

Hufcor, Inc. Monthly Operating Review

Month Ended July 31, 2020

August 24, 2020

1. The Hufcor team has continued to manage through a very challenging environment, with an incredible amount of uncertainty in our commercial end markets, which has resulted in lower securement activity
2. Anticipating the possibility of a prolonged downturn, the business has been positioned to control costs & conserve cash into next year while maintaining a strong commercial push and delivering quality product to our customers
3. The Hufcor team is heavily engaged in the Project Red initiative to determine the best go-forward path for production in Janesville, as well as finalizing the go-forward commercial initiative, led by Mike Kontranowski
4. Following a challenging month of June, Hufcor returned strong financial performance in July compared to our forecasts
 - Net Revenue of \$12.8 mm vs forecast of \$13.9 mm
 - Bank EBITDA of \$1.5 mm vs forecast of \$0.9 mm
 - Final ECF Payment of \$656k made to LBC in July (\$2.4 mm of term loan paid down in last 12 months)

PRIMARY DEVELOPMENTS SINCE OUR LAST MOR

Domestic Impacts & Actions

- JVL production returned to a 5-day/8-hour week & enacting HC reductions
- Domestic field offices adjusting schedules / staffing in TX, Potomac & SW
- Final stages for transition to an independent distributor (L2) in Southern California market
- Easley & Rivers (former ModernFold distributor) awarded Hufcor Pittsburgh/West Virginia

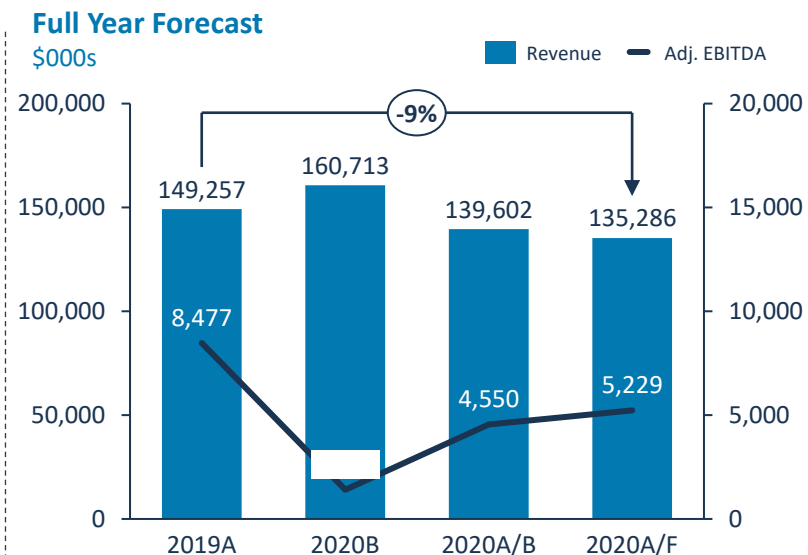
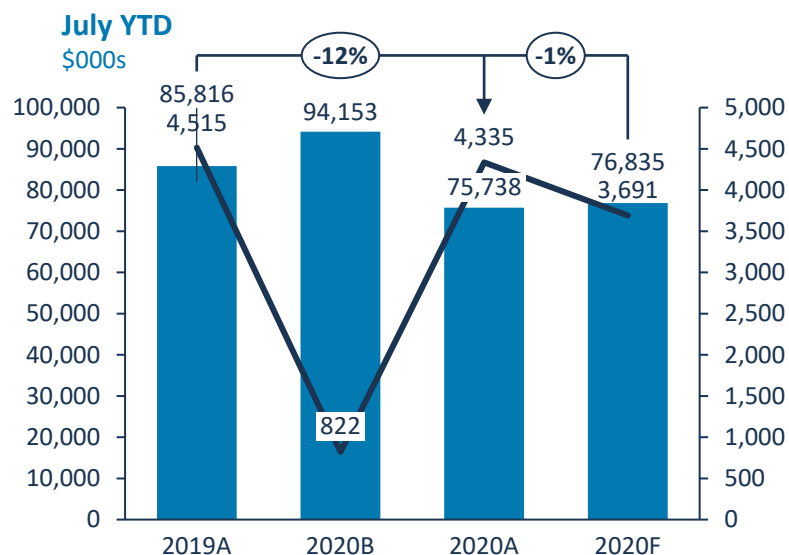
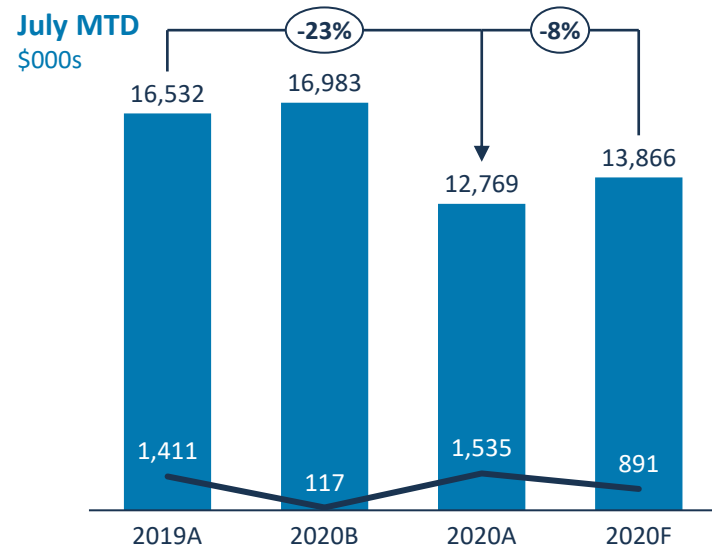
International Impacts & Actions

- Australia/NZ performance continues to drive the entire International division, but the shutdown in Melbourne will impact August
- Steady progress in Europe & Malaysia, though seeing a slowdown in line with other areas
- China & Hong Kong continue to experience weak performance given challenges in the region

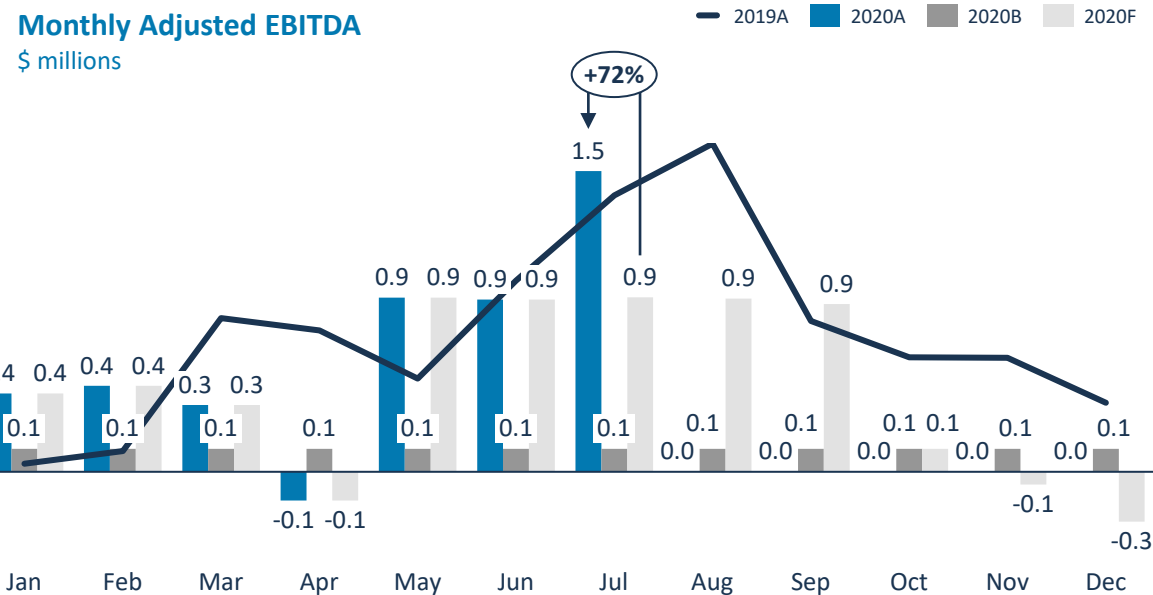
Overhead Impacts & Actions

- Kenny Schappert accepted the role of VP of HR, based in Dallas office (started August 24th)
- Zach Friedrich will return to Hufcor as VP of Global Business Development in September
- Engaged Igneous IP Holdings (Matt Pearson) for innovation project

