

A Sargent & Greenleaf presentation

The Future is Bright

2020 Annual Operating Plan | 23 Jan 2020



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Company Evolution Timeline

STRATEGIC INITIATIVES



	2018	2019	2020	2021	2022
Objective	Limited Resource and Minimal Deployment	Standalone Transition	Product, Brand and Channel Development	Influence Current and New Market Segments	Establish Market Leadership
Customer Focus	<ul style="list-style-type: none"> North America focused Limited sales team expansion Minimal presence in many global areas Customer support directed by the manufacturing group Customer inquiries funnel through the engineering group 	<ul style="list-style-type: none"> VP of sales position filled Establish consistent global pricing model and associated customer agreements Establish a customer communication protocol that addresses shipping lead time delays and quality issues (including technical bulletins) 	<ul style="list-style-type: none"> Dedicated Customer Relations Director Dedicated Bus. Dev. Roles Plan and implement Global Partner Meeting Identify and prioritize products for online training Improve residential End User Installation and operating instructions 	<ul style="list-style-type: none"> Establish ongoing process to source market analysis (market sizes and trends) and competitive intelligence to gain better understanding of market landscape/potential and trends/technology Incorporate image restoration scorecard into existing annual customer opinion survey 	<ul style="list-style-type: none"> OEM sales handled by inside sales vs. outside sales Customer relationships maintained through regional "Centers for Excellence"
Product Development	<ul style="list-style-type: none"> Minimal product introductions Slow to develop products Product adoption is slow Projects difficult to approve within parent company ROI criteria 	<ul style="list-style-type: none"> Build out multi-year new and existing product road map and establish ongoing internal communication cadence Establish a new nimble and rapid product development process Incorporate new industrial design into existing product portfolio 	<ul style="list-style-type: none"> Launch digital platform Develop online and physical competitive intelligence resource base for electronic locks Execute SKU rationalization and establish maintenance process and cadence 	<ul style="list-style-type: none"> Establish Technology Roadmap to capture emerging technology trends Customer directed product development Generate recurring revenue from featured products 	<ul style="list-style-type: none"> Consider managing technology for customers Make-to-order products utilizing pick and place supply chain Product offerings align with end-user industries
Commercial Reach	<ul style="list-style-type: none"> Opportunistic dependence on legacy reorders Not able to keep up with opportunity tracking Sales incentive program not linked to incremental growth for bookings 	<ul style="list-style-type: none"> Increased sales team focus on meeting targets Weekly bookings analysis of opportunities and gaps More data driven, including 3rd party research to develop go to market strategies Establish and implement S&G Selling Model to Global sales team 	<ul style="list-style-type: none"> Refine marketing presence using digital campaigns Expand presence in distribution channels focusing in-house marketing Data driven opportunities SaaS introduced – recurring revenue Set-up channels to adopt software subscription services Conduct global market and customer segmentation and prioritization 	<ul style="list-style-type: none"> Educate market on security technology applications Continued market disruption w/ new features relying on SaaS Marketing reaches critical mass including branding, events, web, content and authority pieces Selling through both commercial and consumer channels 	<ul style="list-style-type: none"> Full expansion of marketing in Rest of World Exclusively data driven including primary research and in-product
Operational Excellence	<ul style="list-style-type: none"> Parent company lead initiatives Inefficient build schedule impacted by multiple break-in orders Delivery prioritized over quality Opportunity buys exceed demand planning schedule for components 	<ul style="list-style-type: none"> Optimize Lead Times that are more in line with Customer Expectations Develop and implement Predictive Maintenance capability and program Develop Trade Compliance Program 	<ul style="list-style-type: none"> Create Quality Roadmap document to track and visually display quality performance Create Freight Management Process Six Sigma training employed 	<ul style="list-style-type: none"> Addition of modular built products Lean procurement and assembly Realize make vs. buy opportunities Black belt projects achieved 	<ul style="list-style-type: none"> Advanced manufacturing designed into products Provide supply chain solutions to customers
Empowered Workforce	<ul style="list-style-type: none"> Basic HR functions held close to parent company Key positions unfilled 	<ul style="list-style-type: none"> Implement payroll and HR system(ADP) Implement applicant tracking and compensation benchmark capabilities Rollout assessment and compensation plans 	<ul style="list-style-type: none"> Complete key position recruitment Lead company communication and engagement activities Facilitate individual development plans 	<ul style="list-style-type: none"> Develop professional development program – "upskilling" Values and behavior based culture 	<ul style="list-style-type: none"> "Company of choice" Connected global workforce

Company Evolution Timeline

OUTCOMES



	2018	2019	2020	2021	2022
Results	Limited Resource and Minimal Deployment	Standalone Transition	Product, Brand and Channel Development	Influence Current and New Market Segments	Establish Market Leadership
Market Aspirations	<ul style="list-style-type: none"> Well respected but not needed in the market S&G products competing against low price points and product placements based on Stanley Black & Decker modelling 	<ul style="list-style-type: none"> Gather VOC for branding and new product development Reputation risk from significant warranty issues related to MPP lock and other electronic products 	<ul style="list-style-type: none"> Number one choice for security lock systems Change the market landscape by introducing products with technology disruption features Easy to do business with S&G Incorporate new brand elements into existing and new marketing touchpoints 	<ul style="list-style-type: none"> Become the top choice for security devices Market leader for traditional ATM and CIT market space Regain authority in the security industry 	<ul style="list-style-type: none"> Multiple 'attack' angles into customer – including financial, petrochemical and transportation end users Customer perception defines S&G as the lead trusted product brand
Continuous Improvement	<ul style="list-style-type: none"> Basic systems and processes implemented 	<ul style="list-style-type: none"> Tariff avoidance Quality Improvement plan Productivity Manager Hires 	<ul style="list-style-type: none"> Renew Focus on VAVE, driving 3% of Incremental Productivity Improve demand planning processes De-risk supply chain Level load mfg.. orders 	<ul style="list-style-type: none"> Implement make vs. buy Refine NetSuite implementation Integrate BI systems 	<ul style="list-style-type: none"> Best in class mfg.. operations
Revenue/Growth	\$43.9M	\$42.1M -4.1%	\$45.4M 7.7%	\$49.0M 8.0%	\$52.9M 8.0%
Gross Profit/Margin	\$19.8M 45.1%	\$17.3M 41.0%	\$19.9M 43.8%	\$22.2M 45.2%	\$25.0M 47.3%
Adjusted EBITDA/%	\$10.1M 22.9%	\$10.1M 23.9%	\$10.5M 23.2%	\$13.0M 26.6%	\$16.2M 30.7%
Proforma with Standalone Adjusted EBITDA/%	\$10.1M 22.9%	\$9.3M 22.0%	\$10.5M 23.2%	\$13.0M 26.6%	\$13.2M 30.7%

2020 AOP compared to the 2019 Reforecast which includes:

- The impact of the opening balance sheet entries. \$0.9M in Material COGS and \$3.4M in Admin Opex (professional)

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Key Assumptions and Overview

NARRATIVE



Revenue total of \$45.4M with \$3.3M/7.7% increase YOY

- \$1.4M/3.3%, net organic growth in volume
- \$1.3M/3.0%, new product revenue from six engineering projects
- \$0.6M/1.4% sales price increases from level setting of global price list and distributor tier discounts

Gross Margin total of \$19.9M with \$2.6M/15.0% increase YOY

- Current 2019 standard costs and product mix for 2020 + additional new products
 - Commodity pricing locked in for metal alloy contracts through Q2 + other material savings provide costs benefit of \$0.6M/2.5% improvement on COGS
 - Productivity, quality, and continuous improvement activities to provide costs benefit of \$0.4M/1.6% improvement on COGS
- Tariffs and duties costs flat compared to 2019 Forecast
 - Mitigating China impact with production of keypads to Mexico and PCBA's to Canada – require \$55k Capex for tooling to implement
 - Potential impact to increase component costs offset by decrease for in-bound freight from change in proximity
- Freight costs benefiting from extend freight Transitional Services Agreement(TSA) with Stanley Black and Decker through November 2020
- (\$0.1M)/(2.8%), increase in manufacturing wage rates as of April 1st

