43,867	937	2.1%
Material	15,958	15,717	241	1.5%	15,626	332	2.1%
Labor	6,768	7,214	(446)	(6.2%)	6,473	295	4.6%
Other COGS	2,928	2,955	(26)	(0.9%)	1,968	960	48.8%
Total COGS	25,655	25,886	(231)	(0.9%)	24,067	1,588	6.6%
Gross Margin	19,150	22,186	(3,037)	(13.7%)	19,800	(651)	(3.3%)
<i>Gross Margin %</i>	<i>42.7%</i>	<i>46.2%</i>			<i>45.1%</i>		
R&D	1,926	2,511	(585)	(23.3%)	1,763	162	9.2%
Sales & Marketing	4,396	4,930	(534)	(10.8%)	3,727	670	18.0%
Administrative	8,544	5,407	3,137	58.0%	4,254	4,290	100.9%
Other Opex	—	—	—	N/A	—	—	N/A
Total Opex	14,866	12,848	2,018	15.7%	9,744	5,122	52.6%
EBITDA	4,283	9,338	(5,055)	(54.1%)	10,056	(5,773)	(57.4%)
<i>EBITDA %</i>	<i>9.6%</i>	<i>19.4%</i>			<i>22.9%</i>		
Adj. EBITDA	11,168	12,190	(1,022)	(8.4%)	10,056	1,111	11.1%
<i>Adj. EBITDA %</i>	<i>24.9%</i>	<i>25.4%</i>			<i>22.9%</i>		
Net Income (Loss)	\$ (1,068)	\$ 3,154	\$ (4,222)	(133.9%)	\$ 8,802	\$ (9,870)	(112.1%)
Capex	\$ 820	\$ 1,366	\$ (546)	(40.0%)	\$ 1,412	\$ (592)	(41.9%)
Unincurred Standalone Costs	696	299					
PF Adj EBITDA	10,472	11,891					
<i>PF Adj. EBITDA %</i>	<i>23.4%</i>	<i>24.7%</i>					



Full Year Financial Outlook | Opex Summary

\$'000

\$'000	FY		Variance		PY	Variance						
	Fcst	Bud	\$	%	Act	\$	%					
Opex Overview:												
Payroll	\$	3,558	\$	3,591	\$	(33)	(0.9%)	\$	3,716	\$	(158)	(4.2%)
Overtime		3		9		(7)	(71.0%)		5		(2)	(47.0%)
Benefits		704		588		116	19.8%		967		(264)	(27.2%)
Bonus		277		445		(168)	(37.7%)		193		84	43.7%
Commissions		422		761		(339)	(44.5%)		222		200	90.3%
Marketing		395		311		84	27.1%		546		(151)	(27.7%)
Travel and Entertainment		465		495		(30)	(6.1%)		434		31	7.1%
Insurance		9		33		(24)	(72.1%)		36		(27)	(74.5%)
Professional Fees		6,979		4,421		2,559	57.9%		1,996		4,984	249.7%
Utl., Repair, Maint., & Sec.		25		52		(27)	(51.7%)		73		(48)	(65.9%)
IT		1,050		1,003		47	4.7%		538		513	95.4%
Bad Debts		68		0		68	N/A		55		13	23.4%
Supplies		68		128		(60)	(46.6%)		67		1	2.0%
Other Expenses		520		703		(182)	(26.0%)		897		(376)	(42.0%)
Total Opex	\$	14,866	\$	12,847	\$	2,018	15.7%	\$	9,744	\$	5,122	52.6%



Full Year Financial Outlook | Balance Sheet

	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	FY	FY	Var	
\$'000	Act	Act	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Bud	\$	%
Current Assets												
Cash and cash equivalents	\$ 2,407	\$ 2,878	\$ 3,579	\$ 5,017	\$ 3,600	\$ 5,894	\$ 7,439	\$ 6,640	\$ 6,640	\$ 6,640	\$ -	0.0%
Accounts receivable, gross	7,203	8,117	8,149	7,047	7,131	7,512	6,940	6,424	6,424	6,424	-	0.0%
Accounts receivable, reserves	(156)	(177)	(195)	(195)	(186)	(135)	(125)	(116)	(116)	(116)	-	0.0%
Accounts receivable, net	7,047	7,940	7,955	6,852	6,945	7,376	6,816	6,309	6,309	6,309	-	0.0%
Inventory, gross	8,254	7,911	7,875	7,226	7,404	6,505	6,374	5,948	5,948	5,948	-	0.0%
Inventory, reserves	(466)	(458)	(548)	(467)	(462)	(455)	(446)	(416)	(416)	(416)	-	0.0%
Inventory, net	7,788	7,453	7,327	6,760	6,942	6,049	5,928	5,532	5,532	5,532	-	0.0%
Prepaid expenses and other current assets	81	46	273	196	142	173	157	141	141	141	-	0.0%
Total Current Assets	17,324	18,317	19,135	18,825	17,629	19,493	20,340	18,621	18,621	18,621	-	0.0%
Non-Current Assets												
Property, plant & equipment, gross	11,544	11,570	11,569	11,569	11,492	12,273	12,496	12,559	12,559	12,559	-	0.0%
Accumulated depreciation	(92)	(193)	(290)	(389)	(405)	(573)	(667)	(758)	(758)	(758)	-	0.0%
Property, plant & equipment, net	11,452	11,377	11,278	11,180	11,087	11,700	11,829	11,801	11,801	11,801	-	0.0%
Goodwill	44,975	44,972	44,974	44,223	45,034	43,723	43,473	43,223	43,223	43,223	-	0.0%
Identifiable intangible assets, gross	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100	-	0.0%
Accumulated amortization	-	(1)	-	-	-	-	-	-	-	-	-	N/A
Identifiable intangible assets, net	15,100	15,099	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100	-	0.0%
Deferred financing cost	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	-	0.0%
Other non-current assets	(8,873)	294	131	131	131	131	131	131	131	131	-	0.0%
Total Non-Current Assets	64,299	73,389	73,129	72,280	72,999	72,301	72,180	71,901	71,901	71,901	-	0.0%
Total Assets	\$81,623	\$91,706	\$92,263	\$91,106	\$90,628	\$91,793	\$92,520	\$90,522	\$90,522	\$90,522	\$ -	0.0%
Current Liabilities												
Current portion of long-term debt	\$ 892	\$ 892	\$ 892	\$ 892	\$ 1,003	\$ 1,003	\$ 1,003	\$ 1,115	\$ 1,115	\$ 1,115	\$ -	0.0%
Accounts payable	2,966	3,682	3,374	3,531	3,483	3,921	4,191	4,041	4,041	4,041	-	0.0%
Accrued liabilities	601	891	1,370	1,804	1,564	1,535	1,816	1,226	1,226	1,226	-	0.0%
Accrued compensation	149	179	287	302	321	277	311	347	347	347	-	0.0%
Income taxes payable	(0)	266	266	266	160	(130)	(2)	(792)	(792)	(792)	-	0.0%
Short-term unearned revenue	43	70	315	56	141	56	56	56	56	56	-	0.0%
Total Current Liabilities	5,450	5,981	6,505	6,851	6,671	6,662	7,377	5,993	5,993	5,993	-	0.0%
Long-term liabilities												
Long-term debt less current maturities	43,694	43,694	43,694	43,694	43,360	43,360	43,360	43,025	43,025	43,025	-	0.0%
Deferred income taxes	2,989	2,989	2,989	2,989	2,989	2,989	2,989	2,989	2,989	2,989	-	0.0%
Other non-current liabilities	46	87	87	87	87	87	87	87	87	87	-	0.0%
Total Long-Term Liabilities	46,729	46,770	46,770	46,770	46,436	46,436	46,436	46,102	46,102	46,102	-	0.0%
Total Liabilities	52,179	52,751	53,275	53,621	53,108	53,098	53,813	52,094	52,094	52,094	-	0.0%
Shareholders' Equity												
Common stock	40,228	40,228	40,228	40,228	40,228	40,228	40,228	40,228	40,228	40,228	-	0.0%
Retained earnings	(16,975)	(2,644)	(2,593)	(4,098)	(4,054)	(2,887)	(2,876)	(3,155)	(3,155)	(3,155)	-	0.0%
Accumulated other comprehensive income	1,336	1,370	1,352	1,354	1,346	1,354	1,354	1,354	1,354	1,354	-	0.0%
Other equity transactions	4,855	1	1	1	1	1	1	1	1	1	-	0.0%
Total Shareholders' Equity	29,444	38,955	38,988	37,484	37,521	38,695	38,707	38,428	38,428	38,428	-	0.0%
Total Liabilities and Shareholders' Equity	\$81,623	\$91,706	\$92,262	\$91,106	\$90,628	\$91,793	\$92,520	\$90,522	\$90,522	\$90,522	\$ -	0.0%



Full Year Financial Outlook | Cash Flow Summary

\$'000	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	FY	FY	Var	
	Act	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Bud	\$	%
Cash flow from operations											
Net Income (Loss)	\$ 463	\$ 41	\$ (4,947)	\$ 45	\$ 76	\$ 12	\$ (279)	\$ (4,589)	\$ 60	\$ (4,649)	(7761.3%)
Depreciation, amortization and other	104	96	849	(795)	344	343	341	1,282	1,758	(476)	(27.1%)
<i>Change in operating assets and liabilities:</i>									\$ -		
Accounts receivable	(893)	(15)	1,102	(93)	(380)	561	507	790	1,107	(317)	(28.6%)
Inventory	335	126	567	(182)	(163)	121	396	1,201	1,611	(410)	(25.5%)
Prepaid expenses and other current assets	35	(227)	77	54	16	16	16	(12)	(81)	69	(85.4%)
Accounts payable	717	(308)	157	(48)	(371)	271	(150)	267	350	(83)	(23.7%)
Accrued expenses	290	479	433	(240)	317	281	(590)	970	472	499	105.6%
Accrued income taxes	266	0	(0)	(106)	259	128	(791)	(243)	(1,291)	1,047	(81.1%)
Other changes in operating assets and liabilities	(9,069)	515	(243)	103	(97)	34	36	(8,720)	236	(8,956)	(3796.9%)
Other cash flow from operations	-	-	-	-	-	-	-	-	-	-	N/A
Total Cash Flow from Operations	\$ (7,751)	\$ 708	\$ (2,004)	\$ (1,262)	\$ 1	\$ 1,768	\$ (514)	\$ (9,054)	\$ 4,222	\$ (13,276)	(314.5%)
Cash flow from investing											
Additions to property, plant and equipment	\$ (26)	\$ 1	\$ (0)	\$ 77	\$ (283)	\$ (223)	\$ (63)	\$ (516)	\$ (990)	\$ 474	(47.9%)
Total Cash Flow from Investing	\$ (26)	\$ 1	\$ (0)	\$ 77	\$ (283)	\$ (223)	\$ (63)	\$ (516)	\$ (990)	\$ 474	(47.9%)
Cash flow from financing											
Proceeds from the issuance (repayment) of short-term debt	\$ (800)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (800)	\$ (800)	\$ -	0.0%
Proceeds from the issuance of debt	-	-	-	-	-	-	-	-	-	-	N/A
Repayment of debt	-	-	-	(223)	-	-	(223)	(446)	(446)	0	(0.1%)
Other cash flow from financing costs	9,048	(9)	3,443	(9)	0	0	-	12,474	225	12,249	5438.8%
Total Cash Flow from Financing	\$ 8,248	\$ (9)	\$ 3,443	\$ (232)	\$ 0	\$ 0	\$ (223)	\$ 11,228	\$ (1,021)	\$ 12,249	(1200.1%)
Effect of FX rates on cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Net change in cash	\$ 471	\$ 701	\$ 1,439	\$ (1,417)	\$ (281)	\$ 1,546	\$ (800)	\$ 1,658	\$ 2,211	\$ (554)	(25.0%)
Beginning cash	2,407	2,878	3,579	5,017	6,175	5,894	7,439	2,407	4,429	(2,021)	(45.6%)
Change in cash	471	701	1,439	(1,417)	(281)	1,546	(800)	1,658	2,211	(554)	(25.0%)
Ending cash	\$ 2,878	\$ 3,579	\$ 5,017	\$ 3,600	\$ 5,894	\$ 7,439	\$ 6,640	\$ 6,640	\$ 6,640	\$ 0	0.0%