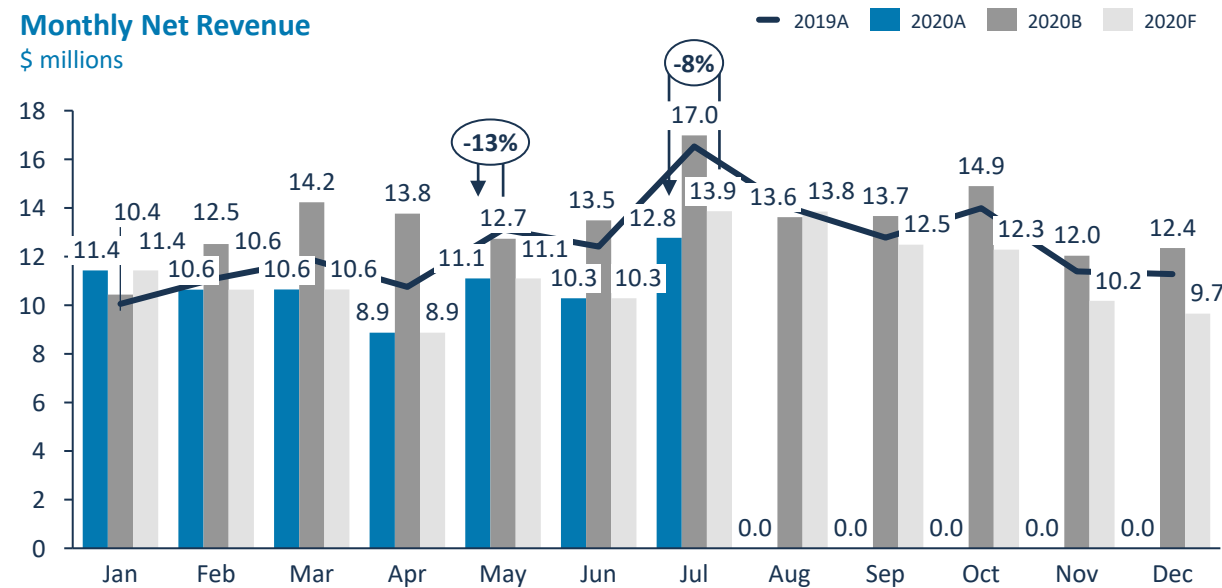
HUFCOR Monthly financial metrics



Monthly Adjusted EBITDA



Monthly Net Revenue



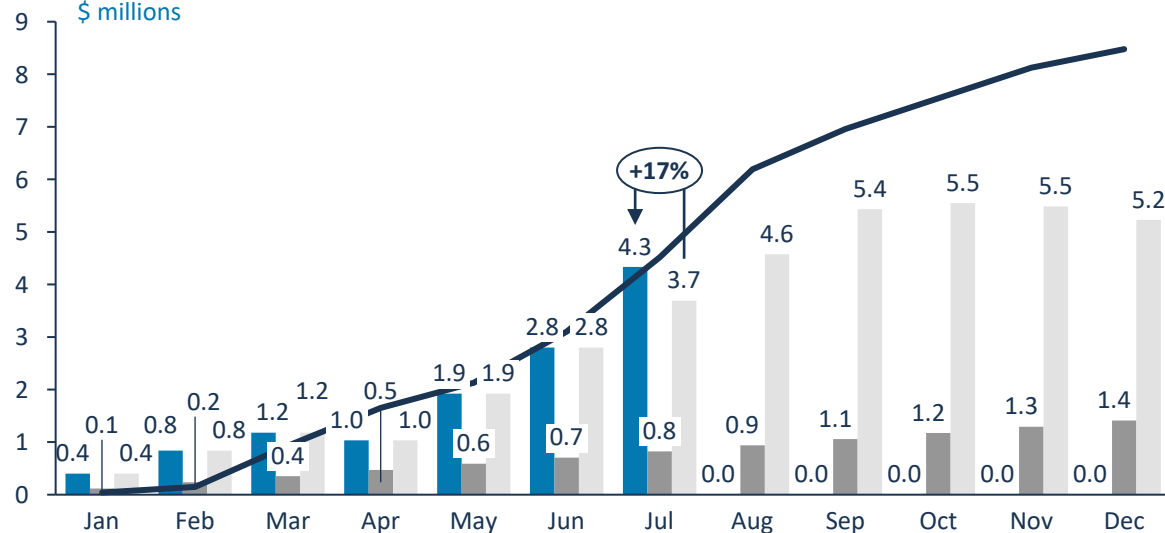


HUF COR Monthly financial metrics

Monthly Adjusted EBITDA

\$ millions

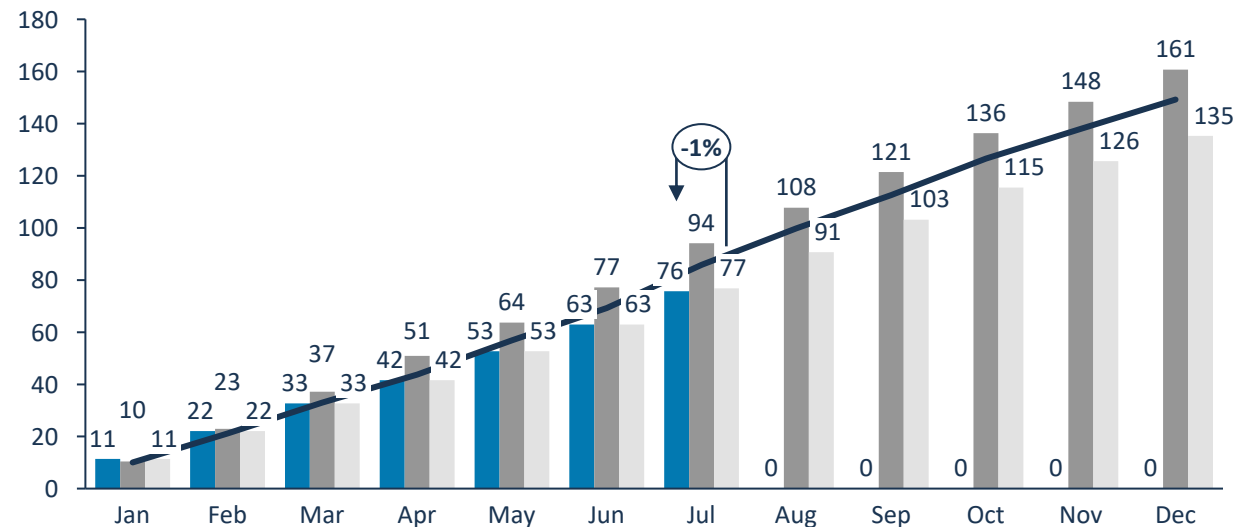
— 2019A ■ 2020A ■ 2020B ■ 2020F



Monthly Net Revenue

\$ millions

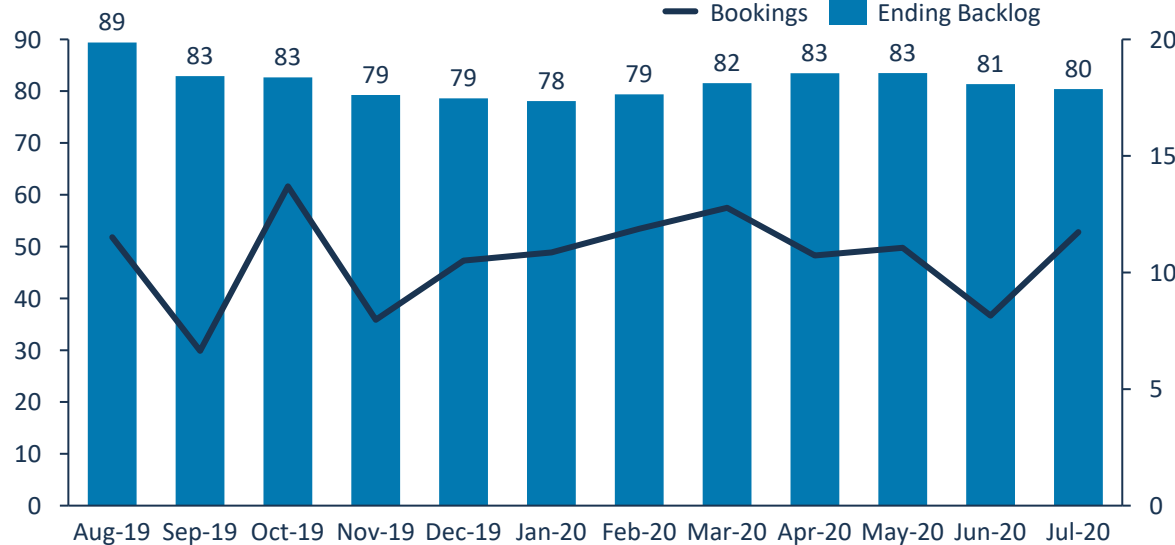
— 2019A ■ 2020A ■ 2020B ■ 2020F



Order Intake

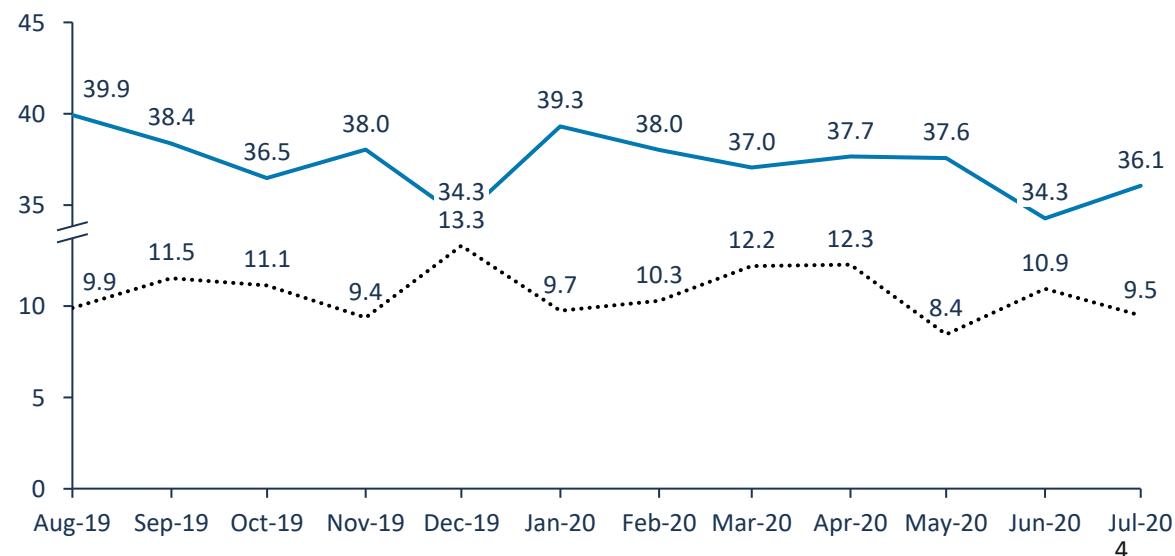
\$ millions

— Bookings ■ Ending Backlog



Liquidity

\$ millions



Outlook

Commercial Update as of mid-August
Operations Impact & Capacity Planning
Financial Outlook

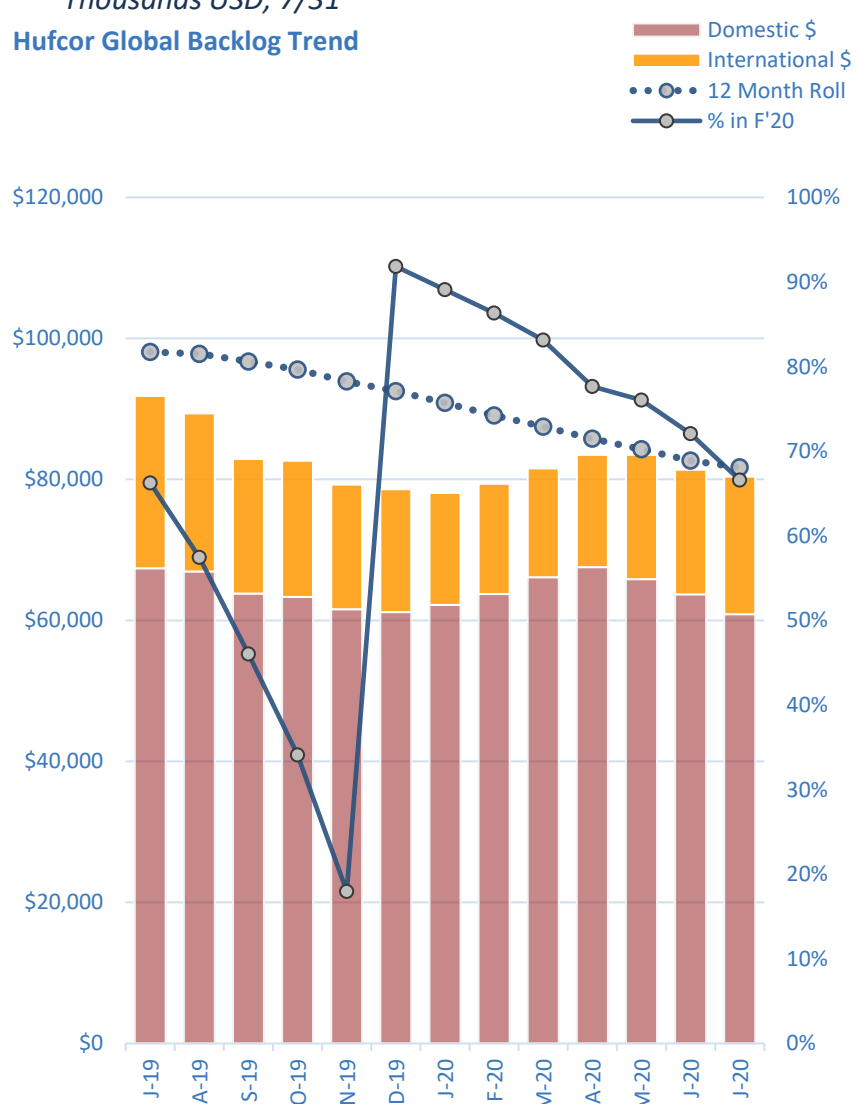
HUFCOR Commercial Update: Hufcor Global Backlog

Overall, the 07/31/20 backlog decreased by \$965k (-\$2.8M – Domestic, +\$1.8M – International)

Historical backlog

Thousands USD; 7/31

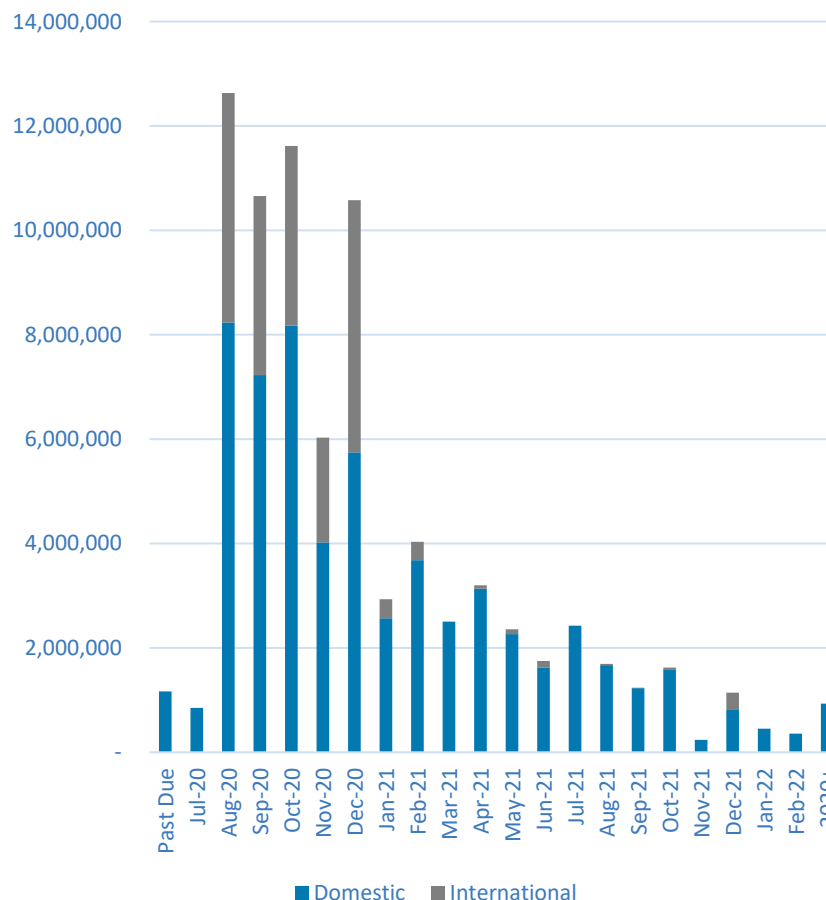
Hufcor Global Backlog Trend



Backlog roll-off

Millions USD; 7/31

Total Backlog Depletion

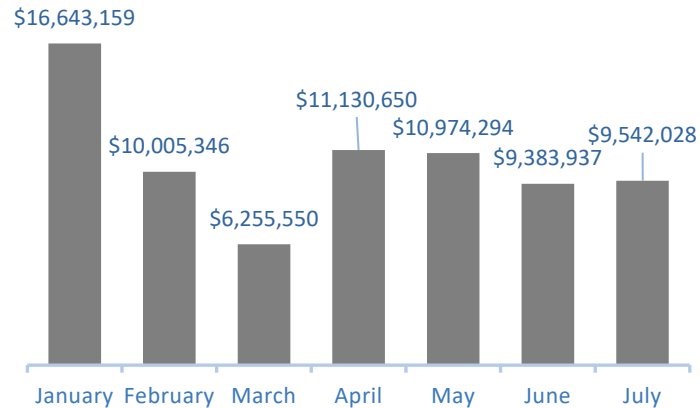


Management Discussion:

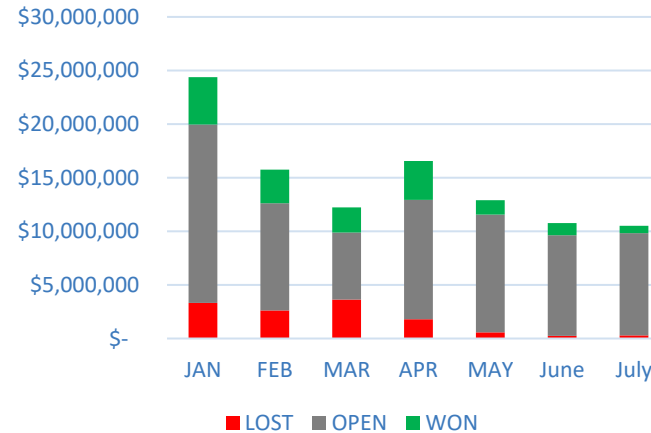
- This decrease is driven by a decrease in the domestic backlog of \$2.9M (Janesville - \$1.1M, Minnesota - \$562K, Southeast - \$747K, Texas - \$747K). The international backlog, however, increased by \$1.5M (Australia \$1.4M)
- Hufcor Sales Offices achieved 74% of securement goal. Permits and delays continue to slow the process of awarding bid contracts
- Independent Distributors quoting activity was down 10% in July compared to 2019, however securements for July were above goal by 4.5%
- Major Projects activity remained consistent in July, better than most of Q2
- International Backlog:
 - Asia continues to be weak, particularly in Hong Kong
 - Europe achieved original AOP sales numbers for the month
 - Australia benefitting from the government's push for school projects

HUFCOR™ Commercial Update: Hufcor Domestic Offices

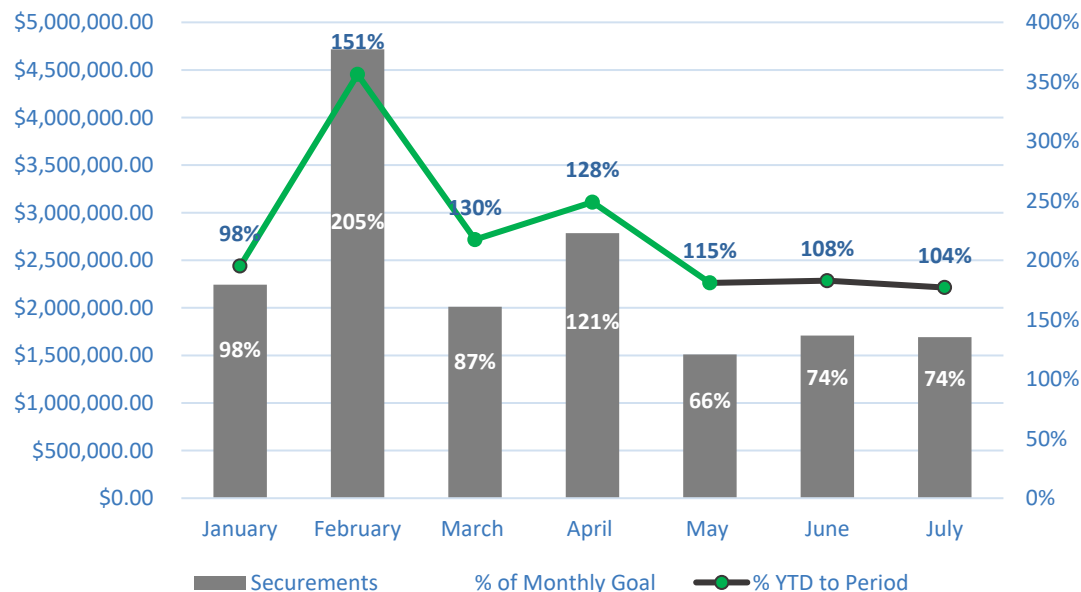
**2020 Remaining Open Opportunities
\$73.8M**



**PIPELINE: CRM Opportunities (Hufcor
Offices Only)**



Domestic Hufcor MTD & YTD Securements vs Goal



Management Discussion:

Wind-down of Southern California field office to be announced Sept 1; transitioning a portion of the backlog to the new distributor for the region.