Adjusted/Bank EBITDA total of \$10.5M with \$0.5M/4.3% increase YOY

- Reported EBITDA, excluding 2019 Opening Balance Sheet entries, increase is \$1.4M/19% YOY
- TSA ramps down for ERP February 29th 2020 and Product Management/CAD in Q2
- (\$0.4M)/(4%), headcount increase of 6 Opex salary positions, notwithstanding stand-alone, to support revenue growth and drive strategic initiatives
- (\$0.1M)/(1.9%), for average increase recognized in 2020 Opex wage rates effective April 1st
- Various Opex engineering and marketing expenses for rebrand and new product development eligible for 1x add back to bank defined EBITDA 1st

2019 includes:

- The impact of the opening balance sheet entries. \$0.9M in Material COGS and \$3.4M in Admin Opex (professional)

Key Assumptions and Overview

2020 ACTIONS



Customer Focus



Inside Focus

Go-Forward Highlights:

- Engage quality recovery roadmap to restore customer trust
- Gain new customers and win-back old customers with reliable products and delivery
- Develop global price list
- Distributor partner program with relevant tiered program
- Roll-out sales incentive program for the sales team
- Deliver on New Product Development Launches – pricing, costs, marketing, and development timing
- Rationalize current product offerings and complete the future product roadmap
- Follow stage-gate process to identify and deliver new products to the market
- Create recurring revenue program for digital platform applications
- Complete brand refresh efforts
- Embrace company vision and drive towards aspirational attributes – focus direction is “Customer to Inside”
- ERP data conversion and process implementation – March 1, 2020 live date
- Recruit and fill ten salary positions

Key Assumptions and Overview

RISK AND OPPORTUNITIES



	Description	Potential Impact	Plan to Address
Risks	▪ Continued erosion of market share in core business (Residential & ATM)	<ul style="list-style-type: none"> ▪ Annualized global decline of (\$2.6M) in 2019 ▪ Low price competitors, such as Securam, continue gaining market share through lowest price positioning 	<ul style="list-style-type: none"> ▪ Introduce new product platform strategy to address scope of market needs – value add ▪ Execute on a market pricing strategy ▪ Emphasis on operational excellence including quality and reliability
	▪ Mechanical Portfolio Erosion	▪ 2019P9 YTD Mechanical Lock Sales decline of (\$0.7M)	<ul style="list-style-type: none"> ▪ Strategic Initiative prioritized for Electronic Lock Keypad refresh ▪ Offset migration from mechanical lock by improving growth in low cost electronic solutions
	▪ Import Tariff Pressure	<ul style="list-style-type: none"> ▪ Annualized \$0.3M Margin Pressure Driven By Tariffs ▪ Impact in 2020 if not remediated 	<ul style="list-style-type: none"> ▪ Partner with key suppliers on manufacturing moves to Canada and Mexico (Dec. 2019) ▪ Leverage duty drawback and targeted surcharges to offset margin pressure
Opportunities	▪ Upselling current products beyond base/typical use applications to higher capabilities	<ul style="list-style-type: none"> ▪ Drive revenue and increase customer value added solutions by leveraging currently developed products ▪ Revenue generation without NPD 	<ul style="list-style-type: none"> ▪ Establish messaging and replacement programs that will drive market share ▪ Support distributors to sell into unreached markets, ie retail
	▪ Position new digital platform across all segments and regions with product and recurring services	<ul style="list-style-type: none"> ▪ Product features applicable to segments outside of residential market ▪ Network enabled devices drive recurring revenue ▪ Recurring revenue from SaaS applications 	<ul style="list-style-type: none"> ▪ Develop new product platform with value added features – app development ▪ Potential unlocking of feature applications as post product purchase up-sale ▪ Market to and train customer channels on future capabilities of the digital platform.
	▪ Deeper penetration by distributor partner program to market products	▪ Better defined and tiered distributor partner model will better position S&G brand products in front of the competition	<ul style="list-style-type: none"> ▪ Develop and leverage the global price list ▪ Target end users to the distributor network ▪ Align distributor resources to customer needs
	▪ LAG Market Penetration Potential with ASWD	▪ Current identified projects \$6.4M in revenue	<ul style="list-style-type: none"> ▪ Follow-up on time line for Global Smart Safes and Cogar ▪ Identify partners in Brazil and other underserved regions

Key Assumptions and Overview

FINANCIAL SUMMARY



2019 Revised AOP	2019			2020 AOP
Net Revenue \$48.1M	Net Revenue \$42.1M	7.7%	<ul style="list-style-type: none"> \$1.4M/1.3% Organic Growth \$1.3M/2.9% New Product Revenue \$0.6M/1.4% Sales Price Increase 	Net Revenue \$45.4
Gross Margin \$22.2M 46.4%	Gross Margin \$17.3M 41.0%	+276bps	<ul style="list-style-type: none"> 2019 Includes \$869k opening balance sheet impact +\$0.6M Commodity pricing locked in for metal alloy contracts +\$0.4M Productivity, quality, and continuous improvement activities to provide costs benefit Mitigating China impact with production of keypads to Mexico and PCBA's to Canada +2 Salary for Productivity Manager and Quality Manager 	Gross Margin \$19.9M 43.8%
OPEX \$12.8M 26.7%	OPEX \$13.8M 32.7%	(\$2.9M)	<ul style="list-style-type: none"> 2019 included \$3.4M in opening balance sheet impact \$0.4M for 6 positions to support standalone and strategic initiatives 	OPEX \$10.9M 23.8%
EBITDA \$9.3M 19.0%	EBITDA \$3.5M 8.3%	\$5.5M	<ul style="list-style-type: none"> 2019 Opening Balance Sheet impact of \$4.3M 	EBITDA \$9.0M 19.6%
Adjustments \$2.9M	Adjustments \$6.6M	(\$5.1M)	<ul style="list-style-type: none"> 1X expenses allowed as EBITDA Addbacks 1X expenses reducing by \$5.0M. From \$6.5M to \$1.5M 2019 Adjustments included \$4.3M opening balance sheet impact. Approximately, \$3.4M of bank eligible addbacks of \$4.0M planned. 	Adjustments \$1.5M
Adj EBITDA \$12.2M 25.0%	Adj EBITDA \$10.1M 23.9%	\$0.5M	<ul style="list-style-type: none"> Volume Increase offset by incremental headcounts additions for standalone and revenue growth One-time expense add-backs and standalone greatly reduced in 2nd half 2020 	Adj EBITDA \$10.5M 23.2%
Capex \$1.4M	Capex \$0.3M	(\$1.0M)	<ul style="list-style-type: none"> Cost Reductions \$0.2M Replacement Equipment and Roof \$0.8M Refresh Brand \$0.1M New product tooling \$0.1M 	Capex \$1.2M
NWC \$9.6M	NWC \$9.0M	\$0.7M	<ul style="list-style-type: none"> Cash Conversion Cycle improvement Inventory improvement begin with lock body communication and product modularization Accounts receivable improvement from reduction of slow pay behaviors 	NWC \$9.7M

2020 AOP compared to the 2019 which includes:

- The impact of the opening balance sheet entries. \$0.9M in Material COGS and \$3.4M in Admin Opex (professional)