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

Q3 2019 Quarterly Operating Review Meeting Agenda

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

Governance Reporting | Management Report

Disclosure Committee:

- Members include: CEO, CFO, VP Sales, VP Operations, VP and General Counsel
- Second Audit Committee held on Wednesday October 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

Q3 2019 Quarterly Operating Review Meeting Agenda

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



SARGENT AND GREENLEAF

Appendix | Squeeze Report

	Net Revenue					Adj. EBITDA					Net Debt		
	Act	Bud	Variance	PY	Variance	Act	Bud	Variance	PY	Variance	Act	Rfc	PY
This Month	\$ 3,196	\$ 4,050	-21.1%	\$ 4,037	-20.8%	\$ 771	\$ 932	-17.2%	\$ 989	-22.1%	\$ 40,764	\$ (1,755)	\$ (11,658)
Quarter to Date	\$ 10,513	\$ 12,230	-14.0%	\$ 11,597	-9.4%	\$ 2,635	\$ 3,148	-16.3%	\$ 3,086	-14.6%			
Year to Date	\$ 33,275	\$ 36,543	-8.9%	\$ 34,212	-2.7%	\$ 8,319	\$ 9,342	-10.9%	\$ 8,041	3.5%			
LTM Trends (\$'000s)	10/31/18	11/30/18	12/31/18	1/31/19	2/28/19	3/31/19	4/30/19	5/31/19	6/30/19	7/31/19	8/31/19	9/30/19	LTM
Net Revenue	\$ 3,764	\$ 2,783	\$ 3,109	\$ 3,350	\$ 4,088	\$ 3,904	\$ 3,773	\$ 3,235	\$ 4,413	\$ 4,259	\$ 3,058	\$ 3,196	\$ 42,930
Gross Margin	1,771	1,357	1,285	1,456	1,821	1,838	1,469	1,354	2,129	1,777	567	1,403	18,228
Gross Margin %	47.0%	48.8%	41.3%	43.5%	44.6%	47.1%	38.9%	41.9%	48.2%	41.7%	18.6%	43.9%	42.5%
SG&A	890	809	697	898	810	715	765	720	980	1,077	4,272	932	13,566
Reported EBITDA	880	548	588	559	1,011	1,123	705	634	1,149	700	(3,704)	471	4,662
Rep. EBITDA %	23.4%	19.7%	18.9%	16.7%	24.7%	28.8%	18.7%	19.6%	26.0%	16.4%	(121.1%)	14.7%	10.9%
Adj. EBITDA	880	548	588	559	1,011	1,123	705	634	1,653	1,064	800	771	10,335
Adj. EBITDA %	23.4%	19.7%	18.9%	16.7%	24.7%	28.8%	18.7%	19.6%	37.5%	25.0%	26.2%	24.1%	24.1%
Capex	\$ (1)	\$ (56)	\$ (416)	\$ -	\$ 120	\$ 22	\$ 21	\$ 16	\$ 45	\$ 24	\$ -	\$ -	\$ (224)
Accounts Receivable, Net	\$ 7,332	\$ 6,979	\$ 6,637	\$ 6,542	\$ 7,672	\$ 7,838	\$ 7,201	\$ 7,047	\$ 7,940	\$ 7,955	\$ 6,852	\$ 6,945	\$ 6,945
Inventory, Net	6,420	6,742	6,360	6,919	6,772	6,832	6,979	7,788	7,453	7,327	6,760	6,942	6,942
Accounts Payable	3,722	3,743	3,785	3,933	3,707	3,716	4,031	2,966	3,682	3,374	3,531	3,483	3,483
CCC	\$ 10,029	\$ 9,979	\$ 9,212	\$ 9,528	\$ 10,736	\$ 10,954	\$ 10,149	\$ 11,870	\$ 11,710	\$ 11,907	\$ 10,081	\$ 10,405	\$ 10,405
DSO	70.5	66.0	61.9	84.9	95.7	63.2	56.0	58.8	63.3	60.8	53.2	60.2	60.2
DSI	98.8	114.1	110.3	121.8	104.1	100.8	96.6	102.2	94.3	93.3	88.1	97.2	97.2
DPO	55.8	61.5	63.8	67.7	55.8	54.3	55.4	43.8	33.7	48.7	46.0	8.8	8.8
C2C	113.5	118.6	108.4	139.1	144.0	109.7	97.2	117.2	123.9	105.4	95.3	80.2	148.5
Bank revolver	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 800	\$ -	\$ -	\$ -	\$ -	\$ -
Unclassified external debt / OID	-	-	-	-	-	-	-	-	-	-	-	-	-
OpenGate debt	-	-	-	-	-	-	-	44,586	44,586	44,586	44,586	44,363	44,363
Total Debt Outstanding	-	-	-	-	-	-	-	45,386	44,586	44,586	44,586	44,363	44,363
Cash and equivalents	-	-	-	-	-	-	-	2,407	2,878	3,579	5,017	3,600	3,600
Total Net Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,979	\$ 41,708	\$ 41,007	\$ 39,569	\$ 40,764	\$ 40,764
Beginning Cash Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,407	\$ 2,878	\$ 3,579	\$ 5,017	\$ -
Add / (Less): Operating Cash Flow	-	-	-	-	-	-	-	-	(7,751)	708	(2,004)	(1,262)	(10,310)
Add / (Less): Investing Cash Flow	-	-	-	-	-	-	-	-	(26)	1	(0)	77	52
Add / (Less): Financing Cash Flow	-	-	-	-	-	-	-	-	8,248	(9)	3,443	(232)	11,451
Effect of FX rates / Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Cash Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,878	\$ 3,579	\$ 5,017	\$ 3,600	\$ 3,600



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	Fcst	Fcst	Fcst	Fcst	Bud	\$	%	Act	\$	%
Net Revenue	3,350	4,088	3,904	3,773	3,235	4,413	4,259	3,058	3,196	4,480	3,601	3,448	44,804	48,072	(3,268)	(6.8%)	43,867	937	2.1%
Material	1,083	1,424	1,272	1,488	1,169	1,485	1,516	1,722	1,067	1,425	1,166	1,142	15,958	15,717	241	1.5%	15,626	332	2.1%
Labor	621	550	539	632	543	489	656	533	528	642	523	511	6,768	7,214	(446)	(6.2%)	6,473	295	4.6%
Other COGS	190	292	255	184	168	311	310	236	198	301	245	239	2,928	2,955	(26)	(0.9%)	1,968	960	48.8%
Total COGS	1,894	2,266	2,066	2,303	1,881	2,284	2,482	2,490	1,793	2,368	1,934	1,893	25,655	25,886	(231)	(0.9%)	24,067	1,588	6.6%
Gross Margin	1,456	1,821	1,838	1,469	1,354	2,129	1,777	567	1,403	2,111	1,668	1,555	19,150	22,186	(3,037)	(13.7%)	19,800	(651)	(3.3%)
<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>47.1%</i>	<i>46.3%</i>	<i>45.1%</i>	<i>42.7%</i>	<i>46.2%</i>			<i>45.1%</i>		
R&D	133	112	103	109	109	84	176	116	114	294	276	301	1,926	2,511	(585)	(23.3%)	1,763	162	9.2%
Sales & Marketing	374	336	315	308	305	240	388	402	338	466	474	450	4,396	4,930	(534)	(10.8%)	3,727	670	18.0%
Administrative	390	362	297	348	306	656	513	3,754	480	370	381	686	8,544	5,407	3,137	58.0%	4,254	4,290	100.9%
Other Opex	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Total Opex	898	810	715	765	720	980	1,077	4,272	932	1,129	1,131	1,436	14,866	12,848	2,018	15.7%	9,744	5,122	52.6%
EBITDA	559	1,011	1,123	705	634	1,149	700	(3,704)	471	982	536	119	4,283	9,338	(5,055)	(54.1%)	10,056	(5,773)	(57.4%)
<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>21.9%</i>	<i>14.9%</i>	<i>3.4%</i>	<i>9.6%</i>	<i>19.4%</i>			<i>22.9%</i>		
Adj. EBITDA	559	1,011	1,123	705	634	1,653	1,064	800	771	1,245	870	734	11,168	12,190	(1,022)	(8.4%)	10,056	1,111	11.1%
<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>27.8%</i>	<i>24.1%</i>	<i>21.3%</i>	<i>24.9%</i>	<i>25.4%</i>			<i>22.9%</i>		
Net Income (Loss)	\$ 440	\$ 909	\$ 1,028	\$ 609	\$ 535	\$ 463	\$ 41	\$ (4,947)	\$ 45	\$ 76	\$ 12	\$ (279)	\$ (1,068)	\$ 3,154	\$ (4,222)	(133.9%)	\$ 8,802	\$ (9,870)	(112.1%)
Capex	\$ 120	\$ 22	\$ 21	\$ 16	\$ 45	\$ 24	\$ —	\$ —	\$ 3	\$ 283	\$ 223	\$ 63	\$ 820	\$ 1,366	\$ (546)	(40.0%)	\$ 1,412	\$ (592)	(41.9%)
Unincurred Standalone Costs	17	17	17	17	17	127	86	236	60	34	34	34	696						
PF Adj EBITDA	542	994	1,106	688	617	1,526	978	564	711	1,211	836	700	10,472						
<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>27.0%</i>	<i>23.2%</i>	<i>20.3%</i>	<i>23.4%</i>						



Appendix | Actual Incurred Monthly Standalone Costs

\$'000		Pre-close Proforma Standalone Costs					Post-Close Standalone Costs				Total
	Description	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	2019
IT		81	81	81	81	81	-	11	10	44	472
Manager	Salary and Benefits	12	12	12	12	12	-	9	9	9	86
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	-	87
ERP transition licensing fees	Licensing	-	-	-	-	-	-	-	-	-	-
Data Communications	Licensing	4	4	4	4	4	-	-	-	-	21
Legal		34	34	34	34	34	-	-	-	13	184
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	75
Patent fees	Patent Fees	6	6	6	6	6	-	-	-	-	31
Finance		29	29	29	29	29	14	30	30	30	249
CFO	Salary and Benefits	19	19	19	19	19	5	21	21	21	161
Base compensation (2 FTEs)	Salary and Benefits	10	10	10	10	10	-	-	-	-	52
Audit Fees	2019 Audit Fees	-	-	-	-	-	9	9	9	9	35
Sales		-	-	-	-	-	-	13	22	22	58
VP of Sales	Salary and Benefits	-	-	-	-	-	-	13	22	22	58
Customer Relationship Manager	Salary and Benefits	-	-	-	-	-	-	-	-	-	-
HR		6	6	6	6	6	2	2	2	1	35
Specialist	Salary and Benefits	6	6	6	6	6	-	-	-	-	29
Business Travel and Accident	Business Travel and Accident	-	-	-	-	-	0	0	0	-	1
Global Emergency Travel Services	Global Emergency Travel Services	-	-	-	-	-	1	1	1	1	6
Trade Compliance		8	8	8	8	8	1	1	1	1	47
Export Compliance Daily/ICPA annual fee	Export Compliance Daily/ICPA annual fee	6	6	6	6	6	0	0	0	0	32
Trade Flow software license	Trade Flow software license	2	2	2	2	2	1	1	1	1	15
Bonuses	Incremental management bonuses	-	-	-	-	-	-	10	15	15	41
Risk	Incremental cost of business insurances	24	24	24	24	24	16	16	16	16	183
Freight	Adjust freight to actual charges versus allocation	77	77	77	77	77	-	61	47	42	534
401(k) compensation	Estimated incremental 401(k) expense	3	3	3	3	3	10	10	10	10	53
Total Standalone Costs		262	262	262	262	262	43	154	153	195	1,857