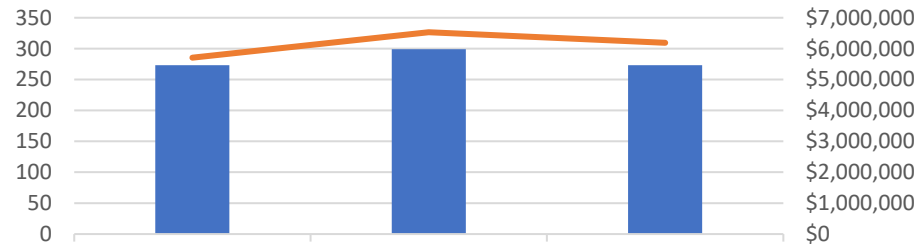
Pipeline Activity:

- Opportunities represent jobs in Hufcor Sales Offices within 3 stages (Qualified/Develop/Negotiate)
- YTD Open Opportunities totaling \$79.7M remains a weekly focus for field office follow up
- Many projects still experiencing delays as owners are not releasing projects to bid, but also not cancelling. Delay in permits continues
- July vs June was flat in opportunities, but offices are still receiving Architectural requests for future project budgets

Securement Activity:

- YOY July experienced an increase in securements by +12% (\$1.7M vs \$1.5M), and an increase in project count of +8 (88 vs 80).
- YTD through end of June, Hufcor Sales Offices are at 104% of goal.
- Continued areas of focus:
 - Q1-Q2 blitz on all open quotes - weekly calls min 8 hrs/wk (minimal emails)
 - Protective Partitions - New sales and service sales opportunity
 - Leverage lead times with all projects, as we remain at or below 10 weeks
 - Unispan growth – given no competitive threat
 - Pricing strategies and freight cost adjustments in targeted regions
 - Increased focus from A&D sales toward competitive BOD changes
 - Increased advertisements for new product, PP, and service resulting in increase leads – will continue to focus dollars and effort here.

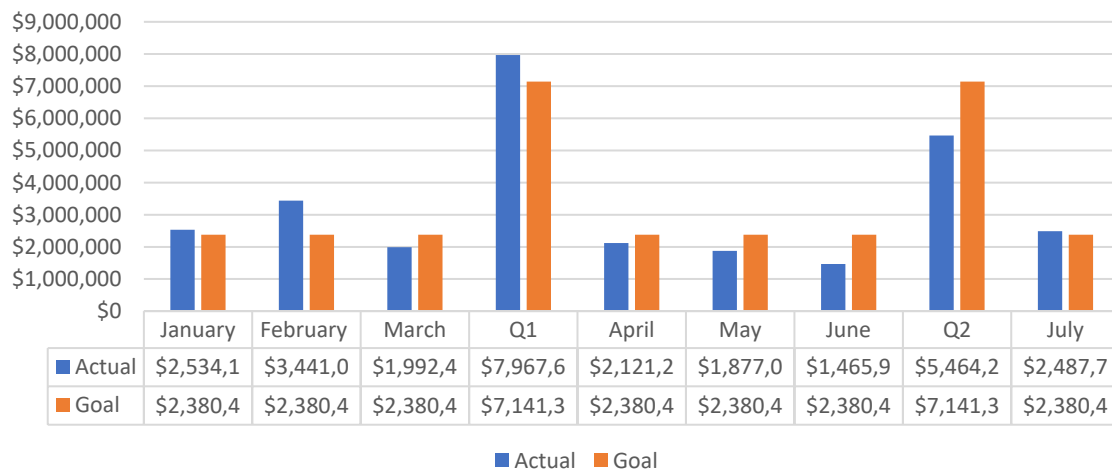
Independent Distributors Quote Log - July



	Jul-18	Jul-19	Jul-20
# Quotes	273	299	273
Total Quote Dollars	\$5,704,836	\$6,527,532	\$6,186,658

Quotes Total Quote Dollars

Independent Distributor Securements



Actual Goal

Management Discussion:

Quote Activity Flat:

- Number of quotes declined (273 for July 2020 vs. 299 for July 2019)
- Dollar volume of quotes for July 2020 decreased (\$6.2M for July 2020 vs. \$6.5M for July 2019).
- Numerous states re-implemented COVID restrictions; yet despite this challenge, overall quoting levels remained flat.

Securement Activity:

- **Finished July at 105% of securement goal (\$2.5M secured vs \$2.4M goal).**
- YTD Securement Goal thru July at 95% of goal (\$15.8M secured vs \$16.7M goal).

Actions:

- New RSM's engaged with distributors to get orders.
- All RSM's evaluating under performing markets and distributors in those markets. What is needed to increase market share? Training, pricing or bid strategy adjustment? Do we have the right partner?
- New distributor in Pittsburgh and West VA market, potential net gain of \$500K+ in sales.
- New distributor in LA market, potential gain of \$400K+ in sales.
- Aggressively pursuing quote log follow up with a heavy focus on projects for secure and release in 2020.

Major Projects Activity:

Strong Project Pipeline Opportunities:

	2019 Jan-July	2020 Jan-July	Total YTD July
# Projects	44	49	95
\$\$ (MM)	\$57.4	\$40.4	\$97.8

Material Bookings Lag 2019:

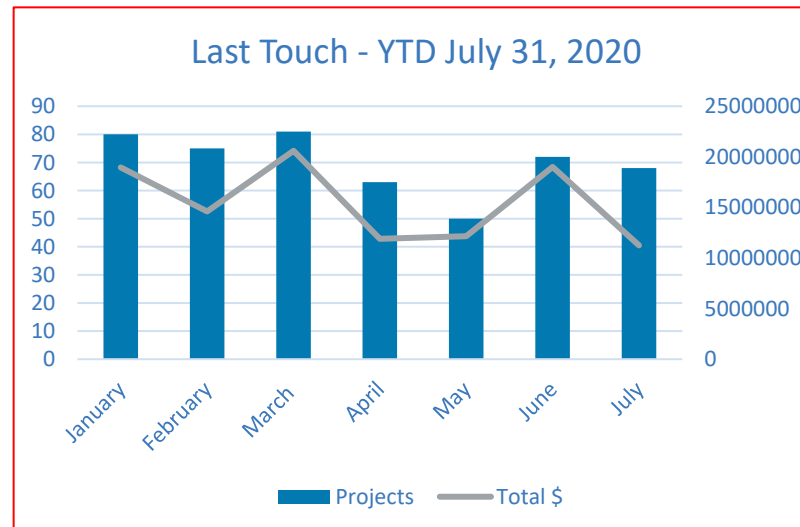
2019 Jan-July	YTD July
\$12.4MM	\$11.4MM

Est. Project Margin Growth:

2019 YTD	2020 Jan-July
38.44%	41.5%

July Wins:

Fort Bend HS (Texas) -	\$500,000
Hilton Columbus -	\$441,400
Wake Co. FlexTact -	\$215,800
Upper Meriem HS	\$185,000



Management Discussion:

- July Large Project new quoting activity remained consistent to June.

Project Type	#	Value
Hotels	7	\$1.5MM
Education	19	\$3.2MM
CC	1	\$0.2MM
Commercial	7	\$1.0MM

- Slow Down in International Major Projects
- Material Net bookings (Janesville) lag 2019 levels due to lower GU/GA bookings in 2020
- Continued optimism that hospitality and convention center projects in pipeline to continue, expecting requoting activity in August and September
- No major projects permanently cancelled, but some have pushed out

International Securement Activity

July Securment Activity (US\$):

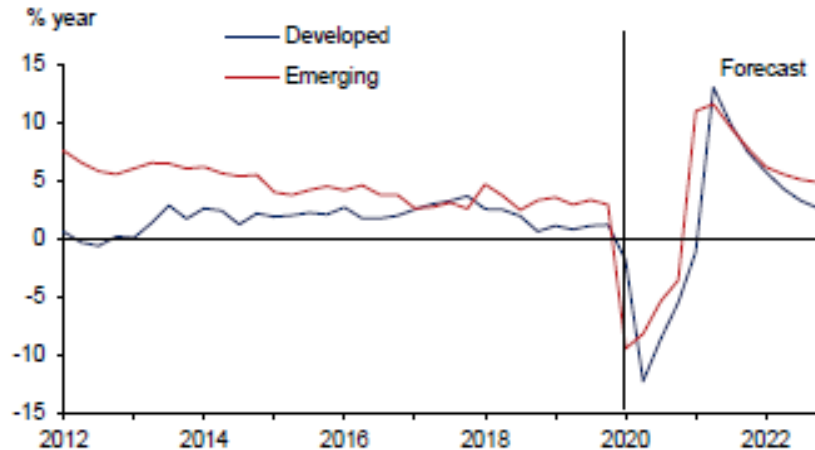
	Goal	Actual	%
Europe	\$1,015,000	\$1,011,308	99%
Australia	\$1,540,000	\$1,592,494	103%
Malaysia	\$ 100,000	\$ 57,544	57%
China	\$ 300,000	\$ 116,975	39%
Hong Kong	\$ 600,000	\$ 515,313	86%
	\$3,555,000	\$3,293,634	92.6%

Management Discussion:

- International securements grew slightly from June, driven by Europe and Hong Kong.
- Europe - Severe slow down in quoting activity in exports/distributors
 - France: July was solid quote activity and anticipate increased securements in August.
 - Germany: **Agents secured 116% of goal** (top month in 2020) **Distributors: 76% Goal**, continues COVID declines
 - Developed Service Sales Plan – recruiting new tech candidates. Still projected to start Q3.
- Australia – Strong opportunity pipeline and government COVID recovery investments in **education markets**.
- Malaysia/SE Asia – opportunities extremely limited with small projects. **Quote activity increased 3X**, but project size totaled only 50% of typical months.
- SE Asia – Launch Google AdWords campaigns
- China – COVID restrictions hampering sales severely. Hong Kong – Solid securement month, but political unrest continues to slow quote activity.
- Marketing Coordinator recruited for China specific efforts. To hire in August.

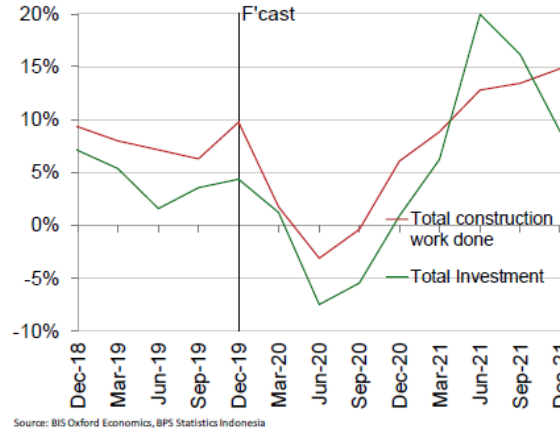
Global Construction Output

World: Construction output growth



SE Asia - Combined

South-east Asia total construction work done and total investment y/y % change





Janesville Capacity Planning

- Hybrid **Demand-Headcount model** being used to plan/manage staffing and cost control; will help to inform timing of hard (permanent) and soft (temporary) layoff volumes
- Based on projected demand, **weekly capacity thresholds** (for releasing new orders) have been set to 70% (or less) starting in October; 50% in December; and 65% for Q1 2021
- After getting fully caught up from the June shutdown, Production has been able to **manage labor hours worked** effectively reducing Gross Pay per Unit to ~\$92/unit in August vs. ~\$107/unit in June/July
- **Temporary Reductions – Ongoing** – [Per week cost savings: Variable - \$1000/week/head]
 - Count: Variable
 - Will execute temporary layoffs as required through to 2021
- **Permanent Reductions – Round #1 effective week of 10/12** – [Per week cost savings: ~\$48K]
 - Permanent: 48; New Union Count: 145
 - Union response and bumping process will present managerial challenges

Management Discussion:

- Solid panel workload through September and importance of Resorts World job execution suggests a hard layoff in October, not sooner
- Average gross wages paid per week has been reduced to \$160K in August vs. \$190K in July
- In September (and going forward), temporary/voluntary layoffs and K-time will be used to manage labor hours worked
- Latest thinking is there will be 2 hard cuts in total – Oct 12th and a final reduction in 2021
- Much of JVL is no longer working any overtime but remaining planned overtime (i.e. 9-hour work schedule) will cease w/b 8/31
 - Potential for significant overtime to be logged after hard layoff starting in October