Key Assumptions and Overview

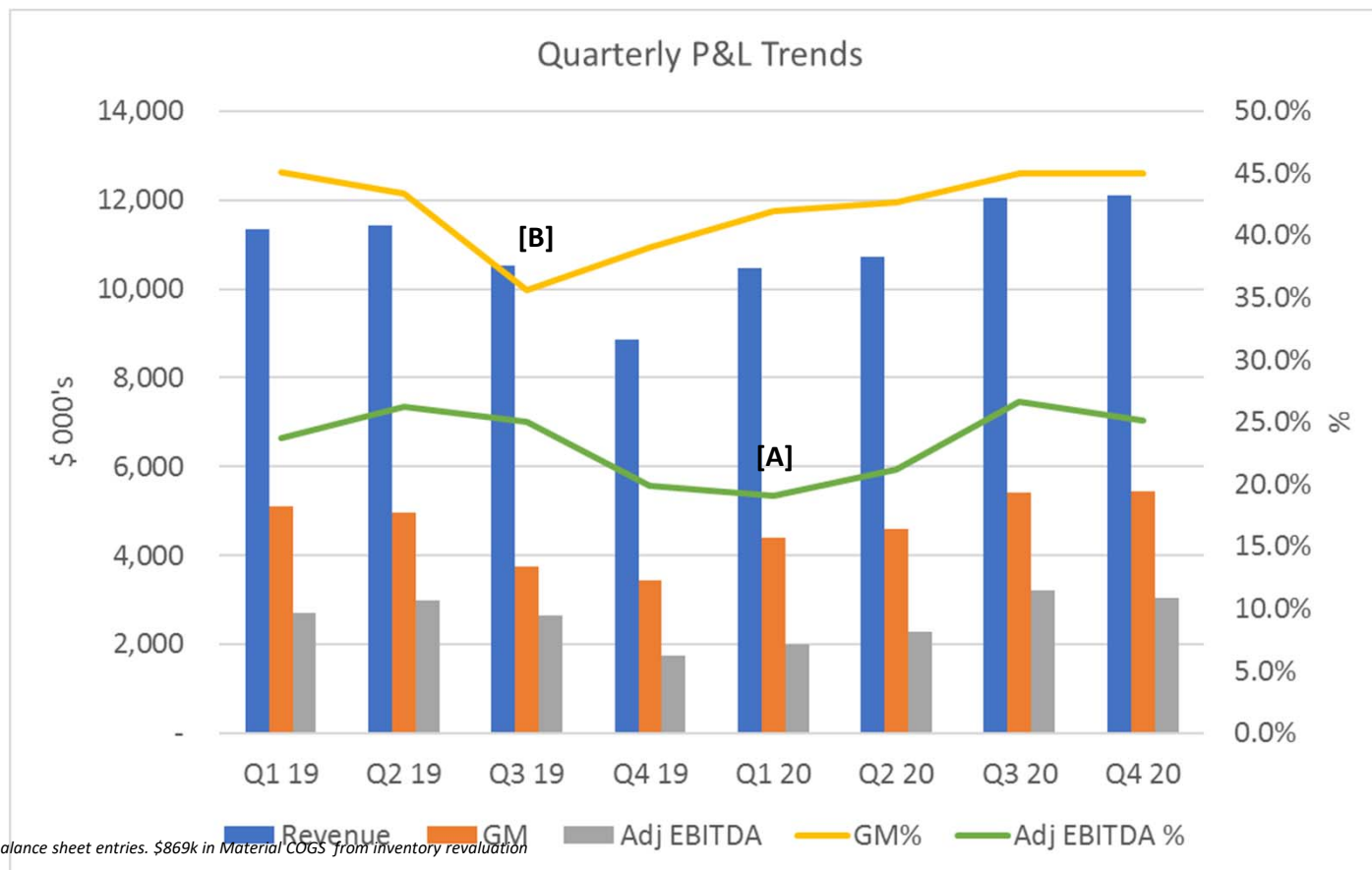
QUARTERLY FINANCIAL P&L TRENDS



- 2020 Annual Gross margin of 43.8% vs 2019 of 40.8%

- [A] Adjusted EBITDA impacted by (7) salary increase including stand-alone and new product development expenses

- [B] Opening Balance Sheet adjustment of \$0.9M



¹⁹ includes:

- [B] The impact of the opening balance sheet entries. \$869k in Material COGS from inventory revaluation

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Product and Market Strategy

REGION TARGETS | BOOKINGS



USD		Bookings 2020								
	2018	2019	Base Business	Organic Business	New Business	New Product	Price	Change	Total	% Chg
INDIA	6,115,535	6,774,658	7,118,055	343,397	70,200	299,959	165,447	879,003	7,653,661	13.0%
APAC	7,999,192	8,886,526	8,706,024	(180,502)	443,520	76,528	-	339,546	9,226,072	3.8%
EMEA	5,990,179	6,499,746	6,679,180	179,434	-	499,155	85,426	764,014	7,263,761	11.8%
Government	4,470,889	3,335,759	3,423,870	88,111	-	302,652	109,158	499,921	3,835,680	15.0%
LAG	3,544,068	3,120,044	3,455,012	334,968	-	173,957	58,091	567,017	3,687,061	18.2%
NA	18,085,178	12,514,602	13,892,281	1,377,679	-	252,039	273,414	1,903,132	14,417,734	15.2%
	46,205,041	41,131,335	43,274,422	2,143,087	513,720	1,604,290	691,536	4,952,633	46,083,968	12.0%

		Bookings 2020						
	2019	Base Business	Organic Business	New Business	New Product	Price	% Chg	
INDIA	10.8%	5.1%	5.1%	1.0%	4.4%	2.5%	13.0%	
APAC	11.1%	-2.0%	-2.0%	5.0%	0.9%		3.8%	
EMEA	8.5%	2.8%	2.8%	0.0%	7.7%	1.3%	11.8%	
Government	-25.4%	2.6%	2.6%	0.0%	9.1%	2.5%	15.0%	
LAG	-12.0%	10.7%	10.7%	0.0%	5.6%	1.8%	18.2%	
NA	-30.8%	11.0%	11.0%	0.0%	2.0%	2.0%	15.2%	
Total	-11.0%	5.2%	5.2%	1.2%	3.9%	1.7%	12.0%	

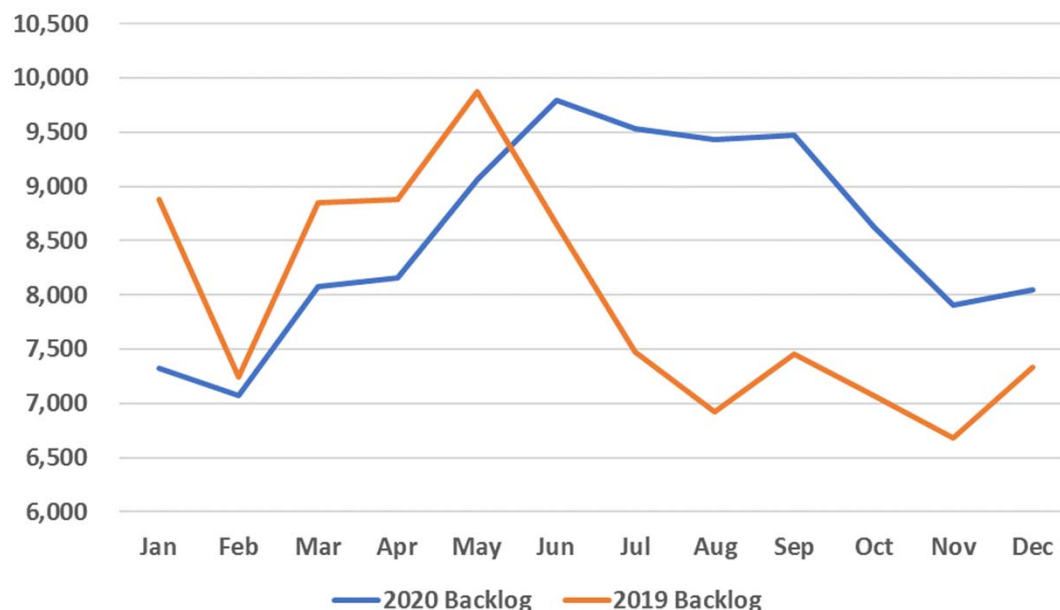
- Organic Growth + New Business of 6.4% based on comparison to 2019
- New Product bookings 3.9% as scheduled by the New Product Pipeline – ramp-up begins in Q2, 90% of orders filled in 2nd half of year
- Price increases of 1.7% in 2020 compared to 2019 current average sales pricing
- Effective price timing(March 2020), products, and customers to be determined. Development of global price list and tiered distributor programs.