Appendix | Actual Unincurred Monthly Standalone Costs

\$'000		Pre-close Proforma Standalone Costs					Post-Close Standalone Costs				Total
	Description	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	2019
IT		-	-	-	-	-	17	28	183	19	247
Manager	Salary and Benefits	-	-	-	-	-	-	-	-	-	-
Analyst	Salary and Benefits	-	-	-	-	-	6	6	6	6	25
Direct Technology Charges	Office 365, AvePoint, WebRoot, Duo MFA, voice services, Creo, Windchill	-	-	-	-	-	10	16	164	-	191
Business Services	Offset to TSA	-	-	-	-	-	-	0	8	8	16
Sales Force	Licensing	-	-	-	-	-	-	-	-	-	-
Accounting / HR systems	Concur Set-up and monthly fee	-	-	-	-	-	-	-	-	-	-
ERP transition licensing fees	Licensing	-	-	-	-	-	-	5	5	5	15
Data Communications	Licensing	-	-	-	-	-	-	-	-	-	-
Legal		-	-	-	-	-	19	19	19	6	63
Headcount costs (1 FTE)	Salary and Benefits	-	-	-	-	-	-	-	-	-	-
External legal fees and other expenses	Legal Fees	-	-	-	-	-	13	13	13	-	38
Patent fees	Patent Fees	-	-	-	-	-	6	6	6	6	25
Finance		-	-	-	-	-	11	11	11	11	42
CFO	Salary and Benefits	-	-	-	-	-	-	-	-	-	-
Base compensation (2 FTEs)	Salary and Benefits	-	-	-	-	-	11	11	11	11	42
Audit Fees	2019 Audit Fees	-	-	-	-	-	-	-	-	-	-
Sales		17	17	17	17	17	17	17	17	17	156
VP of Sales	Salary and Benefits	-	-	-	-	-	-	-	-	-	-
Customer Relationship Manager	Salary and Benefits	17	17	17	17	17	17	17	17	17	156
HR		-	-	-	-	-	6	6	6	6	25
Specialist	Salary and Benefits	-	-	-	-	-	6	6	6	6	24
Business Travel and Accident	Business Travel and Accident	-	-	-	-	-	0	0	0	0	1
Global Emergency Travel Services	Global Emergency Travel Services	-	-	-	-	-	-	-	-	-	-
Trade Compliance		-	-	-	-	-	-	-	-	-	-
Export Compliance Daily/ICPA annual fee	Export Compliance Daily/ICPA annual fee	-	-	-	-	-	-	-	-	-	-
Trade Flow software license	Trade Flow software license	-	-	-	-	-	-	-	-	-	-
Bonuses		-	-	-	-	-	15	5	-	-	21
Risk		-	-	-	-	-	-	-	-	-	-
Freight		-	-	-	-	-	42	-	-	-	42
401(k) compensation		-	-	-	-	-	-	-	-	-	-
Total Standalone Costs		17	17	17	17	17	127	86	236	60	595



Appendix | Actual PF Monthly Standalone Costs

\$'000		Pre-close Proforma Standalone Costs					Post-Close Standalone Costs				Total
	Description	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	2019
IT		81	81	81	81	81	17	39	193	64	719
Manager	Salary and Benefits	12	12	12	12	12	-	9	9	9	86
Analyst	Salary and Benefits	25	25	25	25	25	6	6	6	6	148
Direct Technology Charges	Office 365, AvePoint, WebRoot, Duo MFA, voice services, Creo, Windchill	14	14	14	14	14	10	16	164	35	294
Business Services	Offset to TSA	10	10	10	10	10	-	0	8	8	68
Sales Force	Licensing	-	-	-	-	-	-	-	-	-	-
Accounting / HR systems	Concur Set-up and monthly fee	17	17	17	17	17	-	3	1	-	87
ERP transition licensing fees	Licensing	-	-	-	-	-	-	5	5	5	15
Data Communications	Licensing	4	4	4	4	4	-	-	-	-	21
Legal		34	34	34	34	34	19	19	19	19	247
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	113
Patent fees	Patent Fees	6	6	6	6	6	6	6	6	6	56
Finance		29	29	29	29	29	24	40	40	40	291
CFO	Salary and Benefits	19	19	19	19	19	5	21	21	21	161
Base compensation (2 FTEs)	Salary and Benefits	10	10	10	10	10	11	11	11	11	94
Audit Fees	2019 Audit Fees	-	-	-	-	-	9	9	9	9	35
Sales		-	-	-	-	-	-	13	22	22	58
VP of Sales	Salary and Benefits	-	-	-	-	-	-	13	22	22	58
Customer Relationship Manager	Salary and Benefits	-	-	-	-	-	-	-	-	-	-
HR		6	6	6	6	6	8	8	8	8	60
Specialist	Salary and Benefits	6	6	6	6	6	6	6	6	6	53
Business Travel and Accident	Business Travel and Accident	-	-	-	-	-	1	1	1	0	2
Global Emergency Travel Services	Global Emergency Travel Services	-	-	-	-	-	1	1	1	1	6
Trade Compliance		8	8	8	8	8	1	1	1	1	47
Export Compliance Daily/ICPA annual fee	Export Compliance Daily/ICPA annual fee	6	6	6	6	6	0	0	0	0	32
Trade Flow software license	Trade Flow software license	2	2	2	2	2	1	1	1	1	15
Bonuses	Incremental management bonuses	-	-	-	-	-	15	15	15	15	62
Risk	Incremental cost of business insurances	24	24	24	24	24	16	16	16	16	183
Freight	Adjust freight to actual charges versus allocation	77	77	77	77	77	42	61	47	42	576
401(k) compensation	Estimated incremental 401(k) expense	3	3	3	3	3	10	10	10	10	53
Total Standalone Costs		280	280	280	280	280	170	240	389	254	2,296



Appendix | Budget Incurred Monthly Standalone Costs

\$'000		Pre-close Proforma Standalone Costs					Post-Close Standalone Costs							Total
	Description	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	2019
IT		81	81	81	81	81	24	39	207	39	39	42	42	837
Manager	Salary and Benefits	12	12	12	12	12	9	9	9	9	9	9	9	124
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	297
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	303
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	150
Patent fees	Patent Fees	6	6	6	6	6	6	6	6	6	6	6	6	75
Finance		29	29	29	29	29	28	30	30	30	28	28	28	347
CFO	Salary and Benefits	19	19	19	19	19	19	21	21	21	19	19	19	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	17	17	17	105
VP of Sales	Salary and Benefits	-	-	-	-	-	-	11	22	22	17	17	17	105
Customer Relationship Manager	Salary and Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-
HR		6	6	6	6	6	2	2	2	2	8	8	8	59
Specialist	Salary and Benefits	6	6	6	6	6	0	0	0	0	6	6	6	47
Business Travel and Accident	Business Travel and Accident	-	-	-	-	-	0	0	0	0	0	0	0	2
Global Emergency Travel Services	Global Emergency Travel Services	-	-	-	-	-	1	1	1	1	1	1	1	10
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	-	-	-	-	-	15	15	15	15	15	15	15	108
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	42	42	42	42	42	42	42	676
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	185	364	196	194	197	197	2,802



Appendix | Budget Unincurred Monthly Standalone Costs

\$'000		Pre-close Proforma Standalone Costs					Post-Close Standalone Costs							Total
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		-	-	-	-	-	(8)	(1)	-	12	-	-	-	4
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)
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	20	17	17	17	17	17	209
VP of Sales	Salary and Benefits	-	-	-	-	-	-	2	-	-	-	-	-	2
Customer Relationship Manager	Salary and Benefits	17	17	17	17	17	17	17	17	17	17	17	17	207
HR		-	-	-	-	-	6	6	6	6	6	6	6	42
Specialist	Salary and Benefits	-	-	-	-	-	6	6	6	6	6	6	6	42
Business Travel and Accident	Business Travel and Accident	-	-	-	-	-	-	-	-	-	-	-	-	-
Global Emergency Travel Services	Global Emergency Travel Services	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade Compliance		-	-	-	-	-	-	-	-	-	-	-	-	-
Export Compliance Daily/ICPA annual fee	Export Compliance Daily/ICPA annual fee	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade Flow software license	Trade Flow software license	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonuses	Incremental management bonuses	-	-	-	-	-	-	-	-	-	-	-	-	-
Risk	Incremental cost of business insurances	-	-	-	-	-	-	-	-	-	-	-	-	-
Freight	Adjust freight to actual charges versus allocation	-	-	-	-	-	(42)	19	5	-	-	-	-	(17)
401(k) compensation	Estimated incremental 401(k) expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Standalone Costs		17	17	17	17	17	(30)	55	39	46	34	34	34	299



Appendix | Budget PF Monthly Standalone Costs

\$'000	Description	Pre-close Proforma Standalone Costs					Post-Close Standalone Costs							Total
		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	16	38	207	51	39	42	42	841
Manager	Salary and Benefits	12	12	12	12	12	-	9	9	9	9	9	9	114
Analyst	Salary and Benefits	25	25	25	25	25	6	6	6	6	6	6	6	166
Direct Technology Charges	Office 365, AvePoint, WebRoot, Duo MFA, voice services, Creo, Windchill	14	14	14	14	14	10	16	177	23	7	7	7	313
Business Services	Offset to TSA	10	10	10	10	10	-	0	8	8	8	11	11	98
Sales Force	Licensing	-	-	-	-	-	-	-	-	-	2	2	2	6
Accounting / HR systems	Concur Set-up and monthly fee	17	17	17	17	17	-	2	2	(0)	2	2	2	92
ERP tranisition 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	303
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	150
Patent fees	Patent Fees	6	6	6	6	6	6	6	6	6	6	6	6	75
Finance		29	29	29	29	29	25	40	40	40	39	39	39	408
CFO	Salary and Benefits	19	19	19	19	19	5	21	21	21	19	19	19	220
Base compensation (2 FTEs)	Salary and Benefits	10	10	10	10	10	11	11	11	11	11	11	11	127
Audit Fees	2019 Audit Fees	-	-	-	-	-	9	9	9	9	9	9	9	62
Sales		-	-	-	-	-	-	13	22	22	17	17	17	108
VP of Sales	Salary and Benefits	-	-	-	-	-	-	13	22	22	17	17	17	108
Customer Relationship Manager	Salary and Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-
HR		6	6	6	6	6	8	8	8	8	14	14	14	101
Specialist	Salary and Benefits	6	6	6	6	6	6	6	6	6	12	12	12	89
Business Travel and Accident	Business Travel and Accident	-	-	-	-	-	0	0	0	0	0	0	0	2
Global Emergency Travel Services	Global Emergency Travel Services	-	-	-	-	-	1	1	1	1	1	1	1	10
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	-	-	-	-	-	15	15	15	15	15	15	15	108
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	659
401(k) compensation	Estimated incremental 401(k) expense	3	3	3	3	3	10	10	10	10	10	10	10	83
Total Standalone Costs		280	280	280	280	280	128	239	403	242	211	214	214	2,894



Appendix | 1X Costs

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

Appendix | AR and AP Aging Detail

\$ 000's

AR Aging			
Days	Jul-19	Aug-19	Sep-19
0-30	6,864	5,954	6,255
30-60	267	413	466
60-90	598	239	246
>90	420	441	165
Total Gross AR	8,149	7,047	7,131
Reserves	(195)	(195)	(186)
Total Net AR	7,955	6,852	6,945

AP Aging			
Days	Jul-19	Aug-19	Sep-19
0-30	2,438	2,573	2,123
30-60	736	758	1,056
60-90	225	289	218
>90	(25)	(89)	85
Total AP	3,374	3,531	3,482

Management Discussion

- >90 Days AR reduced by payments received
 - NCR \$180k
 - Payment alliance International \$77k
 - Inspur Financial \$81k