Labor Hours and Units by Week

Data from digital SIM board; includes only 600, 601, 602, 603, GL, GU, and ISPD

*Missing points indicates poor data quality

Line

All

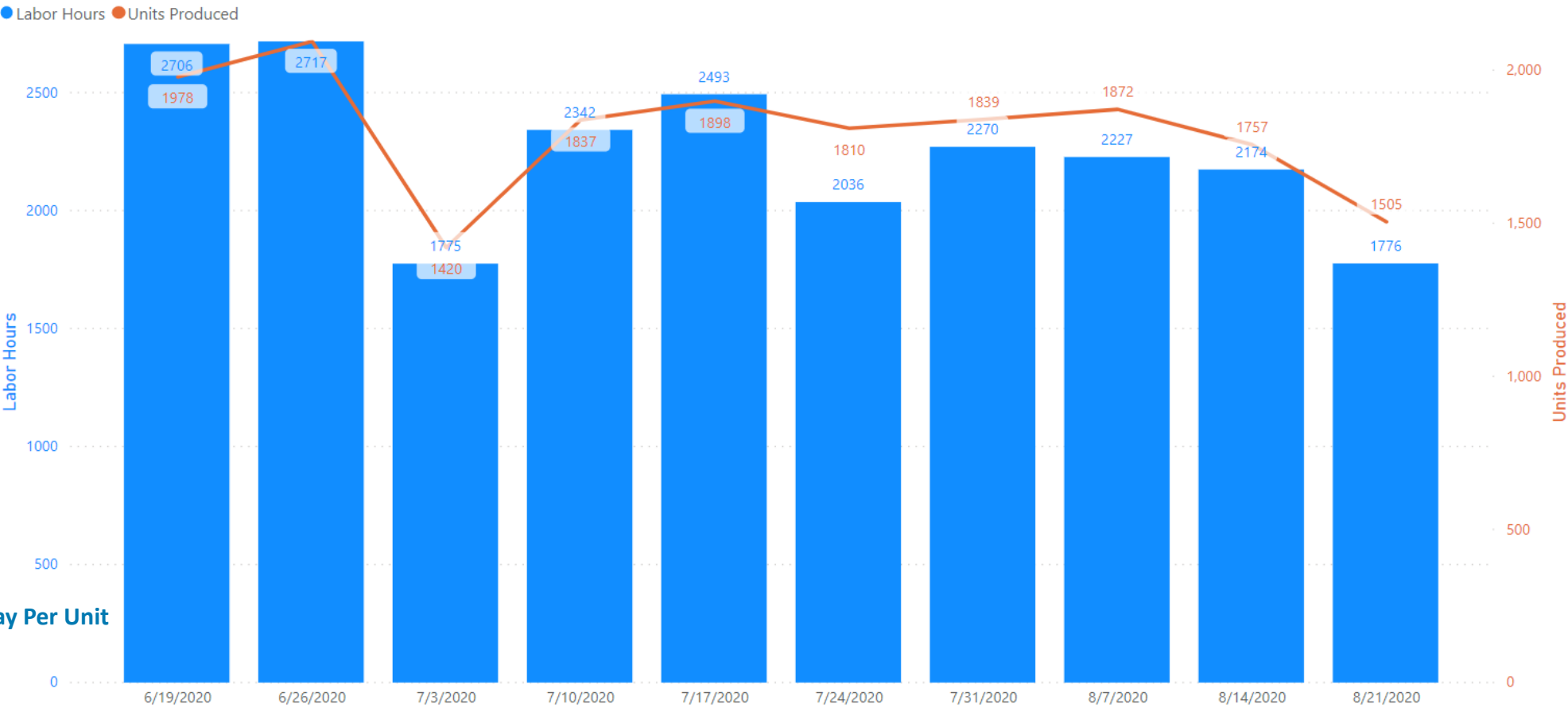
Date

Last

11

Weeks

6/6/2020 - 8/21/2020

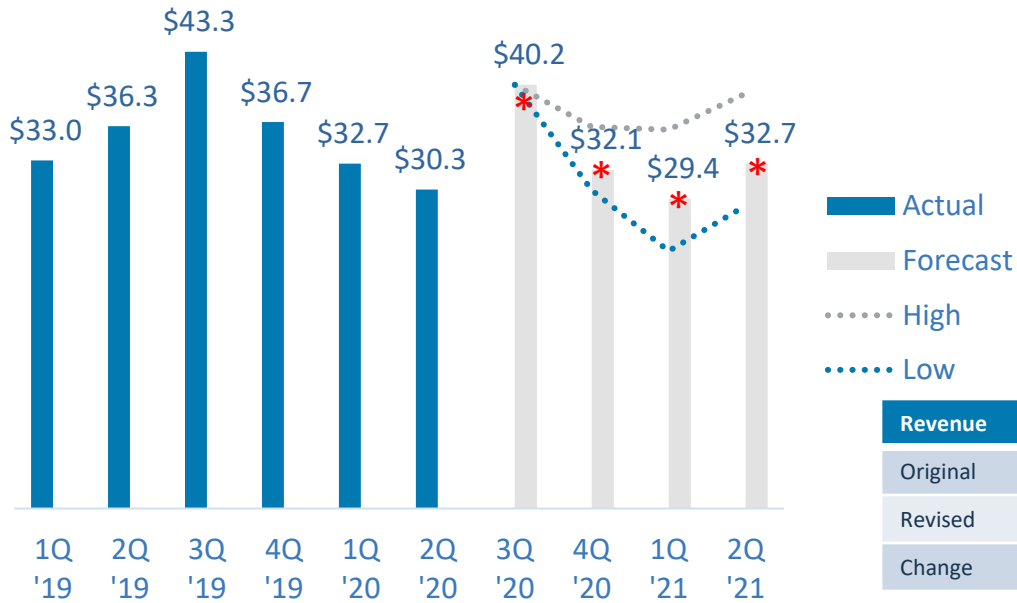


Gross Pay Per Unit

		Week									
		20-Jun	27-Jun	4-Jul	11-Jul	18-Jul	25-Jul	1-Aug	8-Aug	15-Aug	
FC Act	\$	97	\$ 97	\$ 122	\$ 97	\$ 97	\$ 97	\$ 97	\$ 97	\$ 97	
	\$	104	\$ 102	\$ 124	\$ 115	\$ 106	\$ 101	\$ 98	\$ 92	\$ 92	

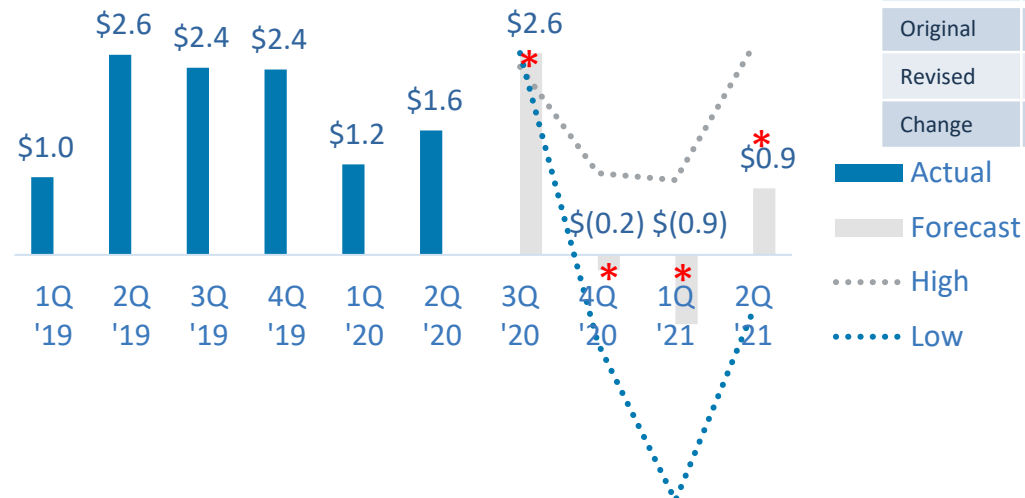
HUFCOR™ Current Financial Outlook vs. Forecast Range

Revenue Forecast:



Revenue	3Q '20	4Q '20	1Q '21	2Q '21
Original	\$40.2	\$32.1	\$29.4	\$32.7
Revised	\$38.0	\$32.1	\$29.4	\$32.7
Change	(\$2.2)	(\$0.0)	\$-	\$-

EBITDA Forecast:



EBITDA	3Q '20	4Q '20	1Q '21	2Q '21
Original	\$2.6	(\$0.2)	(\$0.9)	\$0.9
Revised	\$2.6	(\$0.2)	(\$0.2)	\$1.3
Change	(\$0.0)	\$0.0	\$0.7	\$0.4

Management Discussion:

- As stated in our previous update, management was waiting until mid-August to assess the commercial demand for the remainder of the year
- Commercial team was asked to review all securements slated for Q3 and Q4, to confirm that they were still on schedule to produce and ship, with a particular focus on the large jobs over \$80k
 - Of the 25 major jobs reviewed; 11 were confirmed as-is, 8 moved to a later month within 2020 and 6 were moved to 2021
 - These jobs represented \$4.4 million of product revenue; \$1.2 million confirmed as-is, \$1.9 million moved to a later month within 2020 and \$1.4 million moved to 2021
- Based on this feedback, management has revised the commercial forecast for Q3 and Q4
- In addition, management has re-forecasted performance for the next 4 quarters assuming headcount reductions that will take place
- Management will continue to assess the commercial forecast and execute changes to headcount as required

HUFCOR® Forecasted 13-Week Cashflow

Cumulative Operating Cashflow forecast at -\$361k through next 13 weeks. Projecting improved liquidity from collections increasing and cost savings implemented in Q4.

Week #:	34	35	36	37	38	39	40	41	42	43	44	45	46
Week Ending Friday:	21-Aug	28-Aug	4-Sep	11-Sep	18-Sep	25-Sep	2-Oct	9-Oct	16-Oct	23-Oct	30-Oct	6-Nov	13-Nov
13-WEEK CASHFLOW FORECAST	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Collections from Hufcor Entities	-	-	129	-	28	129	-	-	-	-	-	129	-
Collections from Non-Hufcor Entities	1,833	2,164	2,097	2,163	2,222	2,098	2,252	2,192	2,181	2,012	2,089	2,066	2,173
Royalties	-	-	-	-	-	-	-	-	-	-	-	-	-
All other inflows	53	-	-	-	-	46	-	-	-	35	-	-	-
Total Operating Inflows	1,887	2,164	2,225	2,163	2,251	2,273	2,252	2,192	2,181	2,047	2,089	2,195	2,173
Materials - Disb. To Hufcor Entity	-	-	128	-	30	128	-	-	-	-	-	128	-
Materials - Disb. To Non-Hufcor Entity	1,052	1,150	1,070	1,041	1,017	956	1,091	919	933	917	917	980	919
Hourly / Salary Payroll	285	1,066	388	1,057	491	1,000	381	1,170	364	851	420	954	378
Commissions	25	129	-	17	18	102	6	17	12	107	6	17	-
Benefits	160	160	160	160	192	160	160	160	185	160	160	160	160
Building Rent	54	29	143	18	59	10	161	7	13	43	41	59	2
All Other	332	153	328	148	333	151	343	148	330	150	233	162	230
Total Operating Outflows	1,909	2,686	2,216	2,440	2,139	2,508	2,143	2,420	1,838	2,228	1,777	2,460	1,690
Weekly Net Operating Cashflow	(22)	(522)	9	(277)	112	(234)	109	(228)	343	(180)	312	(265)	483
Cumulative Net Operating Cashflow for next 13 Weeks	(22)	(544)	(535)	(813)	(701)	(936)	(826)	(1,055)	(712)	(892)	(580)	(845)	(361)
Interest Expense / Debt Service/Principal	-	-	25	4	-	-	957	-	-	-	-	25	-
Taxes	226	30	30	75	191	139	47	30	112	233	30	47	110
CapEx	7	57	-	-	-	-	-	-	-	-	-	-	-
All Non-Operating Outflows	1	1	1	1	1	1	1	1	1	1	1	1	1
Total Non-Operating Outflows	235	88	56	81	192	141	1,005	31	113	234	31	73	111
Weekly Net Cashflow	(257)	(610)	(47)	(358)	(80)	(375)	(896)	(259)	230	(414)	281	(338)	372
Cumulative Net Cashflow for next 13 Weeks	(257)	(867)	(914)	(1,272)	(1,353)	(1,728)	(2,624)	(2,883)	(2,653)	(3,067)	(2,786)	(3,124)	(2,752)
Borrowing Base Estimate	17,159	17,159	17,159	17,159	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Revolver Estimate	9,116	9,726	9,773	10,131	10,212	10,587	11,482	11,742	11,512	11,926	11,645	11,983	11,611
Availability Estimate	8,043	7,434	7,386	7,028	6,788	6,413	5,518	5,258	5,488	5,074	5,355	5,017	5,389
Cash Balance Estimate	1,979	1,979	1,979	1,979	1,979	1,979	1,979	1,979	1,979	1,979	1,979	1,979	1,979
Net Liquidity Estimate	10,022	9,412	9,365	9,007	8,767	8,392	7,496	7,237	7,467	7,053	7,334	6,996	7,368
Term Loan Balance Estimate	29,528	29,528	29,528	29,528	29,528	29,528	28,580	28,580	28,580	28,580	28,580	28,580	28,580
Total External Debt Estimate	38,644	39,254	39,301	39,659	39,740	40,115	40,063	40,322	40,092	40,506	40,225	40,563	40,191

Month 7

Financials – July 2020



Income Statement

Currency

USD

Month

Latest Month

Jul 2020

Month

QTD

YTD

TTM

Plan Scenario

Reforecast

Income Statement

	Current Year	Prior Year	Plan	Δ Prior Year (%)		Δ Plan (%)	
= Units produced	0K	0K	0K				
= Units shipped	0K	0K	0K				
= Bookings	11,731K	7,707K	0K		+52		
= Backlog	80,400K	91,840K	0K	(12)			
= Gross Revenue	12,769K	16,532K	13,866K	(23)		(8)	
Discounts	0K	0K	0K				
Returns	0K	0K	0K				
Rebates	0K	0K	0K				
Other Revenue	0K	0K	0K				
= Net Revenue	12,769K	16,532K	13,866K	(23)		(8)	
- Material	3,711K	7,172K	4,971K	(48)		(25)	
- Labor	3,879K	4,259K	4,376K	(9)		(11)	
- Other COGS	986K	880K	1,013K		+12	(3)	
= Total COGS	8,576K	12,311K	10,360K	(30)		(17)	
= Gross Margin	4,193K	4,221K	3,505K	(1)		+20	
- R&D	0K	0K	0K				
- Sales & marketing	1,208K	1,233K	1,079K	(2)		+12	
- Administrative	1,818K	1,288K	1,693K		+41	+7	
- Other OPEX	(95K)	(7K)	(8K)	(1,310)		(1,094)	
= Total OPEX (excl D&A)	2,931K	2,514K	2,764K		+17	+6	
= Reported EBITDA	1,262K	1,707K	741K	(26)		+70	
Bank allowable EBITDA ad...	273K	671K	149K	(59)		+83	
= Bank EBITDA	1,535K	1,306K	891K		+18	+72	
EBITDA addbacks	273K	776K	149K	(65)		+83	
= Adjusted EBITDA	1,535K	1,411K	891K		+9	+72	

Income Statement

Currency

USD

Month

Latest Month

Jul 2020

Month

QTD

YTD

TTM

Plan Scenario

Reforecast

Income Statement

	Current Year	Prior Year	Plan			
					Δ Prior Year (%)	Δ Plan (%)
= Units produced	0K	0K	0K			
= Units shipped	0K	0K	0K			
= Bookings	77,183K	81,916K	65,452K	(6)		+18
= Backlog	567,726K	697,393K	487,326K	(19)		+16
= Gross Revenue	75,738K	85,816K	76,835K	(12)		(1)
Discounts	0K	0K	0K			
Returns	0K	0K	0K			
Rebates	0K	0K	0K			
Other Revenue	0K	0K	0K			
= Net Revenue	75,738K	85,816K	76,835K	(12)		(1)
- Material	24,844K	30,475K	26,103K	(18)		(5)
- Labor	23,742K	25,724K	24,240K	(8)		(2)
- Other COGS	7,109K	7,465K	7,136K	(5)		(0)
= Total COGS	55,695K	63,663K	57,479K	(13)		(3)
= Gross Margin	20,043K	22,153K	19,355K	(10)		+4
- R&D	0K	0K	0K			
- Sales & marketing	7,645K	8,032K	7,515K	(5)		+2
- Administrative	10,675K	8,456K	10,550K		+26	+1
- Other OPEX	(317K)	(184K)	(230K)	(73)		(38)
= Total OPEX (excl D&A)	18,003K	16,304K	17,835K		+10	+1
= Reported EBITDA	2,040K	5,848K	1,520K	(65)		+34
Bank allowable EBITDA ad...	2,295K	7,608K	2,171K	(70)		+6
= Bank EBITDA	4,335K	6,356K	3,691K	(32)		+17
EBITDA addbacks	2,295K	5,766K	2,171K	(60)		+6
= Adjusted EBITDA	4,335K	4,515K	3,691K	(4)		+17