Product and Market Strategy

TRENDED BACKLOG



- AOP Booked orders are scheduled based upon three year historical average calendar timing from regional customers
- Revenue from completed orders are level loaded, except where booked order timing is known, based upon available production days per month
- Backlog net increase of \$707k from projected beginning 2020 balance to end of 2020
- The beginning 2020 backlog balance is dependent upon 2019 Reforecast of December booking estimates
- 2020 Gov't. 951 padlock orders ship Jan, Mar, June, and Dec.
- Note: S&G is on a 5-4-4 weeks fiscal months per quarter; the month of December contains 4 extra days compared to 2019



\$707k YoY Increase

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Beginning Backlog	7,336	7,319	7,077	8,077	8,155	9,062	9,795	9,532	9,437	9,468	8,626	7,907
Orders	3,961	3,029	4,226	4,219	4,097	4,137	4,011	3,440	4,277	3,934	2,746	4,008
Revenue	3,977	3,271	3,226	4,142	3,189	3,404	4,273	3,535	4,245	4,777	3,465	3,873
2020 Backlog	7,319	7,077	8,077	8,155	9,062	9,795	9,532	9,437	9,468	8,626	7,907	8,043
2019 Backlog	8,885	7,243	8,845	8,882	9,876	8,649	7,473	6,926	7,456	7,076	6,677	7,336
Variance	(1,565)	(165)	(768)	(727)	(814)	1,146	2,059	2,511	2,012	1,550	1,230	707
% Chg	-17.6%	-2.3%	-8.7%	-8.2%	-8.2%	13.3%	27.5%	36.2%	27.0%	21.9%	18.4%	9.6%

- AOP 2020 represents a 6.9% increase in annual booked orders over 2019 Reforecast
- AOP 2020 December year-end backlog represents a 9.6% increase compared to 2019 Reforecast

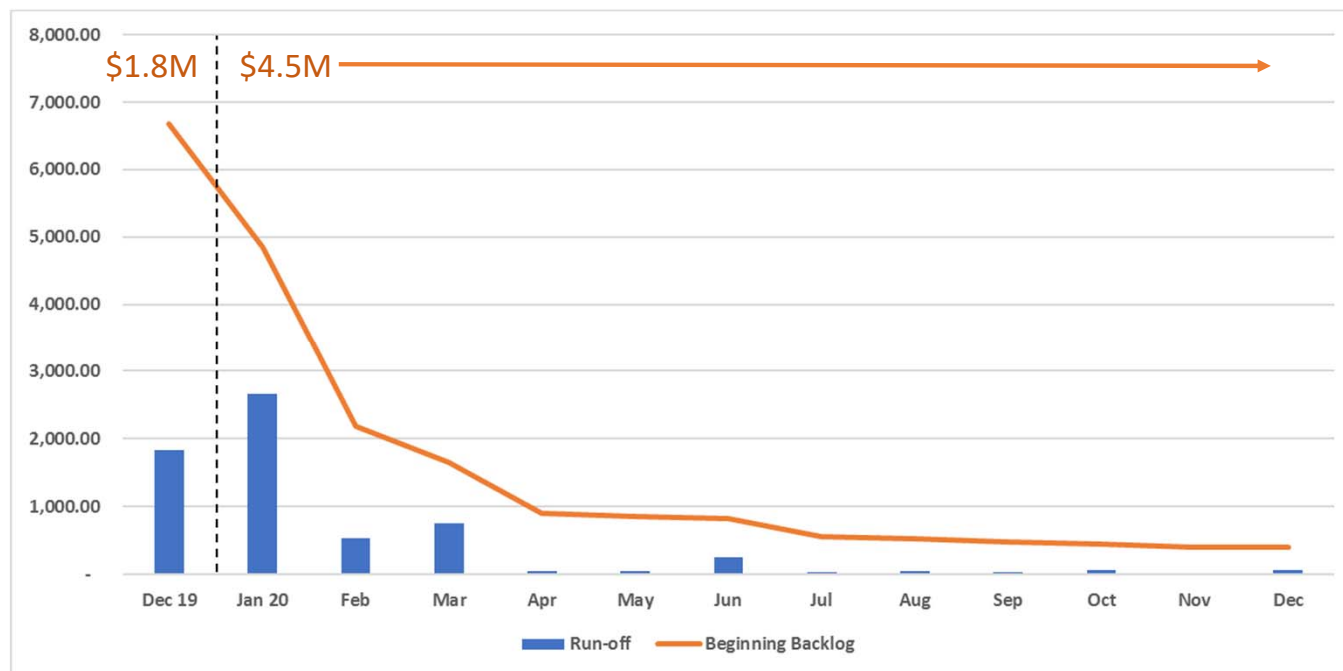
2020 AOP compared to the 2019 Reforecast which includes:

- Jan. – Nov. actual results plus Dec. reforecast

Product and Market Strategy



DECEMBER 2019 BEGINNING BACKLOG RUNOFF



- 29% of December 2019 Beginning Backlog scheduled to convert in 2019 - \$1.8M
- 71% of December 2019 Beginning Backlog scheduled to convert in 2020 - \$4.5M

Product and Market Strategy

REGION TARGETS | REVENUE



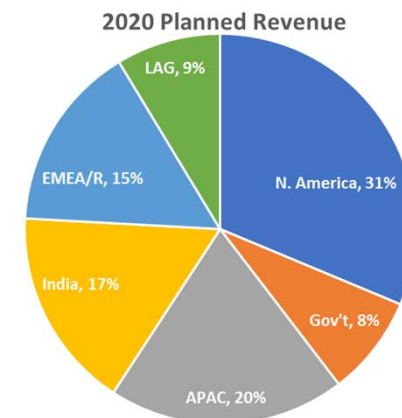
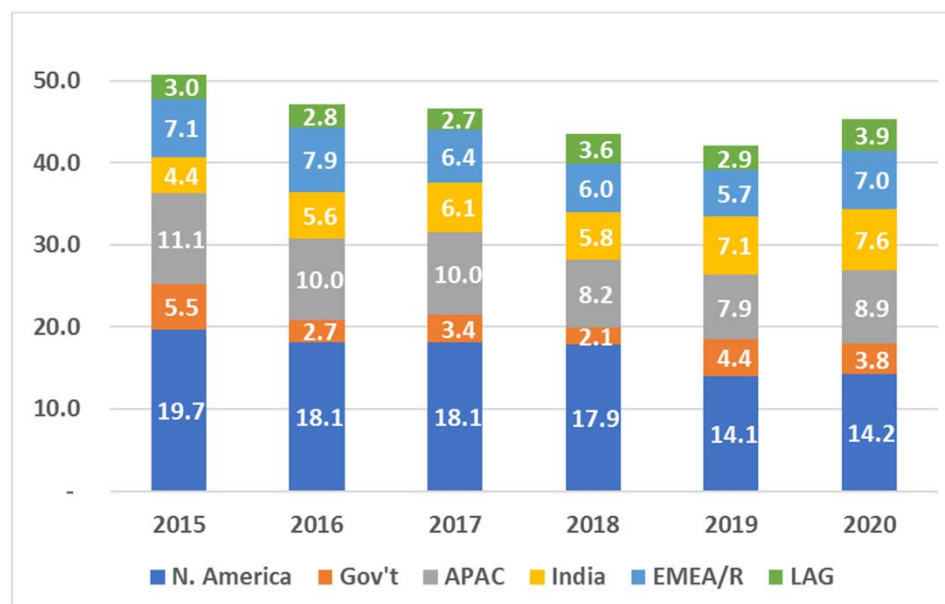
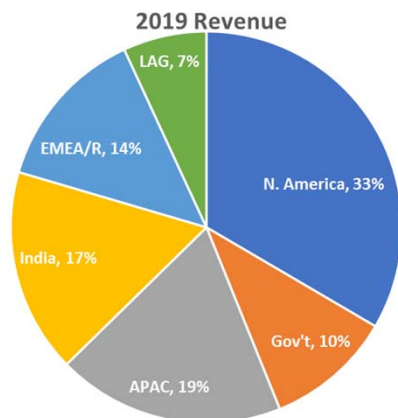
USD		Revenue							
		2020							
	2019	Base Business	Organic Business	New Business	New Product	Price	Change	Total	% Chg
INDIA	7,113,470	7,144,126	30,656	64,087	211,941	141,559	448,243	7,561,713	6.3%
APAC	7,949,060	8,417,121	468,060	403,768	73,431	-	945,259	8,894,320	11.9%
EMEA	5,654,335	6,565,237	910,902	-	383,766	69,292	1,363,960	7,018,295	24.1%
Government	4,405,749	3,419,737	(986,011)	-	256,798	95,755	(633,459)	3,772,290	-14.4%
LAG	2,852,846	3,749,493	896,647	-	129,669	50,803	1,077,119	3,929,965	37.8%
NA	14,146,727	13,759,694	(387,033)	-	195,464	245,492	53,923	14,200,650	0.4%
	42,122,187	43,055,408	933,221	467,854	1,251,069	602,901	3,255,046	45,377,232	7.7%
Revenue Realized from 2019 Backlog and 2020 Bookings		99%	87%	91%	78%	87%	84%	98%	
Change in Backlog								706,736	
		Revenue							
		2020							
		Base Business	Organic Business	New Business	New Product	Price	% Chg		
INDIA		0.4%	0.4%	0.9%	3.0%	2.5%	6.3%		
APAC		5.9%	5.9%	5.1%	0.9%		11.9%		
EMEA		16.1%	16.1%	0.0%	6.8%	1.3%	24.1%		
Government		-22.4%	-22.4%	0.0%	5.8%	2.5%	-14.4%		
LAG		31.4%	31.4%	0.0%	4.5%	1.8%	37.8%		
NA		-2.7%	-2.7%	0.0%	1.4%	2.0%	0.4%		
Total		2.2%	2.2%	1.1%	3.0%	1.4%	7.7%		