SARGENT AND GREENLEAF

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	Fcst	Fcst	Fcst	Fcst	Bud	\$	%	Act	\$	%
Material																			
Material costs at standard	\$ 1,075	\$ 1,395	\$ 1,318	\$ 1,462	\$ 1,122	\$ 1,508	\$ 1,535	\$ 1,701	\$ 1,102	\$ 1,414	\$ 1,160	\$ 1,131	\$ 15,925	\$ 15,623	\$ 302	1.9%	\$ 14,987	\$ 937	6.3%
Materials FX loss / (gain)	–	(0)	0	–	–	–	–	(0)	0	–	–	–	(0)	(0)	(0)	35.8%	(2)	2	(91.7%)
Purchase price variance	14	(32)	(48)	14	(44)	(45)	(65)	(36)	(64)	6	5	5	(288)	37	(325)	(888.7%)	68	(356)	(526.3%)
Freight in	57	82	58	38	84	30	41	25	35	25	18	23	516	475	41	8.6%	681	(165)	(24.2%)
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)	(29)	(23)	(23)	(75)	(254)	179	(70.6%)	(200)	125	(62.7%)
Consumables	(18)	20	49	12	11	2	(5)	26	(5)	8	6	6	113	69	44	63.4%	92	20	22.0%
Total Material COGS	\$ 1,083	\$ 1,424	\$ 1,272	\$ 1,488	\$ 1,169	\$ 1,485	\$ 1,516	\$ 1,722	\$ 1,067	\$ 1,425	\$ 1,166	\$ 1,142	\$ 15,958	\$ 15,717	\$ 241	1.5%	\$ 15,626	\$ 332	2.1%
Labor																			
Direct labor	\$ 277	\$ 238	\$ 235	\$ 293	\$ 244	\$ 217	\$ 290	\$ 246	\$ 235	\$ 297	\$ 207	\$ 194	\$ 2,973	\$ 3,307	\$ (335)	(10.1%)	\$ 2,736	\$ 236	8.6%
Direct labor - overtime	15	19	17	16	8	14	19	16	27	13	15	16	195	143	52	36.6%	194	1	0.7%
Direct labor - benefits	102	83	81	98	81	80	92	72	66	125	101	101	1,081	1,314	(233)	(17.7%)	971	110	11.3%
Indirect labor	168	161	158	167	164	149	182	135	145	158	153	153	1,893	1,861	32	1.7%	1,971	(78)	(4.0%)
Indirect labor – benefits	60	48	48	57	47	29	73	64	57	50	47	47	626	589	37	6.3%	600	26	4.3%
Total Labor COGS	\$ 621	\$ 550	\$ 539	\$ 632	\$ 543	\$ 489	\$ 656	\$ 533	\$ 528	\$ 642	\$ 523	\$ 511	\$ 6,768	\$ 7,214	\$ (446)	(6.2%)	\$ 6,473	\$ 295	4.6%
Other																			
Repairs and maintenance	\$ 13	\$ 6	\$ 35	\$ 24	\$ 10	\$ 14	\$ 21	\$ 12	\$ 14	\$ 21	\$ 17	\$ 17	\$ 205	\$ 199	\$ 6	2.9%	\$ 220	\$ (15)	(6.7%)
Rent / facilities	206	215	193	167	157	178	199	175	155	187	169	167	2,167	2,140	27	1.3%	979	1,188	121.3%
Utilities	22	25	21	22	21	21	24	25	28	29	23	23	284	293	(9)	(3.0%)	300	(15)	(5.1%)
Other cost of sales	(50)	46	5	(29)	(21)	98	65	23	0	65	36	33	271	322	(51)	(15.8%)	469	(198)	(42.2%)
Total Other COGS	\$ 190	\$ 292	\$ 255	\$ 184	\$ 168	\$ 311	\$ 310	\$ 236	\$ 198	\$ 301	\$ 245	\$ 239	\$ 2,928	\$ 2,955	\$ (26)	(0.9%)	\$ 1,968	\$ 960	48.8%
Total COGS	\$ 1,894	\$ 2,266	\$ 2,066	\$ 2,303	\$ 1,881	\$ 2,284	\$ 2,482	\$ 2,490	\$ 1,793	\$ 2,368	\$ 1,934	\$ 1,893	\$ 25,655	\$ 25,886	\$ (231)	(5.5%)	\$ 24,067	\$ 1,588	55.5%



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 (F)	71	–	18	7	10	21	11	–	138	10	148	148	–
2019 November (F)	71	–	18	7	10	21	11	–	138	10	148	148	–
2019 December (F)	71	–	18	7	10	21	11	–	138	10	148	148	–
Final Headcount	71	–	18	7	10	21	11	–	138	10	148	148	–

Appendix | North America YTD YOY End Market Analysis

ATM				
Account	Type	2019	2018	Variance
DIEBOLD	OEM	134.6	660.7	(526.1)
HITACHI CAPITAL CANADA CORP	CIT	-	323.0	(323.0)
KWM INDUSTRIES INC	Distributor	-	86.7	(86.7)
WORLDWIDE ATM INC	Other	-	52.0	(52.0)
DIEBOLD COMPANY OF CANADA LTD	OEM	236.4	282.7	(46.3)
CORD FINANCIAL SERVICES	Other	300.0	200.0	100.0
PAYMENT ALLIANCE INTERNATIONAL	Other	178.5	-	178.5
Other		1,247.6	1,263.3	(15.7)
Total		2,097.1	2,868.5	(771.4)

Government				
Account	Type	2019	2018	Variance
KRIEGER SPECIALTY PRODUCTS	Gov't	131.2	357.2	(226.0)
DEFENSE FINANCE AND ACCOUNTING	Gov't	2,106.4	-	2,106.4
	Gov't	-	-	-
Other		1,333.7	977.4	356.3
Total		3,571.3	1,334.6	2,236.6

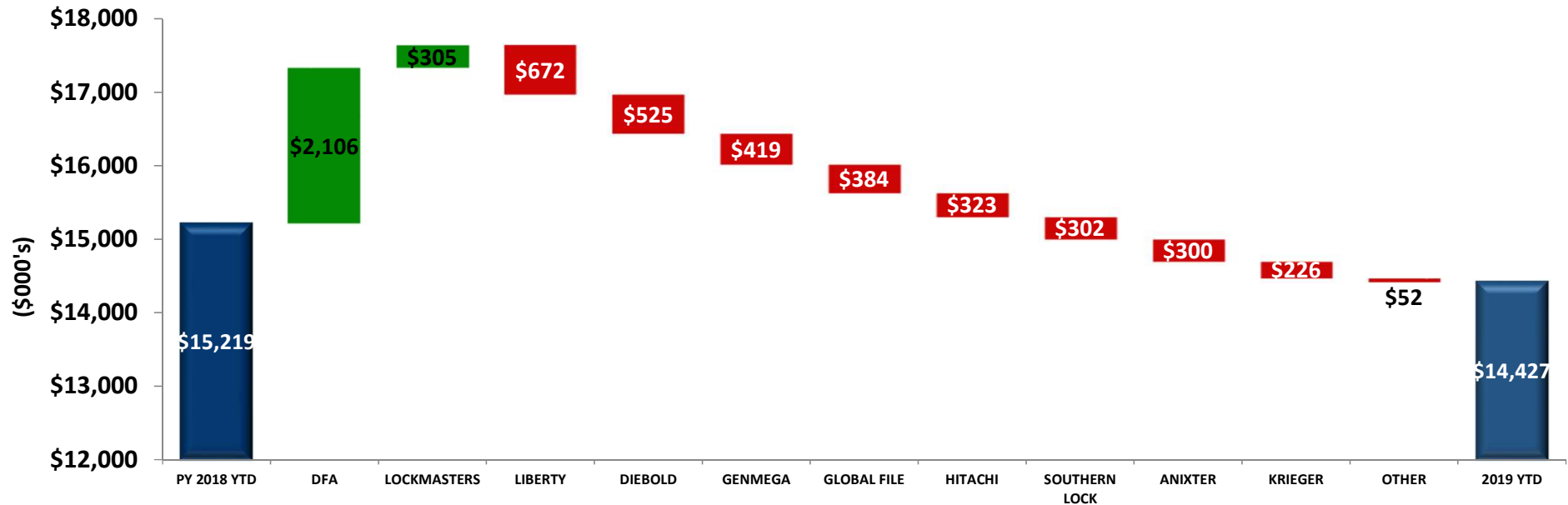
Railroads				
Account	Type	2019	2018	Variance
STANLEY HYDRAULIC TOOLS	OEM	79.1	-	79.1
SOUTHERN LOCK AND SUPPLY CO	Distributor	0.0	-	0.0
Total		79.1	-	79.1

Residential				
Account	Type	2019	2018	Variance
LIBERTY SAFE AND SECURITY PRODUCTS	OEM	238.6	911.4	(672.9)
GENMEGA INC	OEM	172.5	660.0	(487.5)
GLOBAL FILE INC	OEM	220.3	604.3	(384.0)
ANIXTER INTERNATIONAL INC	Distributor	832.4	1,099.9	(267.6)
		-	-	-
		-	-	-
		-	-	-
Other		6,006.9	6,829.0	(822.1)
Total		7,470.7	10,104.7	(2,634.0)

Retail/Other				
Account	Type	2019	2018	Variance
247 ATM PROVIDERS	Other	27.6	123.5	(96.0)
ACKLANDS GRAINGER INC	Distributor	21.6	58.8	(37.2)
GUNNEBO CANADA INC	OEM	(4.2)	29.9	(34.1)
APSM SYSTEMS	OEM	24.6	-	24.6
STANLEY HYDRAULIC TOOLS	OEM	38.0	-	38.0
Other		381.0	371.1	10.0
Total		488.7	583.3	(94.6)

Safe Deposit Boxes				
Account	Type	2019	2018	Variance
ANIXTER INTERNATIONAL INC	Distributor	28.0	17.4	10.5
TIMEMASTER INC	Distributor	84.2	55.5	28.6
LOCKMASTERS INC	Distributor	382.7	30.7	352.0
Other		225.7	224.2	1.4
Total		720.6	328.0	392.6

Appendix | North America YTD YOY Revenue Bridge



- Liberty sales have are at all-time low. Loss of electronic safe lock business and mechanical business is only an option now for end-users and estimated to only be 5-8% of their production (\$672K)
- Diebold closed Greenville plant and moved those operations to China (\$525K). APAC team has recovered these sales via Inspur and also via NCR, Hitachi, and Hyosung.
- Genmega decline should fix itself by Q1 2020. Agreement put in place in Q1 2019 for 15K special priced units and should get 5K more in 2019.
- Global File was down YTD, as it was tied to the Canadian government project and there was a delay on recent orders. New order came in 10/7/19 for \$213K and closing the gap. More orders expected (as in prior year) during late Q4.
- Hitachi Canada (non repeating project) - now through Garda, Scotia Bank, and Brinks Canada.
- DNU Silver Sales (\$214K) was due to business being sold to Southern Lock and Southern was sitting on ample stock and pushing through inventory before adding further stock orders.
- Lockmasters continues solid YOY purchases and has solid upside on for Q4 finish

Appendix | North America YTD YOY Customer Analysis

Repeat Purchasers (Growing):

Customer	2019	2018	Variance
LOCKMASTERS INC	1,800.5	1,495.1	305.4
SOUTHERN LOCK AND SUPPLY CO	328.2	37.6	290.6
TIMEMASTER INC	2,019.5	1,845.5	174.0
SKILCRAFT LLC	182.1	68.8	113.3
PRO STEEL SECURITY SAFES	194.2	84.7	109.5
CORD FINANCIAL SERVICES	300.0	200.7	99.3
HYOSUNG TNS AMERICA	98.9	21.4	77.5
PALMERS SECURITY SOLUTIONS LLC	74.8	5.4	69.5
MBA USA INC	307.8	247.1	60.7
HOLLON SAFE CO	124.9	87.0	37.9
BRINKS CANADA LIMITED	87.9	51.7	36.3
IDN CANADA LTD	136.6	100.5	36.1
ACCREDITED LOCK SUPPLY CO	48.0	12.3	35.7
SCOTIABANK	68.1	33.1	35.0
GARDALL SAFE CORP	152.2	123.1	29.1
PAYMENT ALLIANCE INTERNATIONAL	181.7	152.8	28.9
INTERMOUNTAIN LOCK AND SECURITY	160.6	133.2	27.4
RA LOCK COMPANY	54.7	33.5	21.2
HERBERT L FLAKE COMPANY LTD	124.0	103.8	20.2
SPACESAVER CORPORATION	23.1	2.9	20.2
GARDA CL ATLANTIC INC	28.2	8.5	19.7
ARCA TECH SYSTEMS LLC	18.9	0.1	18.9
HANS JOHNSEN COMPANY	48.8	30.4	18.4
EXPRESS SYSTEMS USA INC	26.6	11.8	14.8
TURNBULL LLC	43.8	32.0	11.8
IDN HARDWARE SALES	38.8	27.3	11.5
HOWARD SALES CO	141.4	131.0	10.4
OTHER (30 Customers)	554.4	462.5	10.4
Total	7,368.7	5,543.5	1,825.2