HUFCOR Covenant Compliance - Last Twelve Months

	Covenant Analysis- JPMC and LBC Credit Partners											
\$'000	Aug-19 Actual	Sep-19 Actual	Oct-19 Actual	Nov-19 Actual	Dec-19 Actual	Jan-20 Actual	Feb-20 Actual	Mar-20 Actual	Apr-20 Actual	May-20 Actual	Jun-20 Actual	Jul-20 Actual
Fixed Charge Coverage Ratio (JP Morgan Chase- Monthly and LBC Credit Partners- Quarterly)												
Net Income (Loss)	\$ 680	\$ (3,773)	\$ 351	\$ (297)	\$ (499)	\$ (845)	\$ (705)	\$ (552)	\$ (1,170)	\$ 60	\$ 28	\$ 728
Bank EBITDA Calculation:												
Interest Expense	355	362	342	344	323	327	326	288	271	285	281	266
Income and Franchise Tax Expense	85	99	94	75	785	(14)	23	(13)	18	8	74	44
Depreciation and Amortization Expense	510	240	239	240	249	257	279	261	272	259	281	268
Losses (Gains) from Dispositions	10	1	-	64	(10)	-	-	4	-	30	-	-
Management Agreement fees and expenses	250	-	250	-	-	250	-	-	83	83	83	83
Losses (Gains) from Discontinued Operations	-	-	17	17	117	17	30	-	-	-	-	-
Non-cash FX, transaction, translation losses (gains)	6	60	(65)	91	(12)	16	(12)	(9)	19	(13)	(23)	(128)
Severance costs, subject to ABL	-	732	-	(139)	-	-	-	62	128	-	-	-
Other non-cash charges or non-cash gains	-	-	-	-	374	-	-	-	(0)	-	-	-
Other non-recurring fees and expenses - Consultants	218	331	390	414	780	391	392	248	326	112	155	273
Other non-recurring fees and expenses - All Other	-	7	47	-	189	-	105	46	39	64	-	-
Non-recurring inventory write-offs < \$320k in total	-	498	-	-	(178)	-	-	-	-	-	-	-
Non-recurring A/R write-offs < \$1.3mm in total	-	1,737	(31)	(98)	(879)	-	-	-	(63)	-	-	-
Non-recurring warranty claim payments: Mystic Lake < 400k	-	75	-	-	-	-	-	-	-	-	-	-
Non-recurring warranty claim payments: Non- Mystic Lake < 625k	(37)	686	(2)	(59)	(147)	-	-	-	(70)	-	-	-
Less Extraordinary gains and non-cash income	-	-	-	-	(412)	-	-	-	-	-	-	-
Bank EBITDA	\$ 2,079	\$ 1,055	\$ 1,633	\$ 653	\$ 679	\$ 400	\$ 439	\$ 340	\$ (147)	\$ 889	\$ 879	\$ 1,535
Less:												
Unfinanced CAPEX	87	136	132	51	123	203	115	30	23	112	12	110
Cash income and franchise taxes	-	-	4	1	187	-	-	-	-	8	74	44
Cash Monitoring fees (including expenses)	115	184	160	278	346	347	412	42	1,554	75	5	383
Numerator	\$ 1,876	\$ 735	\$ 1,337	\$ 323	\$ 23	\$ (151)	\$ (88)	\$ 268	\$ (1,724)	\$ 694	\$ 788	\$ 998
Fixed Charges:												
Cash Interest	301	308	289	291	269	272	271	233	249	239	234	220
Regularly scheduled principal payments	-	-	209	-	-	292	-	-	292	-	-	292
Capital Lease payments	-	-	-	-	-	-	-	-	-	-	-	-
Total Fixed Charges	\$ 301	\$ 308	\$ 497	\$ 291	\$ 269	\$ 565	\$ 271	\$ 233	\$ 541	\$ 239	\$ 234	\$ 512
TTM Numerator	8,445	8,146	8,902	8,912	8,948	8,816	8,712	7,963	5,258	5,592	5,075	5,080
TTM Fixed Charges	4,675	4,710	4,558	4,537	4,476	4,529	4,496	4,415	4,444	4,635	4,264	4,260
Fixed Charge Covenant Ratio	1.81	1.73	1.95	1.96	2.00	1.95	1.94	1.80	1.18	1.21	1.19	1.19
Required Fixed Charge Covenant Ratio					1.15		1.15 x			1.15 x		
Leverage Ratio (LBC Credit Partners- Quarterly)												
Total Debt for Leverage Calculation	\$ 41,174	\$ 40,689	\$ 40,241	\$ 40,794	\$ 37,418	\$ 42,640	\$ 39,799	\$ 40,060	\$ 40,683	\$ 39,379	\$ 37,135	\$ 38,846
TTM Bank EBITDA	\$ 11,459	\$ 11,467	\$ 11,881	\$ 11,873	\$ 12,455	\$ 12,636	\$ 12,802	\$ 11,949	\$ 10,522	\$ 10,870	\$ 10,205	\$ 10,434
Leverage Ratio	3.59	3.55	3.39	3.44	3.00	3.37	3.11	3.35	3.87	3.62	3.64	3.72
Required Leverage Ratio					4.75		4.25 x			3.75 x		

*Not required until December 31st, 2019 pursuant to section 2.9 (ii) of the 2nd amendment to the Term Loan Credit Agreement and Waiver

Management Discussion:

Covenant Compliance thru 2020

- Leverage covenant accounts for 3rd party consultants as add-back.
- Fixed charge coverage ratio incorporates the cash consultant costs as well as management fees paid in cash in July.
- Current forecasts anticipate covenant issues in Q3 given depressed output & restrictions from COVID-19.
 - Combined August & September of 2019 accounted for > \$3.1 mm of Bank EBITDA
 - Forecast for August & September of 2020 below those levels; pending job timing

A | Appendix

Global Securements vs. Prior Year

Region

Multiple selections

Week

Last

2

Months

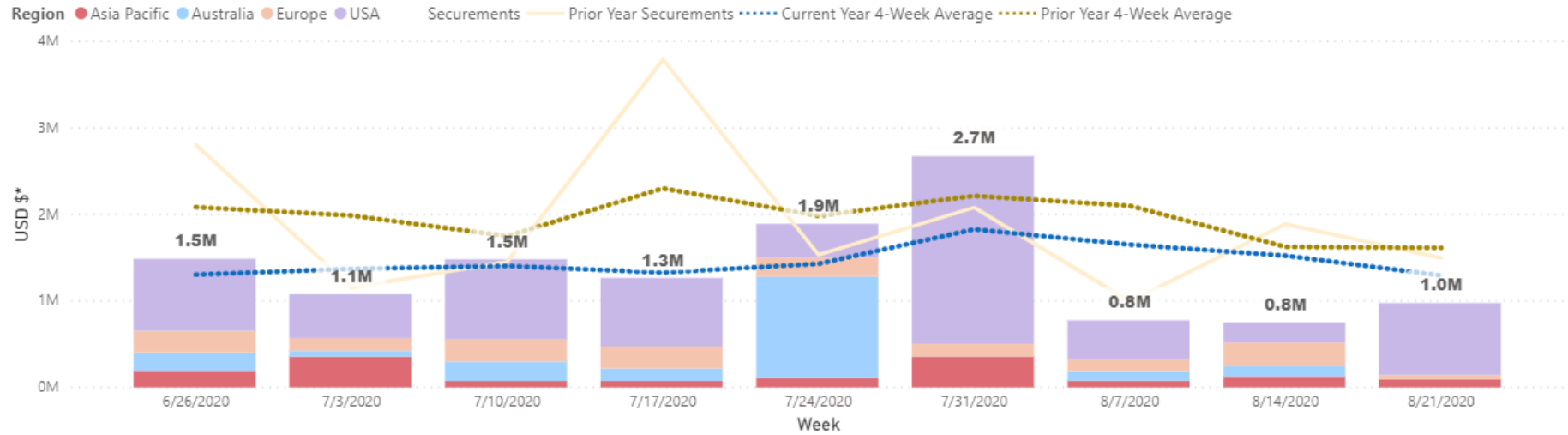
Last

Next

This

8/21/2020

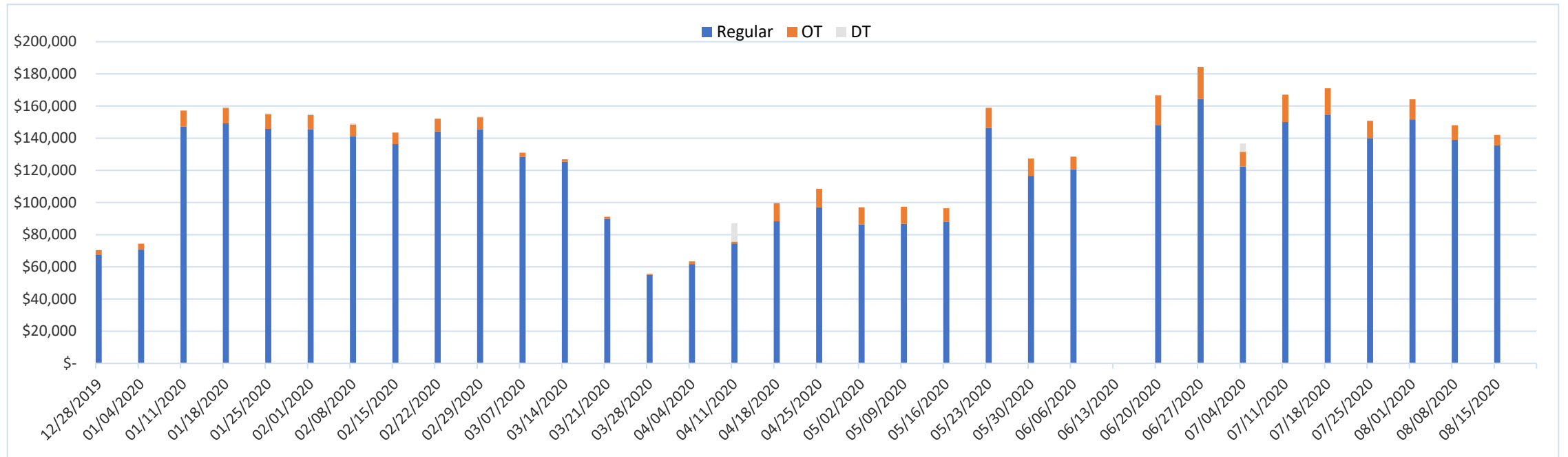
Recent Trend



Trailing 4-Week Average vs. Prior Year



* Converted to USD using a constant conversion rate value



Total Hours and OT Hours decreasing despite a relatively flat workload/units output.

HUF COR July P&L Performance

\$'000	MTD					YTD					MTD					YTD				
	Act	%	Rfc	%	Act vs Rfc	Act	%	Rfc	%	Act vs Rfc	Act	%	PY Act	%	Act vs PY Act	Act	%	PY Act	%	Act vs PY Act
Net Revenue	12,769		13,866		92.1%	75,738		76,835		98.6%	12,769		16,532		77.2%	75,738		85,816		88.3%
Material	3,711	29.1%	4,971	35.9%	74.7%	24,844	32.8%	26,103	34.0%	95.2%	3,711	29.1%	7,172	43.4%	51.8%	24,844	32.8%	30,475	35.5%	81.5%
Labor	3,879	30.4%	4,376	31.6%	88.6%	23,742	31.3%	24,240	31.5%	97.9%	3,879	30.4%	4,259	25.8%	91.1%	23,742	31.3%	25,724	30.0%	92.3%
Other COGS	986	7.7%	1,013	7.3%	97.3%	7,109	9.4%	7,136	9.3%	99.6%	986	7.7%	880	5.3%	112.1%	7,109	9.4%	7,465	8.7%	95.2%
Total COGS	8,576	67.2%	10,360	74.7%	82.8%	55,695	73.5%	57,479	74.8%	96.9%	8,576	67.2%	12,311	74.5%	69.7%	55,695	73.5%	63,663	74.2%	87.5%
Gross Margin	4,193	32.8%	3,505	25.3%	119.6%	20,043	26.5%	19,355	25.2%	103.6%	4,193	32.8%	4,221	25.5%	99.3%	20,043	26.5%	22,153	25.8%	90.5%
R&D	–	0.0%	–	0.0%	0.0%	–	0.0%	–	0.0%	0.0%	–	0.0%	–	0.0%	0.0%	–	0.0%	–	0.0%	0.0%
Sales & Marketing	1,208	9.5%	1,079	7.8%	112.0%	7,645	10.1%	7,515	9.8%	101.7%	1,208	9.5%	1,233	7.5%	98.0%	7,645	10.1%	8,032	9.4%	95.2%
Administrative	1,818	14.2%	1,693	12.2%	107.4%	10,675	14.1%	10,550	13.7%	101.2%	1,818	14.2%	1,288	7.8%	141.2%	10,675	14.1%	8,456	9.9%	126.3%
Other Opex	(95)	-0.7%	(8)	-0.1%	1194.1%	(317)	-0.4%	(230)	-0.3%	138.0%	(95)	-0.7%	(7)	0.0%	1410.4%	(317)	-0.4%	(184)	-0.2%	172.9%
Total Opex	2,931	23.0%	2,764	19.9%	106.1%	18,003	23.8%	17,835	23.2%	100.9%	2,931	23.0%	2,514	15.2%	116.6%	18,003	23.8%	16,304	19.0%	110.4%
EBITDA	1,262	9.9%	741	5.3%	170.1%	2,040	2.7%	1,520	2.0%	134.2%	1,262	9.9%	1,707	10.3%	73.9%	2,040	2.7%	5,848	6.8%	34.9%
Adj. EBITDA	1,535	12.0%	891	6.4%	0.0%	4,335	5.7%	3,691	4.8%	0.0%	1,535	12.0%	1,411	8.5%	0.0%	4,335	5.7%	4,515	5.3%	0.0%
Net Income (Loss)	\$ 728		\$ 97		\$ 631 (652.4%)	\$ (2,455)		\$ (3,086)		\$ 631 20.4%	\$ 728		\$ 634		\$ 94 (14.8%)	\$ (2,455)		\$ (1,252)		\$ (1,204) (96.2%)
Opex Overview:																				
	MTD		Variance			MTD		Variance			MTD		Variance			MTD		Variance		
	Act	Bud	\$	%		Act	Bud	\$	%		Act	Bud	\$	%		Act	Bud	\$	%	
Payroll	\$ 1,174	\$ 1,092	\$ 82	7.5%		\$ 7,778	\$ 7,696	\$ 82	1.1%		\$ 1,174	\$ 1,146	\$ 28	2.5%		\$ 7,778	\$ 7,192	\$ 586	8.1%	
Benefits	263	249	14	5.7%		1,417	1,402	14	1.0%		263	224	39	17.5%		1,417	1,094	322	29.4%	
Bonus	266	201	65	32.1%		201	137	65	47.2%		266	97	169	174.5%		201	694	(493)	(71.0%)	
Marketing	215	178	37	20.6%		1,266	1,229	37	3.0%		215	195	20	10.2%		1,266	1,218	47	3.9%	
Commissions	25	18	7	38.7%		151	144	7	5.0%		25	51	(25)	(50.0%)		151	211	(61)	(28.7%)	
Travel and Entertainment	49	63	(15)	(23.0%)		576	591	(15)	(2.5%)		49	88	(39)	(44.8%)		576	641	(65)	(10.1%)	
Rent and Facilities	70	70	(0)	(0.0%)		498	498	(0)	(0.0%)		70	71	(1)	(1.4%)		498	498	(0)	(0.0%)	
Insurance	42	73	(31)	(42.5%)		651	682	(31)	(4.5%)		42	99	(57)	(57.7%)		651	315	336	106.9%	
Professional Fees	120	136	(15)	(11.3%)		1,056	972	83	8.6%		120	108	12	11.5%		1,056	611	444	72.7%	
Utl., Repair, Maint., & Sec.	39	32	6	20.0%		231	225	6	2.9%		39	36	3	8.3%		231	246	(15)	(6.0%)	
Office Expenses	4	6	(2)	(31.5%)		38	40	(2)	(4.4%)		4	5	(1)	(26.3%)		38	38	(0)	(0.3%)	
IT	74	62	12	19.7%		463	451	12	2.7%		74	62	12	19.4%		463	463	(0)	(0.1%)	
Bad Debts	102	68	35	51.6%		172	137	35	25.4%		102	25	77	309.4%		172	954	(783)	(82.0%)	
Supplies	17	14	3	24.2%		103	99	3	3.3%		17	20	(3)	(15.5%)		103	124	(21)	(17.3%)	
FX	–	–	–	N/A		–	–	–	N/A		–	–	–	N/A		–	–	–	N/A	
Other Expenses	471	503	(32)	(6.3%)		3,403	3,533	(130)	(3.7%)		471	288	184	63.9%		3,403	2,003	1,401	69.9%	
Total Opex	\$ 2,931	\$ 2,764	\$ 167	6.1%		\$ 18,003	\$ 17,835	\$ 167	0.9%		\$ 2,931	\$ 2,514	\$ 417	16.6%		\$ 18,003	\$ 16,304	\$ 1,698	10.4%	

Management Discussion:

Revenue

- \$1.10mm below reforecast (\$12.77mm ACT vs. 13.87mm RFCST), driven by performance both in the U.S. and internationally
 - Domestic: (\$0.711mm)
 - SW had \$0.400mm non-Hufcor (Nov) and \$0.300mm Hufcor
 - SE had \$0.498mm move out due to project delays and end of month ship date changes
 - International: (\$0.386mm)
 - Primarily due to projects/jobs pushing out into future months

Gross Margin

- Favorable \$0.687mm vs RFCST impacted by process improvements and cost savings measures

OPEX

- OPEX costs were slightly unfavorable vs RFCST (\$107K), ACT \$2.93mm vs RFCST \$2.82mm
 - Salaries/Commissions (\$133K) offset by T&E \$15K and Professional Fees \$15K

EBITDA

- \$1.262mm Reported EBITDA vs \$0.681mm RFCST
 - Domestic = \$1.078mm vs \$0.328mm RFCST
 - SE had a high revenue service project move out (\$0.060 mm), SW pushed \$0.062 mm and TX \$0.063 mm due to revenue movement
 - International = \$0.183mm vs \$0.353mm RFCST
 - Largely driven by lower then expected sales in the Asia region
- Bank EBITDA of \$1.535mm vs \$0.891 RFCST
 - Domestic = \$1.352mm vs \$0.538mm RFCST
 - International = \$0.183mm vs \$0.353mm RFCST

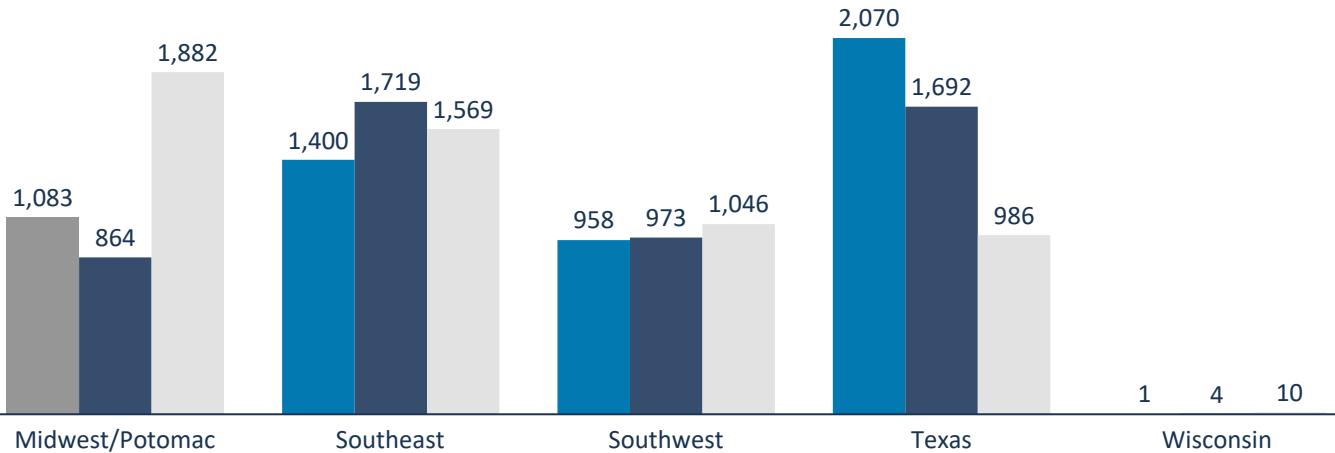
HUF COR Hufcor Domestic Office Contribution Detail

Total Net Revenue – Field Offices

By location, in \$ '000

May-20 Jun-20 Jul-20

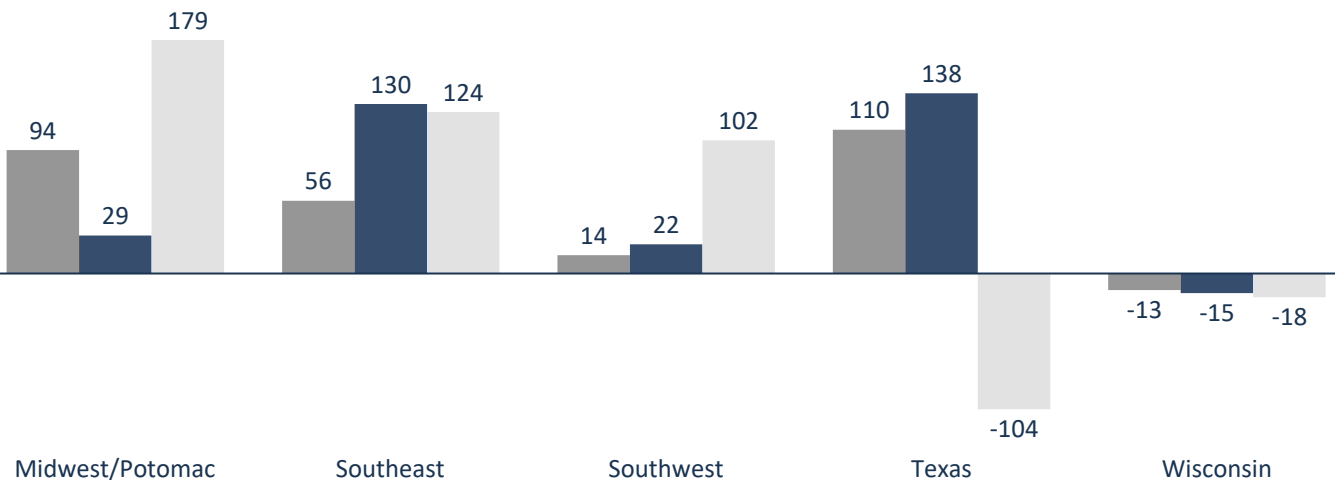
July 2020 Actual = \$5.493MM Reforecast= \$6.691MM AOP = \$9.702MM



Total EBITDA

By location, in \$ '000

July 2020 Actual = \$0.282MM Reforecast= \$0.461MM AOP = \$1.277.MM



Management Discussion-Domestic:

- July 2020 service center Revenue of \$5.493 mm vs Reforecast of \$6.691 mm. EBITDA of \$0.282 mm vs budget of \$0.461 mm.
- Revenue missed by \$1.198 mm due to the SE and SW project movement
 - Southwest had \$0.400 mm non-Hufcor (Nov) and \$0.300mm Hufcor
 - SE had \$0.498 move out due to project delays and end of month ship date changes
- Reforecasted EBITDA was short by \$0.179mm.
 - Main driver for EBITDA miss was SE had a high revenue service project move out (\$0.060 mm), SW pushed \$0.062 mm and TX \$0.063 mm due to revenue movement
- MW/PO had a strong month due to deferred revenue from JVL factory pushouts
 - MW was over EBITDA reforecast by \$0.055 mm
- First full month of regions running full overhead since COVID
 - Exception with the SW
- SW is continuing to see largely unexpected revenue movement with both Hufcor and Non-Hufcor revenue
- SE is going through a slight learning curve with a new GM in place. No issues, but trying to figure out a more accurate forecasting methods
- WI Sales Office has secured nearly \$500k in contract value (stretch goal of \$1 mm in 2020)
- Office manager onboarded and is doing well. Will be able to support other parts of the business on a part time basis.

1. Southwest Field Office
 - Resorts World (NV)- Contract \$3.0 mm
 - NV sales rep returning from furlough in August
 - CA transition for new product sales on track for 9/1
2. Midwest / Potomac Field Office
 - I-Hotel (customer satisfaction)
 - Seeing the benefits of revenue pushout from Q2
 - New sales rep started in Chi Office
3. Southeast Field Office
 - New GM took over region
 - Restructure took ~\$100k out of OPEX
 - SE has new PM starting and working on cleaning up the region
4. Texas Field Office
 - Strike/Walker MS- \$2.1mm are mostly completed
 - Pat May to take over remaining SW region
 - Restructure complete and now in full effect
 - Reduction on 2 FTE

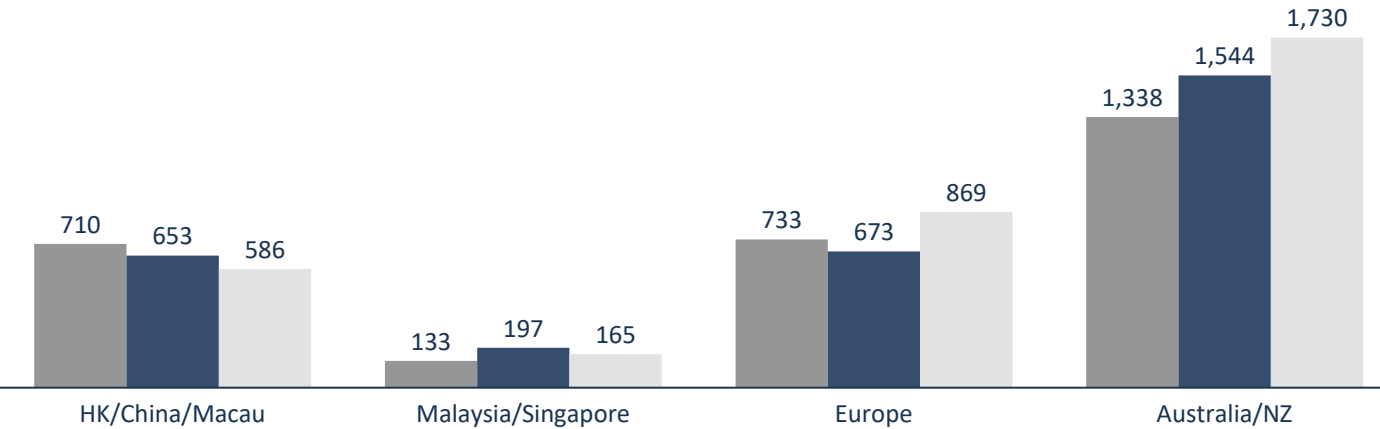
HUF COR™ Hufcor International Office Contribution Detail

Total Net Revenue

By location, in \$ '000

■ May-20 ■ Jun-20 ■ Jul-20

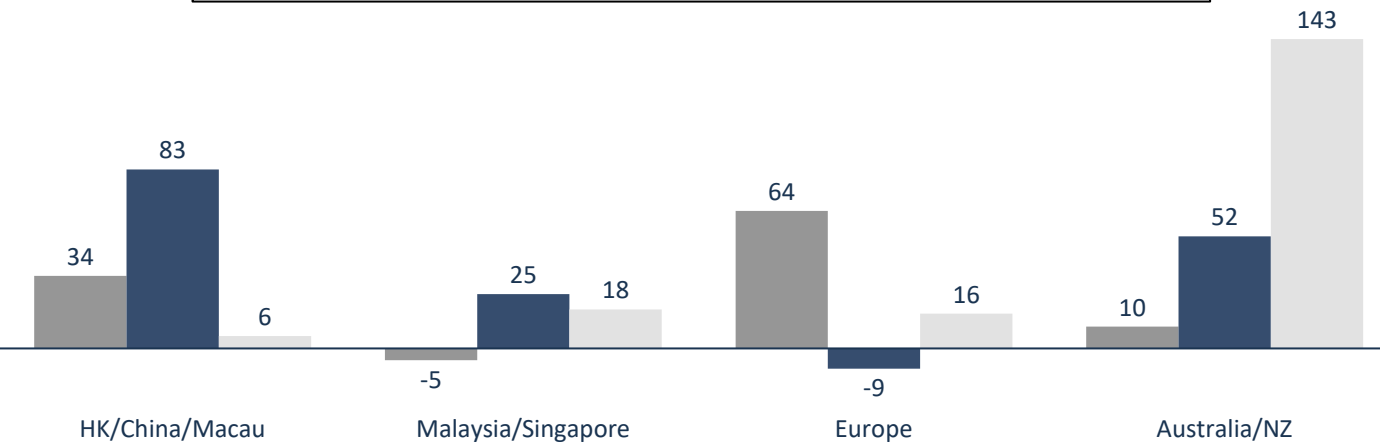
July 2020 Actual = \$3.351MM Reforecast= \$3.737MM AOP = \$4.212MM



Total EBITDA

By location, in \$ '000

July 2020 Actual = \$0.183MM Forecast= \$0.353MM AOP = \$0.455MM



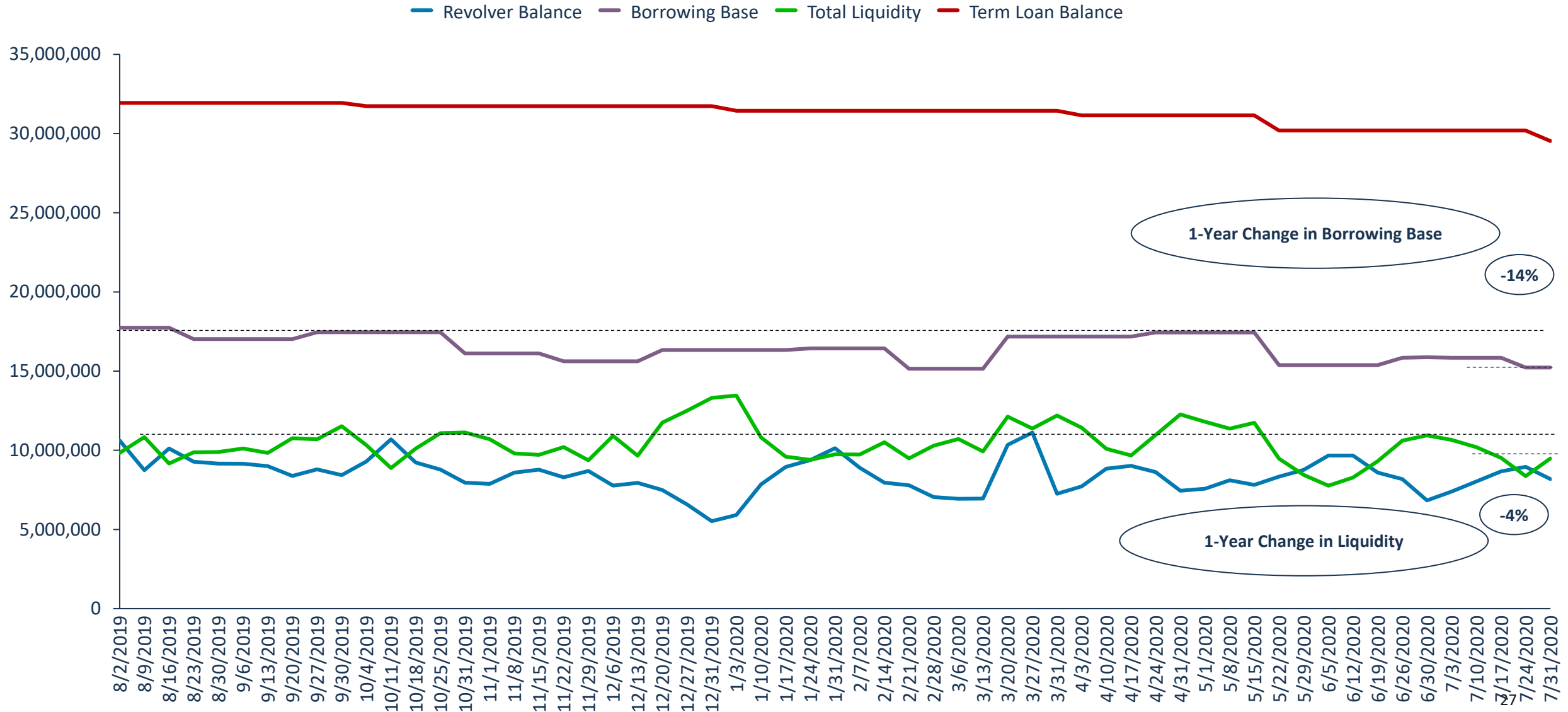
Management Discussion-International:

- July Revenue was \$3.351mm, 90% of RFCST of \$3.737mm
- July EBITDA was \$0.183mm, 52% of RFCST of \$0.353mm
- Revenue miss was jobs pushing into August
- EBITDA miss was largely driven by lower then expected sales in the Asia region
- Region continues to experience lockdowns and job stoppages
- Europe sales revenue was higher, EBITDA also exceeded forecast as a result of the greater revenue.
- HK/China sales continue to be weak in the region. Both revenue and EBITDA came in under forecast. The bulk of the miss was HK
- Malaysia came in under forecast this was because the Flamingo job pushed into August.
- Australia came in below forecast as some work pushed out. Stage 4 lockdown in effect as of August 2nd. This will have a large impact on work as we will be unable to be onsite in most of Melbourne. Expected 550kAUD push out of August.