- **Organic Growth + New Business of 3.3% based on comparison to 2019 Reforecast**
 - Government: Decline related to pull through/lead time on 951 contract orders
 - India: 2019 backlog does not currently contain a blanket order for 2020 releases from Arya. In prior years, a heavy discount was offered to gain end of year bookings. AOP assumes level release from booked orders in 2020
 - LAG strong beginning opening 2020 year backlog
- **New Product bookings 3.0% as scheduled by the New Product Pipeline**
- **Price increases of 1.4% realized in 2020 compared to 2019 Reforecast current average sales pricing**
- **Effective price timing(March 2020), products, and customers to be determined. Development of global price list and tiered distributor programs.**

2020 AOP w/ preliminary results

Product and Market Strategy

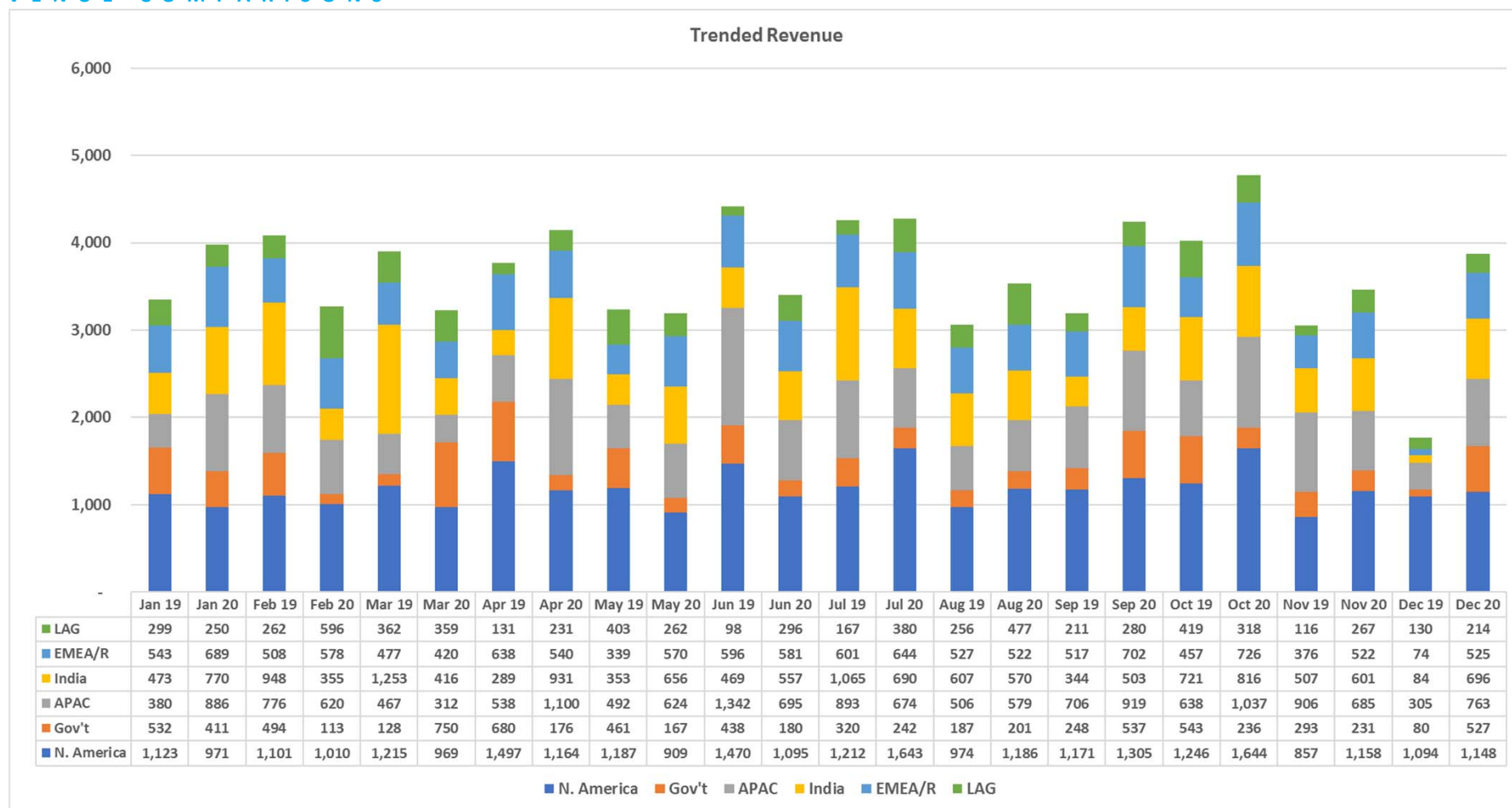
REGION COMPARISONS



	Revenue in \$millions					
	2015	2016	2017	2018	2019	2020
N. America	19.7	18.1	18.1	17.9	14.1	14.2
Gov't	5.5	2.7	3.4	2.1	4.4	3.8
APAC	11.1	10.0	10.0	8.2	7.9	8.9
India	4.4	5.6	6.1	5.8	7.1	7.6
EMEA/R	7.1	7.9	6.4	6.0	5.7	7.0
LAG	3.0	2.8	2.7	3.6	2.9	3.9
S&G Revenue	50.7	47.2	46.7	43.5	42.1	45.4

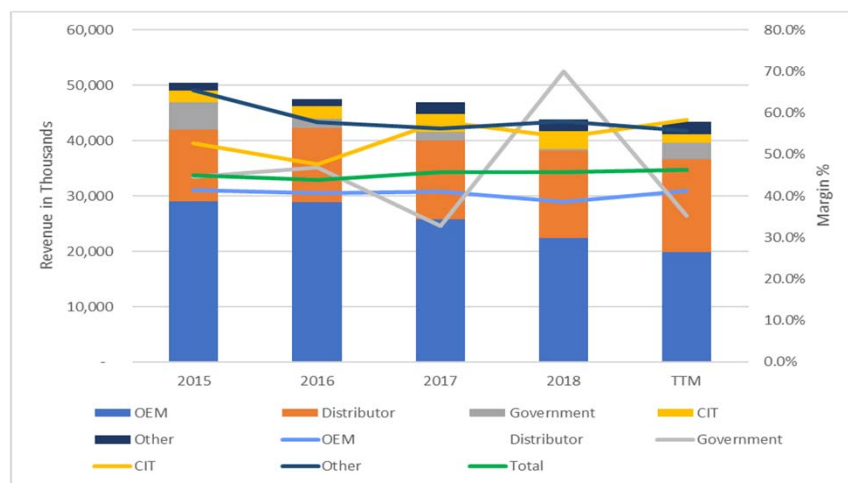
Product and Market Strategy

REVENUE COMPARISONS



Product and Market Strategy

WORLDWIDE CHANNEL TRENDS



Sales Loss-Gain | Critical Accounts

	Type	2016	2017	2018	2019TTM	2019TTM-2016	CAGR
LIBERTY SAFE AND SECURITY PRODUCTS	OEM	2,908	2,776	987	270	(2,638)	-44.8%
DUTECH HOLDINGS LTD	OEM	2,614	1,535	1,435	1,121	(1,493)	-19.1%
GSA ACCOUNTS PAYABLE BRANCH	Govt	844	40	28	53	(791)	-50.0%
AGS TRANSACT TECHNOLOGIES LTD	OEM	1,267	641	769	549	(718)	-18.9%
HAMILTON PRODUCTS GROUP	OEM	735	88	-	-	(735)	-100.0%
DEFENSE FINANCE AND ACCOUNTING	Govt	853	1,546	185	2,878	2,025	35.5%
ARYA COMMUNICATIONS AND ELECTRONICS	Distributor	1,255	1,593	1,901	3,538	2,283	29.6%
TIMEMASTER INC	Distributor	1,136	2,027	2,485	2,451	1,315	21.2%
LOCKMASTERS INC	Distributor	1,360	2,049	2,428	2,617	1,256	17.8%
NCR CORPORATION INDIA PVT LTD	OEM	2,593	2,468	2,677	4,030	1,437	11.7%
OTHER		31,891	32,153	30,973	25,957	(5,934)	-5.0%
TTL		47,456	46,916	43,867	43,463	(3,992)	-2.2%