Repeat Purchasers (Declining):

Customer	2019	2018	Variance
LIBERTY SAFE AND SECURITY PRO	239.3	911.7	(672.4)
DNU - SILVER SALES INC	15.0	608.0	(593.1)
DIEBOLD	315.8	840.8	(525.0)
GENMEGA INC	287.5	706.0	(418.5)
GLOBAL FILE INC	220.3	604.3	(384.0)
ANIXTER INTERNATIONAL INC	989.2	1,289.3	(300.1)
KRIEGER SPECIALTY PRODUCTS	131.4	357.3	(225.9)
HAMILTON SAFE COMPANY	357.7	459.8	(102.1)
247 ATM PROVIDERS	27.6	125.0	(97.5)
INTERMOUNTAIN LOCK AND SECI	4.8	80.7	(75.9)
FORT KNOX SECURITY PRODUCTS	107.1	182.8	(75.6)
GRANITE SECURITY PRODUCTS IN	4.9	73.4	(68.5)
FIRE KING INTERNATIONAL	90.5	158.9	(68.4)
DIEBOLD COMPANY OF CANADA	241.9	301.0	(59.2)
RHINO METALS INC	80.7	136.7	(55.9)
WILL BURT	27.1	79.8	(52.6)
SECURIFORT INC	39.0	84.3	(45.3)
STANDARD WHOLESALE HARDW/	28.2	72.8	(44.7)
MOBILEMONEY INC	14.5	59.1	(44.6)
ACKLANDS GRAINGER INC	21.6	58.8	(37.2)
GUNNEBO CANADA INC	58.2	91.5	(33.4)
ARMAG CORPORATION	29.0	59.0	(30.0)
CHAMPION SAFE CO	328.0	357.8	(29.8)
CAROLINA ATM SERVICES	78.0	102.0	(24.0)
KDL HARDWARE SUPPLY INC	111.2	126.0	(14.7)
AMERICAN SECURITY PRODUCTS I	65.6	80.0	(14.4)
VAULT PRO INC	11.9	25.4	(13.5)
VAULT STRUCTURES INC	37.1	50.6	(13.5)
FIRST REGENTS BANC SERVICES LL	6.3	19.4	(13.1)
MULTIPOINT INC	3.9	17.0	(13.1)
AMERICAN VAULT CORPORATION	12.4	25.4	(13.1)
DAVANAC INC	60.2	73.2	(13.0)
UNITED STATES LOCK	33.7	46.4	(12.7)
CASHMAN SERVICES	3.4	13.5	(10.1)
WILSON SAFE COMPANY	31.8	41.8	(10.0)
FORTIS SECURITY PRODUCTS COR	72.0	82.0	(10.0)
OTHER (28 Customers)	284.5	396.1	(111.6)
Total	4,471.3	8,797.6	(4,326.4)

Appendix | North America YTD YOY Customer Analysis (continued)

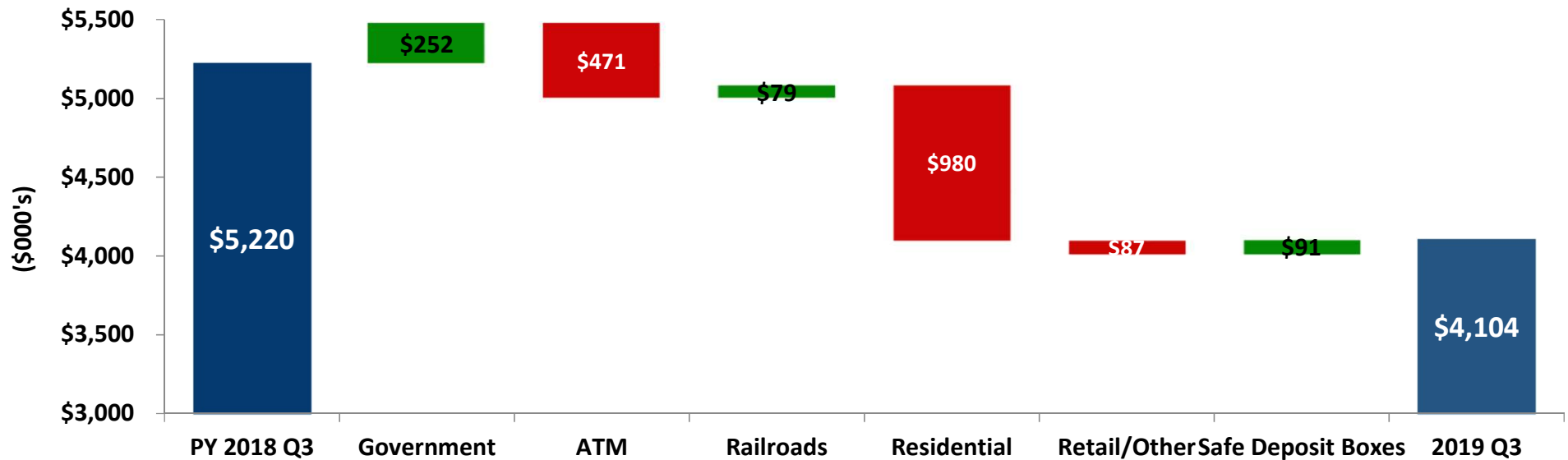
YTD Non-Purchasers:

Customer	2019	2018	Variance
HITACHI CAPITAL CANADA CORP	-	323.0	(323.0)
FOLLETT CORP	-	92.6	(92.6)
WORLDWIDE ATM INC	-	52.0	(52.0)
WINGENBACK	-	44.6	(44.6)
NRT TECHNOLOGIES CORP	-	28.6	(28.6)
TEKCARD PAYMENTS	-	27.5	(27.5)
HAYMAN SAFE CO	-	25.9	(25.9)
MAYA FINANCIAL SERVICES INC	-	25.6	(25.6)
DNU ECLIPSE INDUSTRIES	-	25.0	(25.0)
BANK OF NOVA SCOTIA	-	23.8	(23.8)
ADAMO CONSTRUCTION INC	-	20.4	(20.4)
CHOICE ATM ENTERPRISES INC	-	13.6	(13.6)
OTHER (29 Customers)	-	90.4	(90.4)
Total	-	793.0	(793.0)

2019 Only Purchasers:

Customer	2019	2018	Variance
DEFENSE FINANCE AND ACCOUN	2,106.4	-	2,106.4
STANLEY HYDRAULIC TOOLS	234.1	-	234.1
WILL BURT	75.6	-	75.6
M TECH DISTRIBUTORS LLC	52.0	-	52.0
APSM SYSTEMS	27.6	-	27.6
EZ NET COMMUNICATIONS INC	13.1	-	13.1
STAR FINANCIAL SERVICES INC	10.3	-	10.3
OTHER (19 Customers)	42.1	-	42.1
Total	2,561.2	-	2,561.2

Appendix | North America 3Q YOY Revenue Bridge



Government up overall in Q3. Krieger's majority business was lost due to quality issues and financial issues with S&G and prior Senior Management. New BDM has engaged and working to open door. Favorable padlock shipments (\$203k)

NA without Government saw QTD variance of (\$1.5M) versus PY overall

- ATM sales lead the decline with Diebold (\$169K – closed plant). Business shifted to China (Inspur) and APAC has retained the sales for S&G
- Also declining on the ATM side is Diebold Canada (\$170K) due to large stocking orders early in the year and expected to level off in Q4
- Residential decline driven by slowed sales of Global File (\$120K), and Payment Alliance (\$96K). Global File business still in tact, but order cycles varied and Q4 recovery expected. Liberty Safe also still declining due to mechanical product erosion in the market (\$37K)

Note: End market as defined with PWC due diligence product segments are included in the appendix

Appendix | North America 3Q YOY End Market Analysis

ATM				
Account	Type	2019	2018	Variance
DIEBOLD	OEM	14.3	302.4	(288.1)
DIEBOLD COMPANY OF CANADA LTD	OEM	42.4	212.2	(169.8)
CAROLINA ATM SERVICES	Other	-	51.0	(51.0)
Other		481.4	443.9	37.5
Total		538.2	1,009.5	(471.3)

Government				
Account	Type	2019	2018	Variance
KRIEGER SPECIALTY PRODUCTS	Gov't	44.0	227.6	(183.6)
DEFENSE FINANCE AND ACCOUNTING	Gov't	203.6	-	203.6
	Gov't	-	-	-
Other		591.5	359.4	232.0
Total		839.1	587.1	252.0

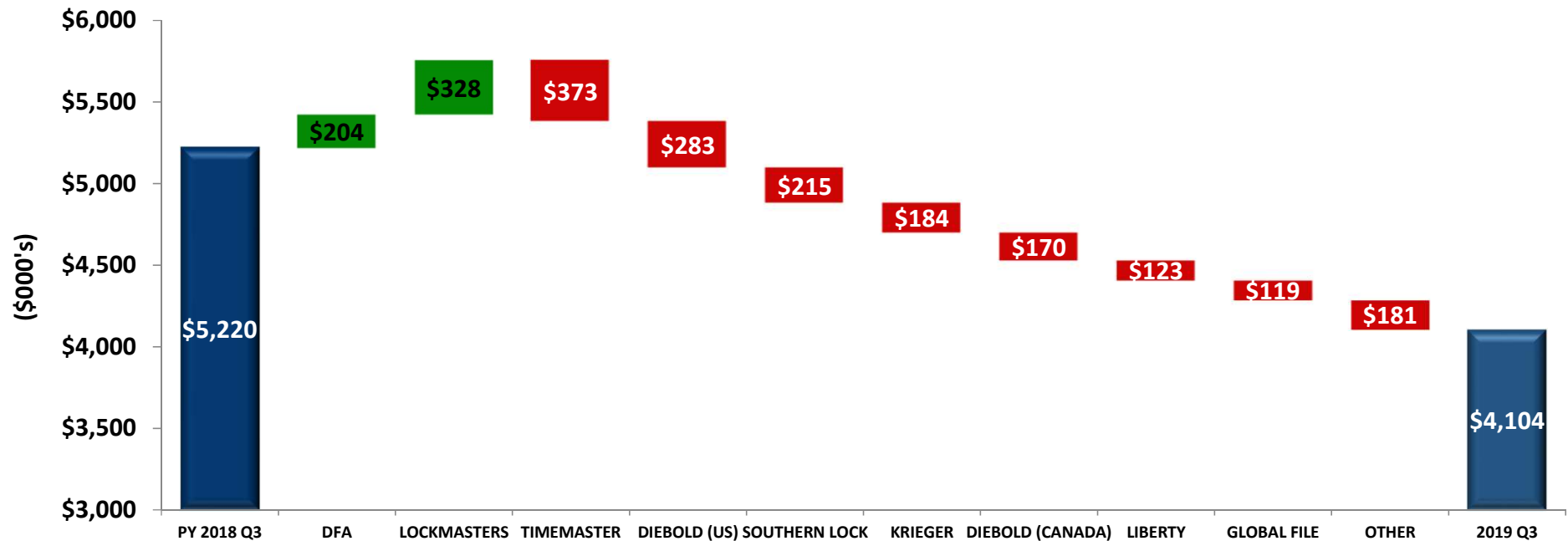
Railroads				
Account	Type	2019	2018	Variance
STANLEY HYDRAULIC TOOLS	OEM	79.1		79.1
SOUTHERN LOCK AND SUPPLY CO	Distributor	0.0		0.0
Total		79.1	-	79.1

Residential				
Account	Type	2019	2018	Variance
TIMEMASTER INC	Distributor	616.0	932.6	(316.6)
GLOBAL FILE INC	OEM	-	119.5	(119.5)
PAYMENT ALLIANCE INTERNATIONAL	Other	-	95.6	(95.6)
FOLLETT CORP	OEM	-	56.7	(56.7)
LIBERTY SAFE AND SECURITY PRODUCTS	OEM	29.7	76.1	(46.4)
FIRE KING INTERNATIONAL	OEM	7.6	43.6	(36.0)
Other		1,608.6	1,918.2	(309.6)
Total		2,261.9	3,242.2	(980.3)