1. China / Hong Kong Field Offices
 - Laminator in place
 - Team working on the passdoor portion of the make same project
 - Search for BDM continues
 - Region continues to be challenging with restrictions (Team is not able to travel into mainland from HK)
2. Malaysia Field Office
 - Jobs pushing out as construction locations have Covid restrictions
 - RFQ's have jumped as a result of google ads
3. Germany Field Office
 - GF product launch moving forward with sample to be installed this month
 - Continuing search for service technician to start up Hufcor operated service
 - August order intake and output slow as a result of vacation season
 - Continue to manage all staff with short time work
4. Australia / New Zealand Field Office
 - Melbourne stage 4 lockdown
 - Unable to install projects
 - Will push 550KAUD out
 - Factory is able to continue to produce
 - Sales have continued strong with Government investments
 - Western Australia had a record month in sales for July

HUFCOR[™] Treasury & Liquidity

Total liquidity (availability + cash) remains slightly below July 2019, with a \$4.7 million reduction in debt outstanding in the last 12 months (\$2.4 million paydown on term loan and \$2.3 million paydown of revolver).





INCOME STATEMENT	Act	Act	Act	Act	Act	Act	Act	Act	Act
	1/31/2020	2/28/2020	3/31/2020	Quarter Ending 3/31/2020	4/30/2020	5/31/2020	6/30/2020	Quarter Ending 6/30/2020	7/31/2020
	1M	1M	1M	1Q	1M	1M	1M	1Q	1M
Units produced	-	-	-	-	-	-	-	-	-
Units shipped	-	-	-	-	-	-	-	-	-
Bookings (\$'000)	10,862	11,878	12,772	35,512	10,732	11,061	8,148	29,940	11,731
Backlog (\$'000)	78,087	79,369	81,553	81,553	83,470	83,481	81,365	81,365	80,400
Gross Revenue	\$ 11,432	\$ 10,641	\$ 10,644	\$ 32,717	\$ 8,869	\$ 11,100	\$ 10,283	\$ 30,252	\$ 12,769
Discounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Returns	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rebates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Revenue	\$ 11,432	\$ 10,641	\$ 10,644	\$ 32,717	\$ 8,869	\$ 11,100	\$ 10,283	\$ 30,252	\$ 12,769
Material	\$ 3,751	\$ 3,216	\$ 4,249	\$ 11,216	\$ 3,064	\$ 3,725	\$ 3,127	\$ 9,916	\$ 3,711
Labor	\$ 3,597	\$ 3,388	\$ 3,246	\$ 10,231	\$ 3,031	\$ 3,126	\$ 3,475	\$ 9,632	\$ 3,879
Other COGS	\$ 1,117	\$ 1,167	\$ 1,111	\$ 3,395	\$ 796	\$ 933	\$ 999	\$ 2,729	\$ 986
Total COGS	\$ 8,466	\$ 7,771	\$ 8,606	\$ 24,843	\$ 6,891	\$ 7,783	\$ 7,602	\$ 22,277	\$ 8,576
Gross Margin	\$ 2,966	\$ 2,870	\$ 2,038	\$ 7,874	\$ 1,978	\$ 3,317	\$ 2,681	\$ 7,975	\$ 4,193
<i>Gross Margin %</i>	25.9%	27.0%	19.1%	24.1%	22.3%	29.9%	26.1%	26.4%	32.8%
R&D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales & marketing	\$ 1,209	\$ 1,144	\$ 1,131	\$ 3,484	\$ 1,030	\$ 931	\$ 992	\$ 2,953	\$ 1,208
Administrative	\$ 1,785	\$ 1,838	\$ 938	\$ 4,561	\$ 1,551	\$ 1,696	\$ 1,049	\$ 4,296	\$ 1,818
Other Opex	\$ (19)	\$ (22)	\$ (6)	\$ (47)	\$ (98)	\$ 7	\$ (84)	\$ (175)	\$ (95)
Total OPEX (excl D&A)	\$ 2,975	\$ 2,959	\$ 2,063	\$ 7,997	\$ 2,483	\$ 2,634	\$ 1,957	\$ 7,074	\$ 2,931
Opex Overview									
Payroll	\$ 1,127	\$ 1,094	\$ 1,100	\$ 3,320	\$ 1,191	\$ 966	\$ 1,126	\$ 3,284	\$ 1,174
Overtime	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Benefits	\$ 326	\$ 295	\$ 27	\$ 648	\$ 247	\$ 224	\$ 35	\$ 506	\$ 263
Bonus	\$ 163	\$ 143	\$ (323)	\$ (16)	\$ 11	\$ 135	\$ (194)	\$ (48)	\$ 266
Severance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Marketing	\$ 11	\$ 29	\$ 21	\$ 62	\$ 22	\$ 18	\$ 23	\$ 63	\$ 25
Commissions	\$ 224	\$ 162	\$ 163	\$ 549	\$ 179	\$ 175	\$ 147	\$ 502	\$ 215
Travel and Entertainment	\$ 144	\$ 113	\$ 153	\$ 410	\$ 40	\$ 34	\$ 44	\$ 117	\$ 49
Rent and Facilities	\$ 68	\$ 77	\$ 67	\$ 213	\$ 74	\$ 70	\$ 71	\$ 215	\$ 70
Insurance	\$ 71	\$ 71	\$ 71	\$ 213	\$ 51	\$ 251	\$ 94	\$ 396	\$ 42
Professional Fees	\$ 52	\$ 165	\$ 138	\$ 355	\$ 124	\$ 162	\$ 293	\$ 580	\$ 120
Util., Repair, Maint., & Sec.	\$ 30	\$ 32	\$ 38	\$ 100	\$ 30	\$ 29	\$ 34	\$ 93	\$ 39
Office Expenses	\$ 6	\$ 3	\$ 9	\$ 19	\$ 4	\$ 6	\$ 5	\$ 15	\$ 4
Safety and Training	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
IT	\$ 79	\$ 34	\$ 87	\$ 200	\$ 75	\$ 55	\$ 58	\$ 188	\$ 74
Bad Debt	\$ 26	\$ 48	\$ (67)	\$ 8	\$ (26)	\$ 163	\$ (75)	\$ 62	\$ 102
Supplies	\$ 16	\$ 17	\$ 15	\$ 49	\$ 10	\$ 15	\$ 12	\$ 37	\$ 17
FX	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
JV Loss (Income)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Expenses	\$ 630	\$ 676	\$ 562	\$ 1,869	\$ 450	\$ 330	\$ 283	\$ 1,063	\$ 471
Total OPEX (excl D&A)	\$ 2,975	\$ 2,959	\$ 2,063	\$ 7,997	\$ 2,483	\$ 2,634	\$ 1,957	\$ 7,074	\$ 2,931
EBITDA	\$ (8)	\$ (89)	\$ (25)	\$ (123)	\$ (505)	\$ 683	\$ 724	\$ 901	\$ 1,261
<i>EBITDA Margin %</i>	-0.1%	-0.8%	-0.2%	-0.4%	-5.7%	6.2%	7.0%	3.0%	9.9%
Depreciation	\$ 174	\$ 196	\$ 178	\$ 548	\$ 189	\$ 176	\$ 198	\$ 562	\$ 185
Amortization	\$ 83	\$ 83	\$ 83	\$ 249	\$ 83	\$ 83	\$ 83	\$ 249	\$ 83
Less: D&A	\$ 257	\$ 279	\$ 261	\$ 797	\$ 272	\$ 259	\$ 281	\$ 812	\$ 268
EBIT, reported	\$ (265)	\$ (368)	\$ (286)	\$ (920)	\$ (777)	\$ 424	\$ 443	\$ 89	\$ 993
Interest and financial amortization	\$ 327	\$ 326	\$ 288	\$ 940	\$ 271	\$ 285	\$ 281	\$ 837	\$ 266
Other financial income/expense (e.g. fx)	\$ 16	\$ (12)	\$ (9)	\$ (5)	\$ 19	\$ (13)	\$ (23)	\$ (16)	\$ (128)
Non-financial income/expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Monitoring fees	\$ 250	\$ -	\$ -	\$ 250	\$ 83	\$ 83	\$ 83	\$ 250	\$ 83
Restructuring costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-recurring items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EBT, reported	\$ (858)	\$ (682)	\$ (565)	\$ (2,105)	\$ (1,152)	\$ 68	\$ 102	\$ (982)	\$ 772
Taxes	\$ (14)	\$ 23	\$ (13)	\$ (4)	\$ 18	\$ 8	\$ 74	\$ 101	\$ 44
Net Income (Loss)	\$ (845)	\$ (705)	\$ (552)	\$ (2,101)	\$ (1,170)	\$ 60	\$ 28	\$ (1,082)	\$ 728
<i>Net Income (Loss) %</i>	-7.4%	-6.6%	-5.2%	-6.4%	-13.2%	0.5%	0.3%	-3.6%	5.7%
Bank allowable EBITDA add-backs	\$ 408	\$ 528	\$ 365	\$ 1,302	\$ 359	\$ 206	\$ 155	\$ 720	\$ 273
Bank EBITDA	\$ 400	\$ 439	\$ 340	\$ 1,179	\$ (147)	\$ 889	\$ 879	\$ 1,621	\$ 1,535
EBITDA addbacks	\$ 408	\$ 528	\$ 365	\$ 1,302	\$ 359	\$ 206	\$ 155	\$ 720	\$ 273
EBITDA, adjusted	\$ 400	\$ 439	\$ 340	\$ 1,179	\$ (147)	\$ 889	\$ 879	\$ 1,621	\$ 1,535
<i>Adjusted EBITDA % sales</i>	3.5%	4.1%	3.2%	3.6%	-1.7%	8.0%	8.6%	5.4%	12.0%

CASHFLOW STATEMENT									
	1/31/2020	2/28/2020	3/31/2020	Quarter Ending 3/31/2020	4/30/2020	5/31/2020	6/30/2020	Quarter Ending 6/30/2020	7/31/2020
	1M	1M	1M	1Q	1M	1M	1M	1Q	1M
Cash flow from operations									
Net Income (Loss)	\$ (845)	\$ (705)	\$ (552)	\$ (2,101)	\$ (1,170)	\$ 60	\$ 28	\$ (1,082)	\$ 728
Depreciation, amortization and other	\$ 257	\$ 279	\$ 261	\$ 797	\$ 272	\$ 259	\$ 281	\$ 812	\$ 268
Capitalized fees & expenses	\$ 55	\$ 55	\$ 55	\$ 164	\$ 23	\$ 47	\$ 47	\$ 116	\$ 47
Gain (loss) on sale of fixed assets	\$ -	\$ -	\$ 4	\$ 4	\$ -	\$ 30	\$ -	\$ 30	\$ -
Non-cash interest expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-cash dividends	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred income tax	\$ (0)	\$ (1)	\$ (1)	\$ (2)	\$ 0	\$ (9)	\$ 0	\$ (9)	\$ 0
<i>Change in operating assets and liabilities:</i>									
Accounts receivable	\$ 2,310	\$ 567	\$ (203)	\$ 2,675	\$ 2,081	\$ (1,079)	\$ 1,050	\$ 2,052	\$ (2,152)
Inventory	\$ (6)	\$ 153	\$ 705	\$ 852	\$ (472)	\$ 149	\$ (989)	\$ (1,312)	\$ (185)
Prepaid expenses and other current assets	\$ (144)	\$ 105	\$ 23	\$ (16)	\$ (260)	\$ 98	\$ 377	\$ 215	\$ (145)
Accounts payable	\$ (1,778)	\$ 1,295	\$ 1,334	\$ 851	\$ (2,161)	\$ (1,265)	\$ 2,080	\$ (1,345)	\$ (587)
Accrued expenses	\$ (2,412)	\$ (138)	\$ (287)	\$ (2,837)	\$ 588	\$ 2,425	\$ (922)	\$ 2,092	\$ 111
Accrued income taxes	\$ (460)	\$ (15)	\$ (18)	\$ (494)	\$ 457	\$ (80)	\$ 20	\$ 397	\$ 3
Other changes in operating assets and liab	\$ (532)	\$ 91	\$ (256)	\$ (697)	\$ 627	\$ (1,909)	\$ 1,259	\$ (23)	\$ -
Other cash flow from operations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Cash Flow from Operations	\$ (3,555)	\$ 1,686	\$ 1,066	\$ (804)	\$ (15)	\$ (1,275)	\$ 3,231	\$ 1,941	\$ (1,913)
Cash flow from investing									
Additions to property, plant and equipment	\$ (1,471)	\$ 174	\$ 163	\$ (1,135)	\$ (183)	\$ 1,609	\$ 112	\$ 1,539	\$ 87
Acquisitions of companies, net of cash acqu	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment in intangibles	\$ 94	\$ 90	\$ 95	\$ 278	\$ 71	\$ 78	\$ 76	\$ 225	\$ -
Earnout payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other cash flow from investing (goodwill)	\$ 383	\$ (196)	\$ 27	\$ 214	\$ (666)	\$ (309)	\$ (310)	\$ (1,285)	\$ (220)
Total Cash Flow from Investing	\$ (995)	\$ 67	\$ 284	\$ (643)	\$ (778)	\$ 1,378	\$ (122)	\$ 479	\$ (133)
Cash flow from financing									
Proceeds from the issuance (repayment) of s	\$ 4,470	\$ (2,795)	\$ 14	\$ 1,689	\$ 872	\$ 941	\$ (2,244)	\$ (430)	\$ 2,373
Proceeds from the issuance of debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment of debt	\$ 753	\$ (45)	\$ 246	\$ 953	\$ (249)	\$ (2,245)	\$ (0)	\$ (2,494)	\$ (662)
Capital lease	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Common stock issued (repurchased)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Common stock cash dividends paid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Preferred stock issued (repurchased)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other cash flow from financing costs	\$ (203)	\$ (404)	\$ (140)	\$ (747)	\$ 478	\$ (0)	\$ 2	\$ 479	\$ (0)
Total Cash Flow from Financing	\$ 5,019	\$ (3,245)	\$ 121	\$ 1,895	\$ 1,101	\$ (1,304)	\$ (2,242)	\$ (2,446)	\$ 1,711
Effect of FX rates on cash and cash equivalents	\$ (252)	\$ (58)	\$ (242)	\$ (553)	\$ (290)	\$ (18)	\$ 191	\$ (117)	\$ 261
Net change in cash	\$ 217	\$ (1,550)	\$ 1,228	\$ (104)	\$ 18	\$ (1,219)	\$ 1,058	\$ (143)	\$ (74)
Beginning cash	\$ 3,118	\$ 3,335	\$ 1,785	\$ 3,118	\$ 3,013	\$ 3,031	\$ 1,812	\$ 3,013	\$ 2,870
Change in cash	\$ 217	\$ (1,550)	\$ 1,228	\$ (104)	\$ 18	\$ (1,219)	\$ 1,058	\$ (143)	\$ (74)
Ending cash	\$ 3,335	\$ 1,785	\$ 3,013	\$ 3,013	\$ 3,031	\$ 1,812	\$ 2,870	\$ 2,870	\$ 2,796