2019 TTM through November



Challenge → Opportunity

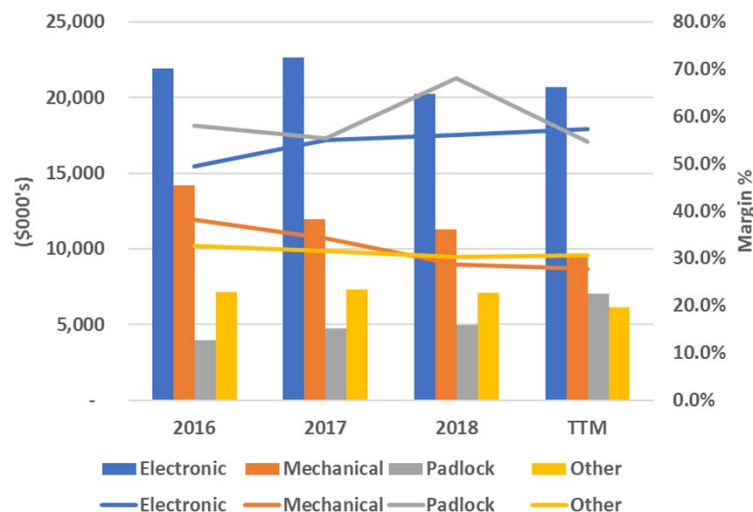
- Significant loss of business in NA has led to overall revenue declines for the organization
 - Cultivate more meaningful partnerships across all customer types to increase sales in key categories
 - Leverage OEM and Distributor partners
- Global cash usage has shown a steady decline in key markets
 - Share erosion can be mitigated by increasing partnerships with OEM's in all regions
 - Identify large banking institutions to partner with for ATM and Cash Management solutions
- Accelerating product innovation to create organic share growth
 - Offset recent sales loss by introducing new products to meet innovative technical needs/wishes of global customers
 - Identify and partner with key customers where conversion of products would increase revenue

Growth Strategy 7.3%

- \$0.5M/1.3% growth in base revenue streams
 - Execute key distributor partnership strategy to target organic growth and sales gains
 - Improve reach and frequency to enhance purchasing
- \$1.3M/2.9%, growth from new product revenue streams
 - Align new products with current customer base to enhance offering and revenue gains
 - Reengage past partnerships to drive new product conversions
- \$0.6M/1.4%, growth from price increases
 - Institute new pricing model to level-set global list pricing and consistent tiered discounting

Product and Market Strategy

PRODUCT LINE TRENDS



Challenge → Opportunity

- Mechanical business continues slight decline globally
 - Focus share loss to other product opportunities within portfolio that meet needs of customers
 - Increase reach and frequency with identified mechanical customers and steal competitive share
- Competitive electronic products are becoming low-priced
 - Evaluate competitive pricing structure more closely and focus efforts to blend feature/benefits with pricing enhancements
 - Leverage distributor partners through tiered agreements to assist share growth in mechanical products

Sales Analysis by Product Family

	Type	2016	2017	2018	2019TTM	2019TTM -2016	CAGR
PIVOTBOLT	Electronic	4,119	3,217	2,110	2,380	(1,739)	-12.8%
6741 GROUP 2 COMBINATION LOCK	Mechanical	2,314	1,796	1,507	1,097	(1,217)	-17.0%
ELECTRONIC KEYPADS	Electronic	2,876	2,875	2,125	1,710	(1,166)	-12.2%
FAS LOCK	Mechanical	4,299	3,604	3,729	3,334	(966)	-6.2%
GROUP 1 COMB LOCK (MP LOCK)	Mechanical	1,562	1,009	1,120	878	(684)	-13.4%
6128/6129 ELECTRONIC LOCK	Electronic	10,080	12,655	11,645	13,621	3,541	7.8%
HIGH SECURITY PADLOCK	Padlock	1,159	2,165	808	3,629	2,470	33.0%
2740	Other	1,408	2,280	2,471	2,315	907	13.2%
8077 GOVT PADLOCK	Padlock	2,608	2,256	3,906	2,970	362	3.3%
ENVIRONMENTAL PADLOCK	Padlock	103	203	182	313	210	32.1%
OTHER		16,927	14,856	14,265	11,217	(5,710)	-9.8%
	TTL	47,456	46,916	43,867	43,463	(3,992)	-2.2%

Other type products includes time delay locks and safe deposit box keys

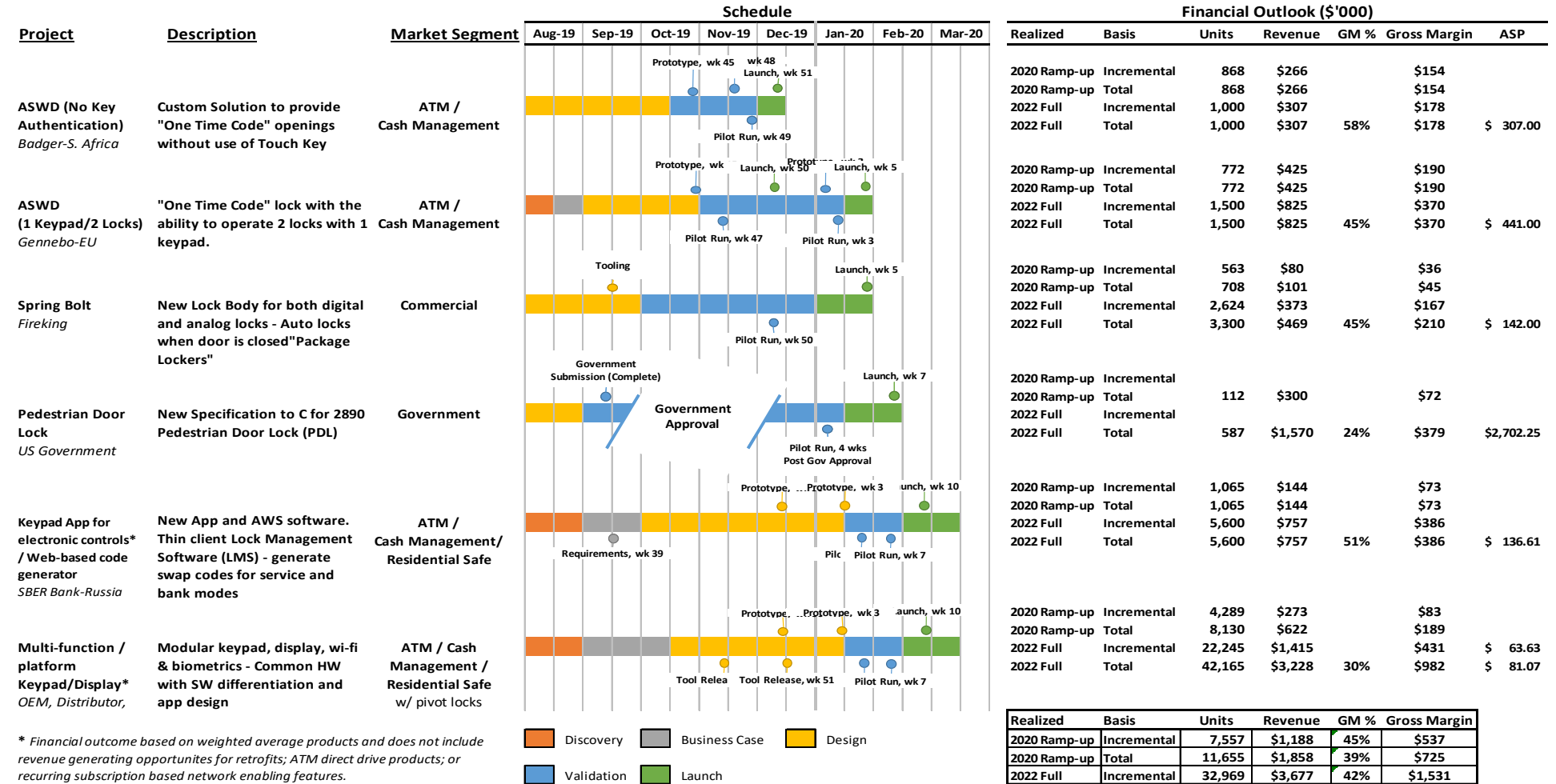
2019 TTM through September – Second review will include 2019 TTM through November