Retail/Other				
Account	Type	2019	2018	Variance
247 ATM PROVIDERS	Other	-	70.6	(70.6)
DAVANAC INC	OEM	5.9	34.7	(28.8)
GUNNEBO CANADA INC	OEM	2.8	28.7	(25.9)
SILVER SALES/SOUTHERN LOCK	Distributor	13.2	20.3	(7.0)
RA LOCK COMPANY	OEM	19.1	3.3	15.8
STANLEY HYDRAULIC TOOLS	OEM	38.0	-	38.0
Other		93.3	101.4	(8.0)
Total		172.4	258.9	(86.6)

Safe Deposit Boxes				
Account	Type	2019	2018	Variance
DIEBOLD	OEM	12.3	25.1	(12.8)
TIMEMASTER INC	Distributor	21.0	29.5	(8.5)
LOCKMASTERS INC	Distributor	138.5	22.1	116.4
Other		41.9	46.0	(4.2)
Total		213.6	122.7	90.9

Appendix | North America 3Q YOY Revenue Bridge



- Timemaster down due to YOY decline from 2018 project with \$290K. \$100K stocking order was pulled in late in 2018 also with larger discount and this was not repeated in 2019
- Diebold closed Greenville plant and moved those operations to China. APAC team capturing those equal sales via Inspur
- DNU Silver Sales (\$214K) was due to business being sold to Southern Lock. Slowed order patterns during transition and have recovered about 60% of PY sales.
- Global File is down after Canadian government project (8550's) orders for 2019 were coming in slow and sitting on large order from late 2018. 400 units were also replaced under warranty for quality issues. New order placed in early Q4.
- Lockmasters continues solid YOY purchases and has solid upside on for Q4 finish
- Krieger (Gov't) down as well due to financial issues (disputes with S&G) and quality issues. Reengaged by new BDM.

Appendix | North America 3Q YOY Customer Analysis

Repeat Purchasers (Growing):

Customer	2019	2018	Variance
LOCKMASTERS INC	692.6	364.8	327.8
SKILCRAFT LLC	80.9	20.7	60.2
IDN CANADA LTD	56.5	5.0	51.6
CORD FINANCIAL SERVICES	150.0	100.4	49.6
ACCREDITED LOCK SUPPLY CO	39.7	0.7	38.9
MBA USA INC	98.0	60.2	37.9
KDL HARDWARE SUPPLY INC	50.1	23.2	27.0
RA LOCK COMPANY	19.1	3.3	15.8
SCOTIABANK	27.0	14.5	12.5
PALMERS SECURITY SOLUTIONS LLC	12.9	0.5	12.4
RHINO METALS INC	28.7	17.3	11.5
WINGENBACK INC	32.7	21.5	11.2
OTHER (18 Customers)	200.9	158.2	42.7
Total	1,489.2	790.2	699.1

Repeat Purchasers (Declining):

Customer	2019	2018	Variance
TIMEMASTER INC	679.2	1,052.3	(373.1)
DIEBOLD	58.3	341.2	(282.9)
SILVER SALES/SOUTHERN LOCK	63.2	277.8	(214.6)
KRIEGER SPECIALTY PRODUCTS	44.2	227.7	(183.5)
DIEBOLD COMPANY OF CANADA LTD	42.4	212.2	(169.8)
LIBERTY SAFE AND SECURITY PRODUCTS	42.6	165.7	(123.1)
FORT KNOX SECURITY PRODUCTS	29.8	70.4	(40.6)
FIRE KING INTERNATIONAL	20.4	55.7	(35.3)
DAVANAC INC	5.9	34.7	(28.8)
CHAMPION SAFE CO	124.5	152.8	(28.3)
GARDALL SAFE CORP	36.8	60.6	(23.7)
HAMILTON SAFE COMPANY	146.8	164.7	(17.9)
STANDARD WHOLESALE HARDWARE IN	2.5	18.7	(16.2)
SECURIFORT INC	5.3	21.2	(15.9)
VAULT STRUCTURES INC	16.9	29.6	(12.6)
ANIXTER INTERNATIONAL INC	393.3	405.8	(12.5)
AMERICAN SECURITY PRODUCTS COMP	17.5	28.4	(10.9)
ACCREDITED LOCK SUPPLY CO	1.6	12.4	(10.9)
GSA ACCOUNTS PAYABLE BRANCH	10.3	21.0	(10.7)
ARMAG CORPORATION	29.0	39.6	(10.6)
OTHER (33 Customers)	272.0	378.8	(106.8)
Total	2,042.4	3,771.3	(1,728.8)

Appendix | North America 3Q YOY Customer Analysis (continued)

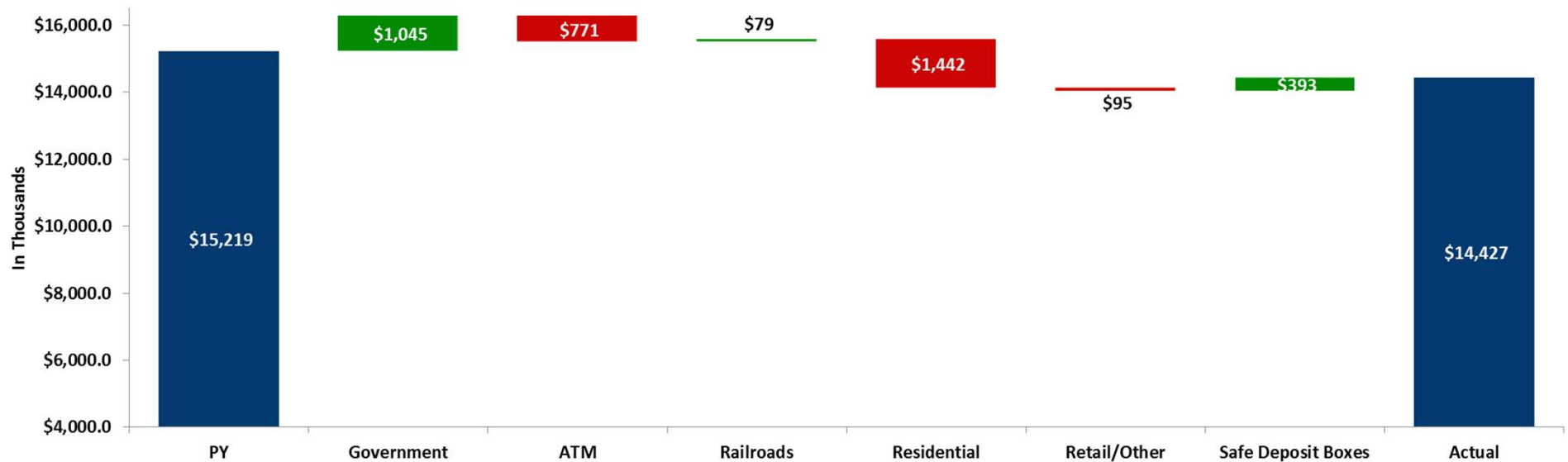
Repeat Purchasers (Growing):

Customer	2019	2018	Variance
LOCKMASTERS INC	692.6	364.8	327.8
SKILCRAFT LLC	80.9	20.7	60.2
IDN CANADA LTD	56.5	5.0	51.6
CORD FINANCIAL SERVICES	150.0	100.4	49.6
ACCREDITED LOCK SUPPLY CO	39.7	0.7	38.9
MBA USA INC	98.0	60.2	37.9
KDL HARDWARE SUPPLY INC	50.1	23.2	27.0
RA LOCK COMPANY	19.1	3.3	15.8
SCOTIABANK	27.0	14.5	12.5
PALMERS SECURITY SOLUTIONS LLC	12.9	0.5	12.4
RHINO METALS INC	28.7	17.3	11.5
WINGENBACK INC	32.7	21.5	11.2
OTHER (18 Customers)	200.9	158.2	42.7
Total	1,489.2	790.2	699.1

2019 Only Purchasers

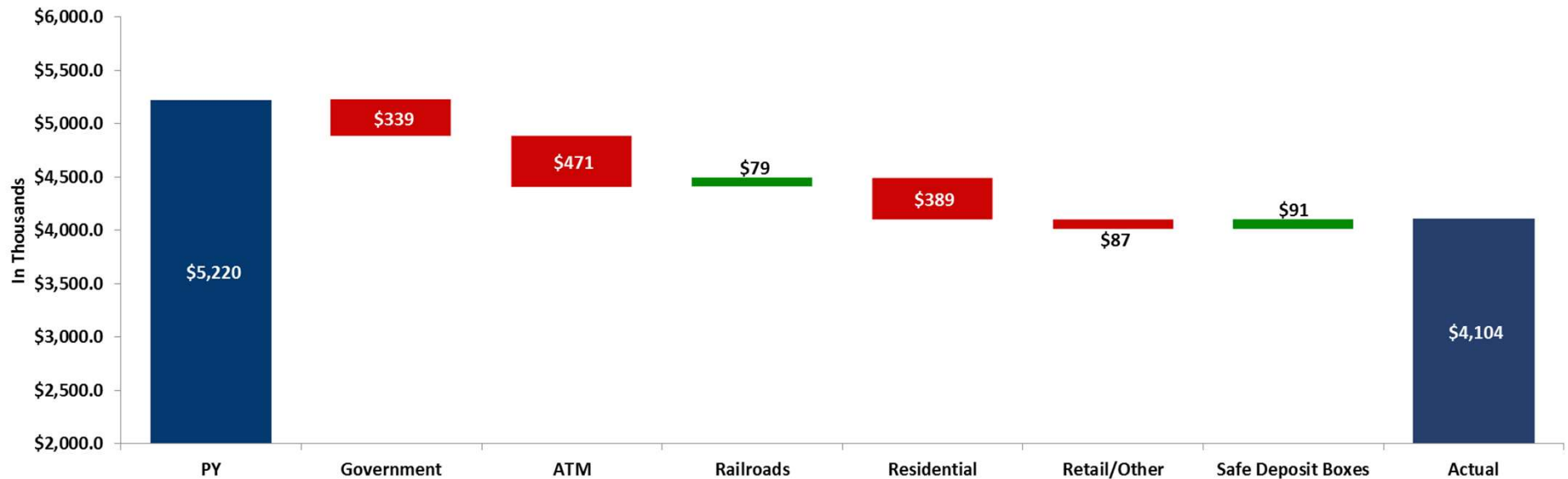
Customer	2019	2018	Variance
DEFENSE FINANCE AND ACCOUNTING	203.6	-	203.6
STANLEY HYDRAULIC TOOLS	117.1	-	117.1
WILL BURT	26.2	-	26.2
ATM WORLD CORP	25.5	-	25.5
GENMEGA INC	23.0	-	23.0
HYOSUNG TNS AMERICA	23.0	-	23.0
SPACESAVER CORPORATION	20.2	-	20.2
GARDA CL ATLANTIC INC	17.6	-	17.6
APSM SYSTEMS	13.5	-	13.5
EXPRESS SYSTEMS USA INC	13.3	-	13.3
M TECH DISTRIBUTORS LLC	13.0	-	13.0
OTHER (13 Customers)	31.9	-	31.9
Total	527.9	-	527.9