Appendix: HUFCOR HOLDINGS - BALANCE SHEET, A/R & A/P

BALANCE SHEET								
	12/31/2019	1/31/2020	2/28/2020	3/31/2020	4/30/2020	5/31/2020	6/30/2020	7/31/2020
	1M	1M	1M	1M	1M	1M	1M	1M
Current Assets								
Cash and cash equivalents	\$ 3,118	\$ 3,335	\$ 1,785	\$ 3,013	\$ 3,031	\$ 1,812	\$ 2,870	\$ 2,796
Short term investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable, gross	\$ 37,033	\$ 34,742	\$ 34,232	\$ 34,152	\$ 32,117	\$ 33,356	\$ 32,219	\$ 34,381
Accounts receivable, reserves	\$ (3,290)	\$ (3,309)	\$ (3,366)	\$ (3,083)	\$ (3,128)	\$ (3,289)	\$ (3,202)	\$ (3,301)
Accounts receivable, net	\$ 33,744	\$ 31,433	\$ 30,866	\$ 31,069	\$ 28,988	\$ 30,067	\$ 29,017	\$ 31,080
Inventory, gross	\$ 16,922	\$ 16,989	\$ 17,149	\$ 16,440	\$ 16,862	\$ 16,620	\$ 17,614	\$ 18,281
Inventory, reserves	\$ (314)	\$ (376)	\$ (689)	\$ (685)	\$ (635)	\$ (541)	\$ (546)	\$ (1,028)
Inventory, net	\$ 16,607	\$ 16,613	\$ 16,460	\$ 15,756	\$ 16,227	\$ 16,079	\$ 17,068	\$ 17,253
Prepaid expenses and other current assets	\$ 1,448	\$ 1,593	\$ 1,488	\$ 1,465	\$ 1,725	\$ 1,627	\$ 1,250	\$ 1,291
Current portion of deferred taxes	\$ 4,149	\$ 3,763	\$ 3,738	\$ 3,688	\$ 4,081	\$ 4,101	\$ 4,131	\$ 4,166
Revenue in excess of billings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other current assets	\$ 546	\$ 577	\$ 464	\$ 359	\$ 358	\$ 2,551	\$ 1,574	\$ 1,663
Total Current Assets	\$ 59,612	\$ 57,313	\$ 54,801	\$ 55,348	\$ 54,411	\$ 56,237	\$ 55,909	\$ 58,249
Non-Current Assets								
Property, plant & equipment, gross	\$ 40,450	\$ 42,446	\$ 42,390	\$ 42,189	\$ 42,681	\$ 40,789	\$ 40,981	\$ 41,459
Accumulated depreciation	\$ (24,382)	\$ (24,907)	\$ (25,025)	\$ (24,986)	\$ (25,295)	\$ (25,012)	\$ (25,317)	\$ (25,699)
Property, plant & equipment, net	\$ 16,068	\$ 17,539	\$ 17,365	\$ 17,203	\$ 17,385	\$ 15,776	\$ 15,664	\$ 15,760
Goodwill	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Identifiable intangible assets, gross	\$ 15,230	\$ 15,216	\$ 15,207	\$ 15,191	\$ 15,208	\$ 15,215	\$ 15,225	\$ 15,236
Accumulated amortization	\$ (8,623)	\$ (8,702)	\$ (8,783)	\$ (8,862)	\$ (8,949)	\$ (9,034)	\$ (9,120)	\$ (9,206)
Identifiable intangible assets, net	\$ 6,607	\$ 6,514	\$ 6,424	\$ 6,330	\$ 6,259	\$ 6,181	\$ 6,104	\$ 6,030
Deferred financing cost	\$ 1,492	\$ 1,437	\$ 1,382	\$ 1,328	\$ 1,305	\$ 1,258	\$ 1,212	\$ 1,165
Deferred tax asset	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other non-current assets	\$ 847	\$ 828	\$ 801	\$ 794	\$ 662	\$ 636	\$ 626	\$ 615
Total Non-Current Assets	\$ 25,013	\$ 26,318	\$ 25,973	\$ 25,654	\$ 25,612	\$ 23,851	\$ 23,607	\$ 23,571
Total Assets	\$ 84,626	\$ 83,631	\$ 80,774	\$ 81,002	\$ 80,023	\$ 80,088	\$ 79,516	\$ 81,820
Current Liabilities								
Current portion of long-term debt	\$ 1,174	\$ 1,199	\$ 1,198	\$ 1,499	\$ 1,499	\$ 1,321	\$ 1,447	\$ 1,447
Line of Credit	\$ 5,658	\$ 10,128	\$ 7,333	\$ 7,347	\$ 8,220	\$ 9,161	\$ 6,917	\$ 9,290
Accounts payable	\$ 12,101	\$ 10,323	\$ 11,618	\$ 12,952	\$ 10,791	\$ 9,527	\$ 11,607	\$ 10,962
Accrued liabilities	\$ 12,221	\$ 10,485	\$ 10,324	\$ 9,991	\$ 10,349	\$ 12,631	\$ 11,282	\$ 11,960
Accrued compensation	\$ 2,255	\$ 1,578	\$ 1,601	\$ 1,648	\$ 1,878	\$ 2,021	\$ 2,449	\$ 2,014
Income taxes payable	\$ 196	\$ (264)	\$ (279)	\$ (297)	\$ 159	\$ 79	\$ 99	\$ 102
Short-term unearned revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other current liabilities	\$ 3,204	\$ 2,686	\$ 2,639	\$ 2,412	\$ 2,766	\$ 3,022	\$ 3,293	\$ 3,293
Total Current Liabilities	\$ 36,809	\$ 36,136	\$ 34,435	\$ 35,552	\$ 35,662	\$ 37,762	\$ 37,093	\$ 39,069
Long-term liabilities								
Long-term debt less current maturities	\$ 30,585	\$ 31,313	\$ 31,268	\$ 31,213	\$ 30,964	\$ 28,897	\$ 28,771	\$ 28,109
Capital lease	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt owing to OpenGate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred income taxes	\$ 31	\$ 31	\$ 30	\$ 29	\$ 29	\$ 20	\$ 20	\$ 20
Long-term unearned revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other non-current liabilities	\$ 46	\$ 44	\$ 43	\$ (99)	\$ 43	\$ 44	\$ 45	\$ 47
Total Long-Term Liabilities	\$ 30,662	\$ 31,388	\$ 31,341	\$ 31,144	\$ 31,036	\$ 28,960	\$ 28,837	\$ 28,176
Total Liabilities	\$ 67,471	\$ 67,524	\$ 65,775	\$ 66,695	\$ 66,699	\$ 66,723	\$ 65,930	\$ 67,245
Commitments and contingencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Shareholders' Equity								
Common stock	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Preferred stock	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital in excess of stated value	\$ 36,350	\$ 36,350	\$ 36,350	\$ 36,350	\$ 36,350	\$ 36,350	\$ 36,350	\$ 36,350
Retained earnings	\$ (19,114)	\$ (19,958)	\$ (20,663)	\$ (21,215)	\$ (22,384)	\$ (22,325)	\$ (22,297)	\$ (21,569)
Accumulated other comprehensive income	\$ 47	\$ 41	\$ 46	\$ 48	\$ 523	\$ 523	\$ 525	\$ 525
Other equity transactions	\$ (129)	\$ (326)	\$ (735)	\$ (877)	\$ (1,164)	\$ (1,183)	\$ (993)	\$ (731)
Total Shareholders' Equity	\$ 17,155	\$ 16,107	\$ 14,998	\$ 14,307	\$ 13,324	\$ 13,366	\$ 13,586	\$ 14,575
Total Liabilities and Shareholders' Equity	\$ 84,626	\$ 83,631	\$ 80,774	\$ 81,002	\$ 80,023	\$ 80,088	\$ 79,516	\$ 81,820

AR Aging							
Days	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	%
0-30	\$ 17,349	\$ 19,532	\$ 15,726	\$ 16,628	\$ 16,033	\$ 18,651	54.3%
31-60	4,976	2,317	4,085	3,450	2,998	2,446	7.1%
61-90	3,503	2,099	1,394	2,390	1,870	1,812	5.3%
>90	11,201	10,462	10,906	10,853	11,269	11,437	33.3%
Total Gross AR	\$ 37,028	\$ 34,411	\$ 32,111	\$ 33,321	\$ 32,171	\$ 34,346	100.0%
Reserves	(3,366)	(3,083)	(3,128)	(3,289)	(3,202)	(3,301)	
Total Net AR	\$ 33,662	\$ 31,328	\$ 28,983	\$ 30,033	\$ 28,969	\$ 31,045	
Change in AR Reserve							
	(91)	283	(45)	(160)	87	(99)	
Actual Bad Debt P&L Charge							
	48	(67)	(26)	163	(75)	102	
LTM Bad Debt P&L Charge							
	\$ 2,654	\$ 1,798	\$ 1,694	\$ 1,775	\$ 1,912	\$ 1,989	

AP Aging							
Days	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	%
0-30	\$ 9,156	\$ 10,692	\$ 9,067	\$ 8,418	\$ 10,408	\$ 9,849	83.9%
31-60	522	941	1,003	585	1,039	935	8.0%
61-90	500	102	156	159	52	172	1.5%
>90	2,522	2,770	2,685	888	828	780	6.6%
Total	\$ 12,700	\$ 14,505	\$ 12,911	\$ 10,049	\$ 12,327	\$ 11,736	100.0%

Management Discussion:

Accounts Receivable

- Increase in AR driven by sales in July
- Retainage listed at \$5.7mm
 - \$3.9mm of Domestic Retainage
 - \$1.6mm of International Retainage

Accounts Payable

- Decreased as a result of catching up on vendor payments
- A/P > 90 consists of OpenGate management fees prior to May; remaining >90 driven by cash management in international locations using “pay when paid” model and legal fees.

Cash Flow Statement

Currency

Month

Plan Scenario

USD

Latest Month

Jul 2020

Month

QTD

YTD

TTM

AOP

Cash Flow Statement

	Current Year	Prior Year	Plan		Δ Prior Year (%)		Δ Plan (%)
Net Income (Loss)	728K	634K	1,038K		+15		(30)
D&A	268K	510K	339K	(47)			(21)
Capitalized fees and expenses	47K	50K	112K	(7)			(58)
Deferred income tax	0K	0K	0K	(22)			(58)
Changes in accounts receivable	(2,152K)	(4,215K)	(4,849K)		+49		+56
Changes in inventory	(360K)	2,546K	(2,590K)	(114)			+86
Changes In Prepaid expenses and other current ass...	(62K)	170K	25K	(137)		(346)	
Changes in Accounts payable	(587K)	2,348K	(2,380K)	(125)			+75
Changes in Accrued expenses	111K	(501K)	628K		+122		(82)
Changes in accrued income taxes	3K	0K	0K				
Other changes in operating assets and liabilities	0K	704K	(437K)	(100)			+100
= Total Cash Flow from Operations	(2,004K)	2,246K	(8,114K)	(189)			+75
Additions to PP&E	87K	(317K)	123K		+127		(30)
Other cash flow from investing	(128K)	0K	0K				
= Total Cash Flow from Investing	(41K)	(317K)	123K		+87	(134)	
Proceeds from the issuance (repayment) of short-te...	2,373K	210K	7,278K		+1,030		(67)
Repayment of debt	(662K)	(209K)	(293K)	(217)			(126)
Other cash flow from financing	(0K)	12K	13K	(103)			(103)
= Total Cash Flow from Financing	1,711K	13K	6,999K		+12,602	(76)	
= Effect of FX rates on cash and cash equivalents	261K	(31K)	0K		+938		
Beginning Cash Balance	2,870K	3,263K	4,641K	(12)			(38)
Net change in cash	(73K)	1,911K	(992K)	(104)			+93
= Ending Cash Balance	2,796K	5,174K	3,649K	(46)			(23)

Balance Sheet

Currency

USD

Month

Latest Month

Plan Scenario

Jul 2020

AOP

Balance Sheet

	Current Year	Prior Year	Plan		Δ Prior Year (%)	Δ Plan (%)
Cash and cash equivalents	2,796K	5,174K	3,649K	(46)		(23)
Accounts receivable, gross	34,381K	40,607K	47,172K	(15)		(27)
Accounts receivable, reserves	(3,301K)	(2,247K)	(4,114K)	(47)		+20
= Accounts receivable, net	31,080K	38,359K	43,059K	(19)		(28)
Inventory, gross	18,281K	16,352K	21,057K		+12	(13)
Inventory, reserves	(853K)	(304K)	(405K)	(181)		(110)
= Inventory, net	17,428K	16,049K	20,652K		+9	(16)
Prepaid expenses and other current assets	1,291K	1,190K	1,951K		+8	(34)
Current portion of deferred taxes	4,166K	5,254K	5,631K	(21)		(26)
Other current assets	1,663K	365K	689K		+355	+141
= Total Current Assets	58,424K	66,392K	75,631K	(12)		(23)
Property, plant & equipment, gross	41,459K	38,604K	41,580K		+7	(0)
Accumulated depreciation	(25,699K)	(23,927K)	(26,451K)	(7)		+3
= Property, plant & equipment, net	15,760K	14,677K	15,130K		+7	+4
Identifiable intangible assets, gross	15,236K	15,225K	15,148K		+0	+1
Accumulated amortization	(9,206K)	(7,942K)	(9,330K)	(16)		+1
= Identifiable intangible assets, net	6,030K	7,283K	5,817K	(17)		+4
Deferred financing cost	1,165K	1,850K	654K	(37)		+78
Other non-current assets	615K	2,697K	1,156K	(77)		+4
= Total Non-Current Assets	23,571K	26,507K	22,758K	(11)		(17)
= Total Assets	81,995K	92,899K	98,389K	(12)		(9)
- Current portion of long-term debt	1,447K	1,002K	1,599K		+44	(54)
- Notes payable	9,290K	10,806K	20,112K	(14)		(11)
- Accounts payable	10,962K	18,668K	12,356K	(41)		(10)
- Accrued liabilities	11,960K	4,735K	13,360K		+153	(23)
- Accrued compensation	2,014K	2,254K	2,623K	(11)		(75)
- Income taxes payable	102K	384K	416K	(73)		(27)
- Short-term unearned revenue	0K	66K	0K	(100)		(5)
- Other current liabilities	3,293K	3,111K	2,825K		+6	+17
= Total Current Liabilities	39,069K	41,026K	53,289K	(5)		(42)
- Long-term debt less current maturities	28,109K	30,937K	29,600K	(9)		(5)
- Deferred income taxes	20K	95K	35K	(79)		+2
- Other non-current liabilities	47K	45K	46K		+4	
= Total Long-term liabilities	28,176K	31,077K	29,682K	(9)		(5)

Liquidity

Currency: Year: 2020

Monthly Liquidity

● Ending Cash Balance ● Excess ABL Availability ● Currency Selector Actual