Growth Strategy 7.3%

- Establish new S&G pricing model
 - Increase revenue through improved pricing model on all product types
- Launch new products for organic growth and share gains
 - Leverage new technology and features to take share away and growth with non-traditional customers
- Partner closely with distribution
 - Align key distributors to tiered program agreements
 - Use partnership to establish growth with key products and new product releases

Product and Market Strategy

NEW PRODUCT DEVELOPMENT - 2019 STARTS PIPELINE



Realized	Basis	Units	Revenue	GM %	Gross Margin
2020 Ramp-up	Incremental	7,557	\$1,188	45%	\$537
2020 Ramp-up	Total	11,655	\$1,858	39%	\$725
2022 Full	Incremental	32,969	\$3,677	42%	\$1,531
2022 Full	Total	54,152	\$7,157	35%	\$2,505

2020 AOP w/ preliminary results

Product and Market Strategy

KEYPAD DISPLAY DESIGN FEATURES



Product and Market Strategy

KEYPAD DESIGN ARCHITECTURE



Tier I (Network Connected)

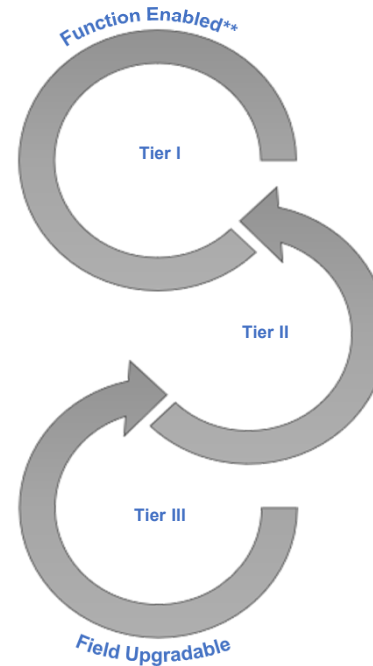
- Enhanced User Interface (LCD Touch Display)
- Network Connected
- Integrated Mobile Application
- Mobile Alerts / Notifications
- Smart Home Integration
- Biometric Authentication (Fingerprint)
- Bluetooth Enabled (for Configuration)

Tier II (Biometric)

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

Tier III (Base)

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

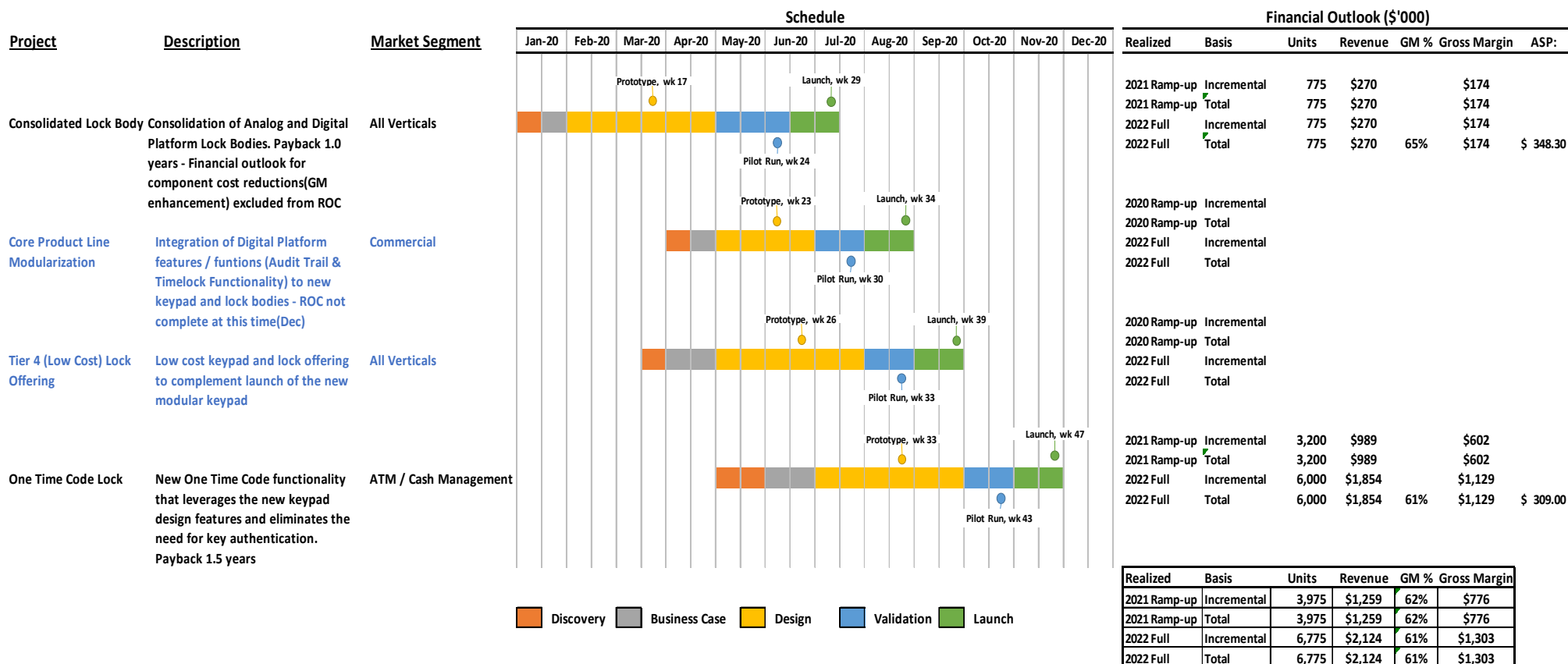


Tier IV (Low Price)

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

Product and Market Strategy

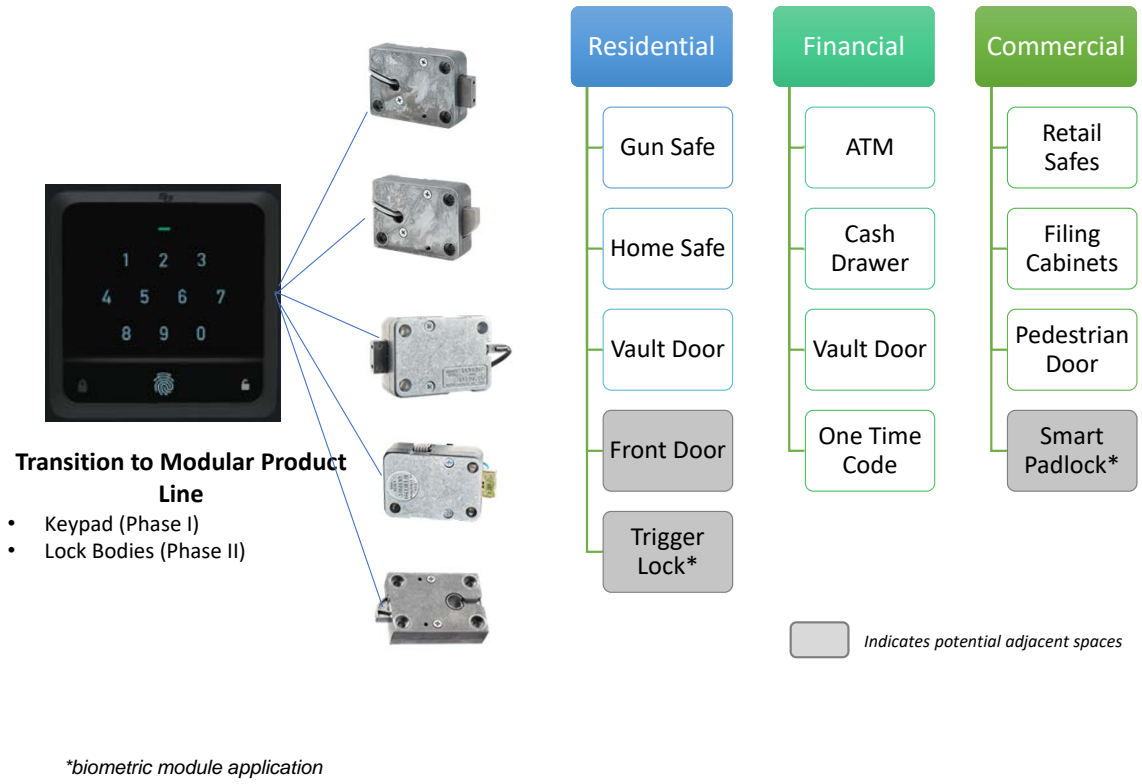
NEW PRODUCT DEVELOPMENT – 2020 STARTS PIPELINE