Appendix | North America YTD YOY Revenue Bridge



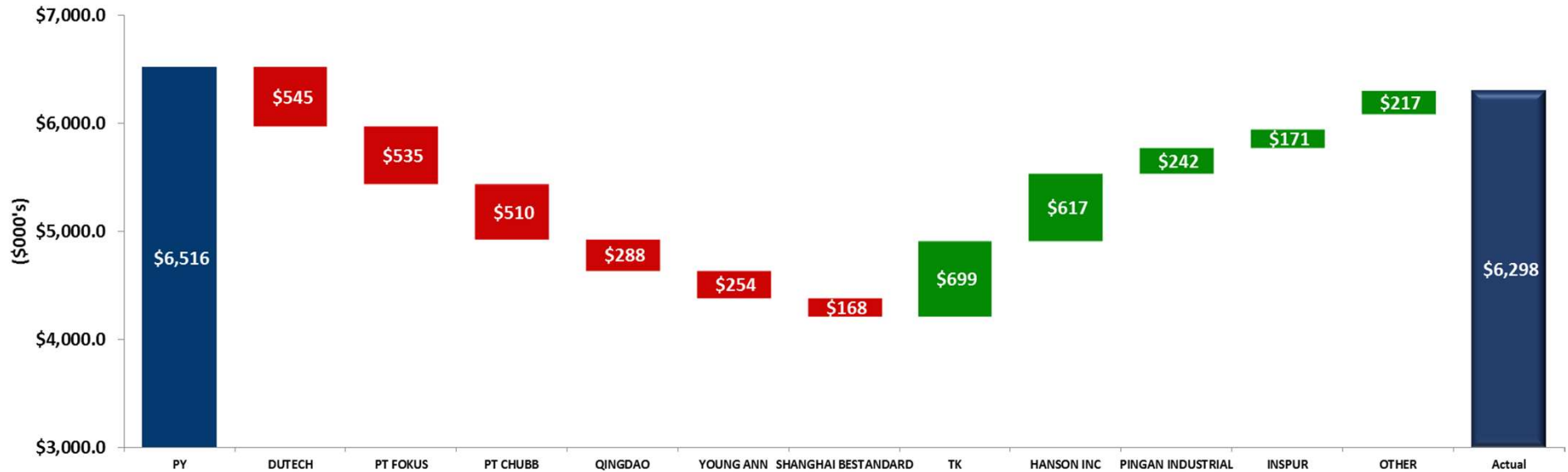
- Segments defined by due diligence end market product definitions
- Government sales (DFA) actual are \$2.1M up, but losses in Government product sales of (\$1.12M) by Liberty, Southern, Anixter, and Krieger bring the segment total down

Appendix | North America Q3 YOY Revenue Bridge



- Segments defined by due diligence end market product definitions
- Government decline anchored by Timemaster (\$277K) with non-repeating projects from 2018. They are up overall in 2019. Krieger's majority business was lost due to quality issues and financial issues with S&G and prior Senior Management. New BDM has engaged and working to open door.

Appendix | APAC YTD YOY Revenue Bridge



ATM				
Account	Type	2019	2018	Variance
PT FOKUS		7.0	538.9	(531.9)
DUTECH		283.9	741.6	(457.7)
YOUNG ANN		(45.4)	208.8	(254.2)
BRINKS THAILAND		-	114.3	(114.3)
TAKACHIHO KOHEKI		1,208.1	630.5	577.6
PINGAN INDUSTRIAL		517.8	171.4	346.4
SHANGHAI QIAHNE		240.6	20.1	220.5
OTHER		881.0	789.9	91.1
Total		3,093.1	3,215.6	(122.5)

Government				
Account	Type	2019	2018	Variance
QINGDAO		41.7	75.1	(33.4)
LOCKSMITH SUPPLY COMPANY		89.7	55.4	34.3
PT CENTRAL MEGA PERDANA		20.3	-	20.3
OTHER		247.1	253.1	(6.0)
Total		398.8	383.5	15.2

Residential				
Account	Type	2019	2018	Variance
PT CHUBB		70.6	564.5	(493.9)
QINGDAO		218.1	472.6	(254.5)
SHANGHAI BESTANDARD		-	130.8	(130.8)
PINGAN INDUSTRIAL		65.4	170.0	(104.6)
HANSON INC		639.2	15.5	623.7
TAKACHIHO KOHEKI		398.9	277.3	121.6
Total		1,205.9	1,218.7	(12.7)

Retail/Other				
Account	Type	2019	2018	Variance
SHANGHAI QIAHNE		139.2	-	139.2
OTHER		52.6	48.2	4.4
Total		191.8	48.2	143.6

Safe Deposit Boxes				
Account	Type	2019	2018	Variance
OTHER		16.4	19.0	(2.7)
Total		16.4	19.0	(2.7)

Appendix | APAC YTD YOY Customer Analysis

Repeat Purchasers (Growing):

Customer	2019	2018	Variance
TAKACHIHO KOHEKI	1,607.0	907.9	699.1
HANSON INC	658.0	40.9	617.2
PINGAN INDUSTRIAL	583.4	341.5	242.0
INSPUR	320.6	150.0	170.6
SHANGHAI QIAHNE	264.7	127.3	137.4
OTHER(7 Customers)	1,062.8	402.1	660.6
Total	4,496.5	1,969.6	2,526.9

Repeat Purchasers (Declining):

Customer	2019	2018	Variance
DUTECH	784.2	1,329.4	(545.2)
PT FOKUS	8.6	543.3	(534.7)
PT CHUBB	151.6	661.9	(510.3)
QINGDAO	259.8	547.7	(287.8)
SHANGHAI BESTANDARD	72.6	241.0	(168.4)
YOUNG ANN	45.4	208.8	(163.4)
CHANGSHA	200.5	331.2	(130.7)
OTHER(11 Customers)	165.3	492.6	(327.3)
Total	1,687.9	4,355.8	(2,667.9)

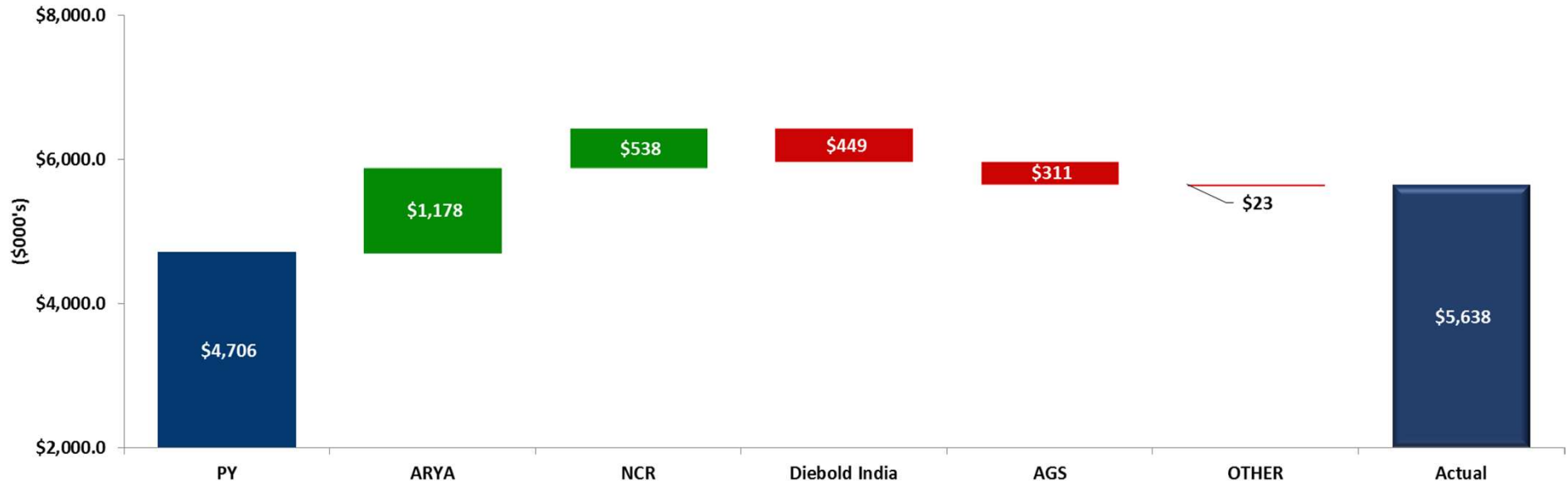
YTD Non-Purchasers:

Customer	2019	2018	Variance
NCR (BEIJING) FINANCIAL EQUIPMENT	-	23.4	(23.4)
TRI-STAR CHINA	-	9.7	(9.7)
SAFELOCK ENGINEERING	-	8.7	(8.7)
BRINKS THAILAND	-	116.2	(116.2)
VIAM TRADE AND DISTRIBUTION CO	-	32.3	(32.3)
Total	-	190.4	(190.4)

2019 Only Purchasers:

Customer	2019	2018	Variance
PT CENTRAL MEGA PERDANA	75.8	-	75.8
SHINJIN SAFE TECH CO LTD	28.0	-	28.0
COMMUNICATION SUPPLY CO	5.9	-	5.9
PRAPAS SAFE 1996 CO LTD	1.7	-	1.7
PT WIRATANU PERSADA TAMA	1.2	-	1.2
LOOMIS INTERNATIONAL (SG) PT	1.2	-	1.2
Total	113.7	-	113.7

Appendix | India YTD YOY Revenue Bridge



ATM		2019	2018	Variance
Account	Type			
ARYA		2,699.6	1,520.6	1,179.0
NCR INDIA		2,413.4	1,911.0	502.3
LIPI DATA SYSTEMS		-	6.3	(6.3)
AGS		274.5	585.6	(311.1)
DIEBOLD INDIA		-	449.1	(449.1)
Total		5,387.5	4,472.5	914.9

Government		2019	2018	Variance
Account	Type			
GUNNEBO INDIA		-	3.9	(3.9)
Total		-	3.9	(3.9)

Residential		2019	2018	Variance
Account	Type			
NCR INDIA		86.9	51.1	35.8
LIPI DATA SYSTEMS LTD		-	1.5	(1.5)
ARYA		159.1	161.3	(2.2)
GUNNEBO INDIA		1.9	6.1	(4.2)
GODREJ AND BOYCE		2.1	9.3	(7.2)
Total		250.0	229.2	20.8

Retail/Other		2019	2018	Variance
Account	Type			
AGS			0.0	(0.0)
LIPI DATA SYSTEMS LTD			0.0	(0.0)
ARYA		0.0		0.0
NCR INDIA		0.1		0.1
GODREJ AND BOYCE		0.5		0.5
Total		0.6	0.0	0.6

Safe Deposit Boxes		2019	2018	Variance
Account	Type			
ARYA		1.0	-	1.0
Total		720.6	328.0	392.6

Appendix | India YTD YOY Customer Analysis

Repeat Purchasers (Growing):

Customer	2019	2018	Variance
ARYA	2,859.7	1,681.9	1,177.8
NCR (INDIA)	2,500.4	1,962.1	538.3
Total	5,360.1	3,644.0	1,716.1

Repeat Purchasers (Declining):

Customer	2019	2018	Variance
AGS	274.5	585.6	(311.1)
GUNNEBO INDIA	1.9	9.9	(8.0)
GODREJ AND BOYCE	2.6	9.3	(6.7)
Total	279.0	604.8	(325.8)

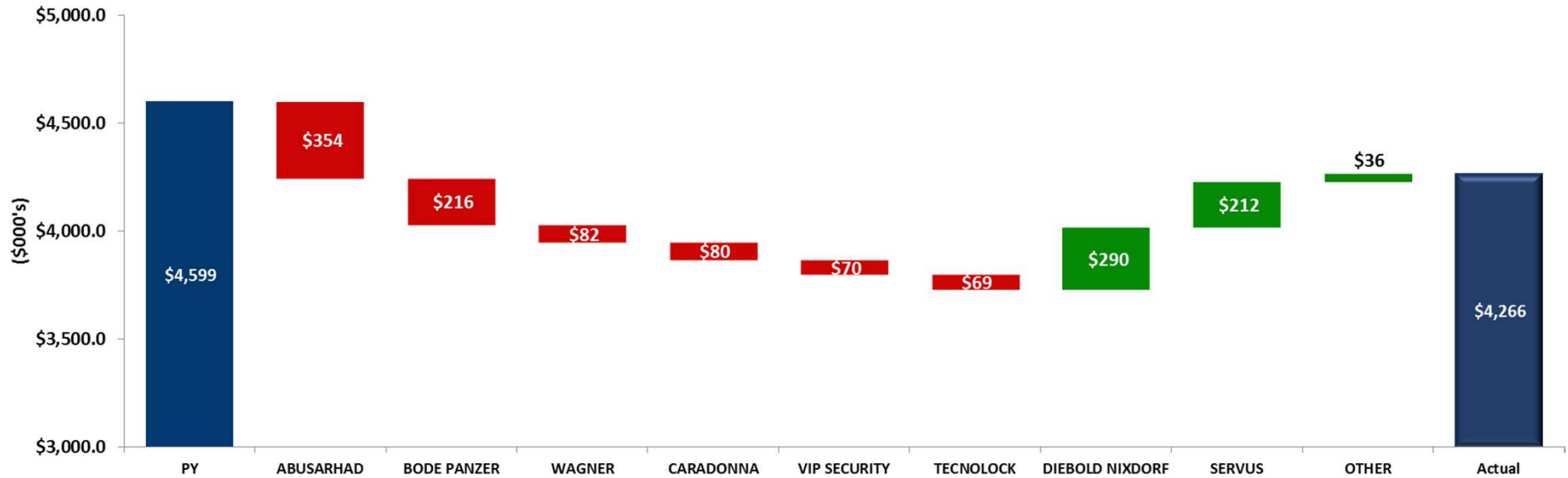
YTD Non-Purchasers:

Customer	2019	2018	Variance
DIEBOLD INDIA	-	449.1	(449.1)
LIPI DATA SYSTEMS	-	7.8	(7.8)
Total	-	456.8	(456.8)

2019 Only Purchasers:

Customer	2019	2018	Variance
			-
			-
Total	-	-	-

Appendix | EMEA YTD YOY Revenue Bridge



ATM				
Account	Type	2019	2018	Variance
ABUSARHAD		119.1	463.5	(344.5)
NCR (HUNGARY)		729.9	857.9	(128.0)
BODE PANZER		136.3	238.7	(102.3)
CARADONNA		238.3	339.5	(101.2)
TECNOLOCK		148.8	217.1	(68.4)
SERVUS		207.1	-	207.1
DIEBOLD NIXDORF GMBH		278.9	124.9	154.0
OTHER		752.9	872.4	(119.6)
Total		2,611.2	3,114.1	(502.9)

Government				
Account	Type	2019	2018	Variance
DIEBOLD NIXDORF GMBH		68.5	17.1	51.4
OTHER		282.8	262.2	20.6
Total		351.3	279.3	72.0

Residential				
Account	Type	2019	2018	Variance
UNIVERSAL ATM		-	40.9	(40.9)
MB SAFETY BV		25.1	56.1	(31.0)
FORMAT TRESORBAU		133.1	161.6	(28.5)
ASSA		276.6	115.3	161.3
DIEBOLD NIXDORF GMBH		149.1	65.0	84.1
OTHER		624.3	649.8	(25.6)
Total		1,208.2	1,088.8	119.4

Retail/Other				
Account	Type	2019	2018	Variance
KORTNER SICHERHEITSTECHNIK		0.2	12.7	(12.5)
POLITAL SP. Z.O.O		-	7.4	(7.4)
OTHER		85.9	87.5	(1.6)
Total		86.1	107.6	(21.5)

Safe Deposit Boxes				
Account	Type	2019	2018	Variance
OTHER		8.7	9.0	(0.3)
Total		8.7	9.0	(0.3)

Appendix | EMEA YTD YOY Customer Analysis

Repeat Purchasers (Growing):

Customer	2019	2018	Variance
DIEBOLD NIXDORF GMBH	506.3	216.7	289.6
BADGER	206.1	70.8	135.3
ALINVEST COMPANY	148.9	25.3	123.5
A SAMUEL LTD	121.2	53.7	67.5
POLITAL RYSARD	151.9	105.9	46.0
SANID	62.7	32.3	30.3
AXON	29.9	1.5	28.4
SSI CORPORATION	26.0	0.5	25.5
OTHER(21 Customers)	548.4	262.5	285.9
Total	1,801.4	769.3	1,032.1

YTD Non-Purchasers:

Customer	2019	2018	Variance
WAGNER	-	81.7	(81.7)
G4S GREECE	-	56.3	(56.3)
UNIVERSAL ATM	-	51.5	(51.5)
ASSA	-	40.0	(40.0)
OTHER (26 Customers)	-	87.4	(87.4)
Total	-	317.0	(317.0)

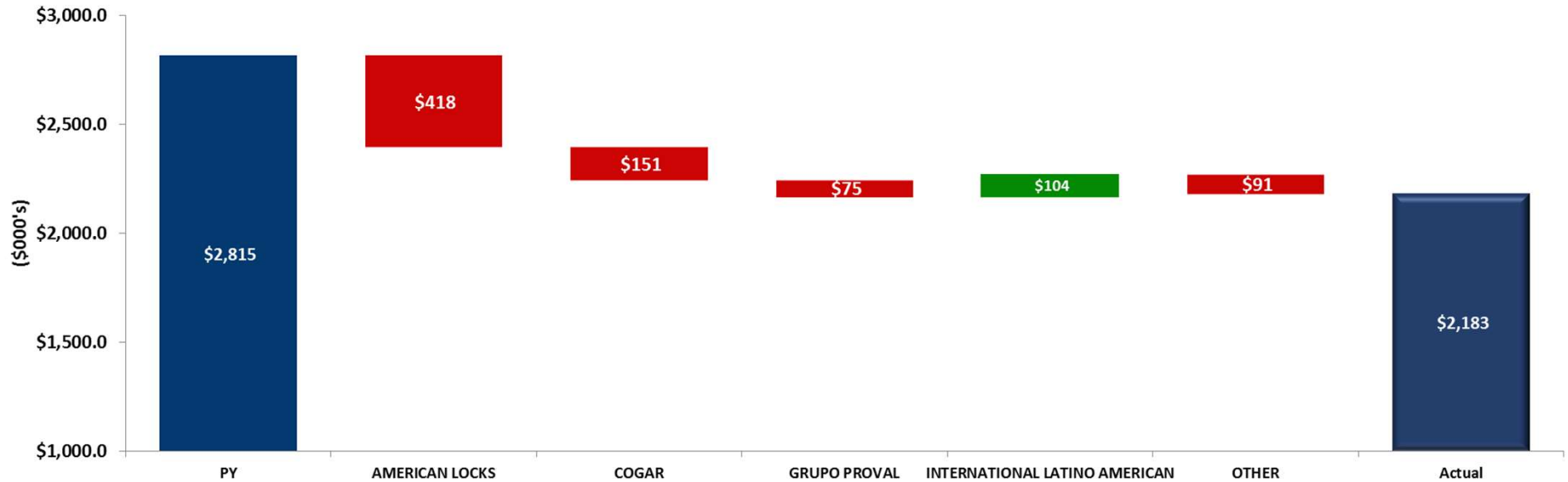
Repeat Purchasers (Declining):

Customer	2019	2018	Variance
ABUSARHAD	124.6	479.1	(354.5)
BODE PANZER	209.5	333.5	(124.0)
CARADONNA	272.7	352.9	(80.2)
VIP SECURITY	0.3	69.8	(69.5)
TECNOLOCK	173.1	242.2	(69.1)
MB SAFETY	58.4	118.1	(59.7)
FORMAT TRESORBAU	133.1	176.2	(43.1)
NCR HUNGARY	845.0	887.8	(42.8)
ESTCOTTIMPEX	2.3	36.7	(34.4)
YA SAFE	27.7	57.4	(29.7)
BOOS	7.1	30.0	(22.9)
BUSINESS CASH	57.0	79.3	(22.4)
OTHER(31 Customers)	311.3	649.5	(338.2)
Total	2,222.1	3,512.5	(1,290.4)

2019 Only Purchasers:

Customer	2019	2018	Variance
SERVUS	211.8	-	211.8
BS2	17.1	-	17.1
CDSYS AB	13.1	-	13.1
Total	242.0	-	242.0

Appendix | LATAM YTD YOY Revenue Bridge



ATM				
Account	Type	2019	2018	Variance
AMERICAN LOCKS		113.8	275.8	(162.0)
COGAR		708.3	860.1	(151.8)
WAGNER SPA		-	77.9	(77.9)
GRUPO PROVAL		-	74.8	(74.8)
PROTECCION DE VALORES		36.2	-	36.2
OTHER		338.7	393.6	(54.9)
Total		1,197.0	1,682.2	(485.2)

Government				
Account	Type	2019	2018	Variance
MAPA		109.1	81.6	27.5
OTHER		15.8	17.6	(1.8)
Total		124.9	99.2	25.7

Residential				
Account	Type	2019	2018	Variance
AMERICAN LOCKS		12.6	146.0	(133.4)
CASPER		41.8	90.8	(49.0)
INTERNATIONAL LATINO AMERICAN		226.3	126.2	100.1
MAPA		204.5	198.0	6.4
OTHER		121.0	114.2	6.8
Total		606.2	675.3	(69.1)

Retail/Other				
Account	Type	2019	2018	Variance
AMERICAN LOCKS		37.6	57.4	(19.8)
AGLAR		6.0	-	6.0
OTHER		31.0	32.9	(1.8)
Total		74.7	90.3	(15.6)

Safe Deposit Boxes				
Account	Type	2019	2018	Variance
AMERICAN LOCKS		9.8	109.5	(99.6)
MAPA		134.2	125.7	8.5
OTHER		35.9	32.7	3.2
Total		179.9	267.9	(88.0)

Appendix | LATAM YTD YOY Customer Analysis

Repeat Purchasers (Growing):

Customer	2019	2018	Variance
INTERNATIONAL LATINO AMERICAN	315.7	212.0	103.7
MAPA	557.8	516.9	41.0
FABRICA NACIONAL DE CAJAS FUERTES	27.6	14.6	13.1
COMERCIAL SEYMA	19.8	10.9	8.9
IMPORTADORA BASH LTDA	94.2	86.5	7.7
OKI BR MEXICO S DE RL DE CV	7.6	0.7	6.9
CEFECO DE CENTROAMERICA SA	23.4	21.5	2.0
DHAM SERVICES SAC	8.9	7.5	1.4
PERTO SA	4.0	3.3	0.7
Total	1,059.0	873.8	185.3

Repeat Purchasers (Declining):

Customer	2019	2018	Variance
AMERICAN LOCKS	173.8	592.0	(418.2)
COGAR	719.2	870.6	(151.4)
CASPER	58.3	102.5	(44.1)
AGLAR	39.9	83.4	(43.5)
INTERGARD DO BRASIL LTDA	7.5	23.3	(15.9)
LOCK SAFE AND VAULT LTD	7.6	20.4	(12.9)
BRINKS BOLIVIA	16.7	21.7	(5.0)
BETANTECNICA	10.3	14.4	(4.1)
ATM EXPRESS OF PUERTO RICO	2.9	6.7	(3.8)
NCR BRASIL	27.1	30.7	(3.6)
SEGURIDAD Y MANUTENCION	13.0	14.1	(1.0)
PROCOMP INDUSTRIA ELECTRON	1.7	2.2	(0.5)
Other	(6.5)	83.5	(90.0)
Total	1,071.3	1,865.4	(794.0)

YTD Non-Purchasers:

Customer	2019	2018	Variance
GRUPO PROVAL SA DEL LICEO MARIO	-	75.2	(323.0)
INVERSIONES MQS SAC	-	5.9	(92.6)
NOVA CAJAS FUERTES	-	5.6	(52.0)
SURIMAX CIA LTDA	-	3.0	(44.6)
ROGERS AND JORDAN LTD	-	0.5	(28.6)
INTEGRAL TECHNOLOGY	-	0.5	(27.5)
TAS SA HONDURAS	-	0.2	(25.9)
RANGER AMERICAN ARMORED SERVICES	-	0.2	(25.6)
COREDESCA	-	(2.8)	(25.0)
QUALTREX CORP	-	(12.4)	(23.8)
Total	-	75.8	(75.8)

2019 Only Purchasers:

Customer	2019	2018	Variance
SECURITY SERVICES LTD	0.4	-	0.4
SOFT LANDING PERU SAC	0.5	-	0.5
JABIL LUXEMBOURG MANUFACTL	0.9	-	0.9
AUTOMATIC TELLER MACHINE GR	2.0	-	2.0
HERMES TRANSPORTES BLINDAD	4.9	-	4.9
ALBERTO ROJAS HERRERA	7.0	-	7.0
PROTECCION DE VALORES	36.6	-	36.6
Total	52.3	-	52.3



SARGENT AND GREENLEAF