No 2020 revenue impact to financial outlook and of new product development projects started in 2020

Product and Market Strategy

MODULAR PLATFORM



2020 AOP Review Contents

Company “Evolution” Timeline

Key Assumptions and Overview

Product and Market Strategy

Financial Objectives

Bridges

Financial Schedules

Appendix



Financial Objectives

SUMMARY PROFIT & LOSS



	2020	2019	Var	% Chg	2018	Var	% Chg
Net Revenue	45,377	42,122	3,255	7.7%	43,867	1,510	3.4%
Material	16,066	15,580	486	3.1%	15,626	440	2.8%
Labor	7,020	6,746	274	4.1%	6,473	547	8.5%
Other COGS	2,434	2,528	(94)	-3.7%	1,968	466	23.7%
Total COGS	25,520	24,854	666	2.7%	24,067	1,453	6.0%
Gross Margin	19,857	17,268	2,589	15.0%	19,800	56	0.3%
<i>Gross Margin %</i>	43.8%	41.0%	2.76%	0.067443	45.1%		
R&D	2,420	1,495	925	61.9%	1,763	657	37.2%
Sales & marketing	5,644	3,929	1,715	43.6%	3,727	1,917	51.4%
Administrative	2,813	8,366	(5,553)	-66.4%	4,254	(1,441)	-33.9%
Other							
Total OPEX (excl D&A)	10,877	13,790	(2,913)	-21.1%	9,744	1,133	11.6%
	24.0%	32.7%			22.2%		
Reported EBITDA	8,979	3,477	5,501	158.2%	10,056	(1,077)	-10.7%
<i>EBITDA Margin %</i>	19.8%	8.3%			22.9%		
Bank allowable EBITDA add-backs	1,549	6,599	(5,050)	-326.1%	-	1,549	N/A
Bank EBITDA	10,528	10,077	451	4.3%	10,056	472	4.7%
	23.2%	23.9%			22.9%		
Unincurred Standalone Costs	10	819					
PF Adj EBITDA	10,518	9,258	1,260	13.6%	10,056	462	4.6%
<i>PF Adj. EBITDA %</i>	23.2%	22.0%			22.9%		

¹⁹ includes:

- The impact of the opening balance sheet entries. \$869k in Material COGS and \$3.4M in Admin Opex (professional)

Financial Objectives

S U M M A R Y C O G S

- Material COGS production basis favorable \$0.5M
 - (\$0.3M) One-time 2019 cost credit adjustment
 - \$0.3M favorable material pricing from zinc(\$87 locked into commodity buy program) and other component opportunities
- Labor improvements from productivity projects offset economics and volume – 6 equivalent headcount
- Other rent/facilities includes supplies, professional fees(one-time costs in 2019), taxes, and insurance
 - Professional fees include \$0.1M six sigma/greenbelt training
- Other expenses include warranty, salaries, travel, and meetings. 2019 includes adjustments to standards and change in inventory.



\$'000	2020	2019	Var	% Chg	2018	Var	% Chg
Material							
Material costs at standard	15,969	15,543	426	2.7%	14,987	982	6.6%
Materials FX loss / (gain)	-	0	(0)	-100.0%	(2)	2	-100.0%
Purchase price variance	(800)	(553)	(247)	44.6%	68	(868)	-1282.7%
Freight in	801	717	84	11.7%	681	120	17.6%
Cost revision	120	(232)	352	-151.7%	-	120	#DIV/0!
Scrap costs	(120)	(48)	(72)	148.9%	(200)	80	-40.0%
Consumables	96	153	(57)	-37.4%	92	4	4.0%
Total Material COGS	16,066	15,580	486	3.1%	15,626	440	2.8%
Labor							
Direct labor	3,084	3,013	71	2.4%	2,736	348	12.7%
Direct labor - overtime	349	198	151	75.9%	194	155	80.2%
Direct labor - benefits	1,356	962	394	41.0%	971	385	39.6%
Indirect labor	1,870	1,896	(26)	-1.4%	1,971	(101)	-5.1%
Indirect labor – benefits	361	677	(316)	-46.7%	600	(240)	-39.9%
Total Labor COGS	7,020	6,746	274	4.1%	6,473	547	8.5%
Other							
Repairs and maintenance	216	201	15	7.3%	220	(4)	-1.7%
Rent / facilities	1,188	2,200	(1,012)	-46.0%	979	209	21.3%
Utilities	279	281	(2)	-0.8%	300	(21)	-7.0%
Other cost of sales	751	(154)	905	-587.7%	469	282	60.1%
Total Other COGS	2,434	2,528	(94)	-3.7%	1,968	466	23.7%
Total COGS	25,520	24,854	666	2.7%	24,067	1,453	6.0%

19 includes:

- The impact of the opening balance sheet entries. \$869k in Material COGS and \$3.4M in Admin Opex (professional)

Financial Objectives

S U M M A R Y O P E X



	2020	2019	Var	% Chg	2018	Var	% Chg
Opex Overview							
Payroll	3,928	3,481	446	12.8%	3,716	211	5.7%
Overtime	-	0	(0)	-100.0%	5	(5)	-100.0%
Benefits	609	744	(135)	-18.2%	967	(358)	-37.1%
Bonus	806	104	703	677.1%	193	613	318.0%
Marketing	481	395	86	21.9%	222	260	117.1%
Commissions	394	281	112	39.9%	546	(152)	-27.9%
Travel and Entertainment	734	521	213	40.8%	434	300	69.0%
Rent and Facilities	17	17	(0)	-0.6%	-	17	N/A
Insurance	1	1	(0)	-1.1%	36	(35)	-97.0%
Professional Fees	2,666	6,347	(3,682)	-58.0%	1,996	670	33.6%
Utl., Repair, Maint., & Sec.	42	25	17	68.0%	73	(31)	-43.1%
IT	630	1,264	(635)	-50.2%	538	92	17.2%
Bad Debt	-	101	(101)	-100.0%	55	(55)	-100.0%
Supplies	72	39	34	87.2%	67	6	8.3%
Other Expenses	499	469	30	6.3%	897	(398)	-44.3%
Total OPEX (excl D&A)	10,878	13,790	(2,912)	-21.1%	9,744	1,134	11.6%

- 6 positions to fill 2020 for stand-alone unfilled and incremental additions
- Professional fees increase year-over-year, less 2019 OBS entry, decrease (\$0.4M) for product launch testing, strategic initiatives, and outside marketing expenses. Most eligible for one-time expense addback
- Incentives(Bonus) assumes sales and performance incentives earned at 100%
- Other expenses include annual customer meeting and 2019 one-time adjustments

¹⁹ includes:

- The impact of the opening balance sheet entries. \$869k in Material COGS and \$3.4M in Admin Opex (professional)

Financial Objectives

HEADCOUNT



Start	Department	HEADCOUNT						Total Equivalent Headcount	Total w/o Contract	HEADCOUNT						Change in Headcount
		Job Type								Change from Current to AOP						
		Direct	Indirect	Office	Mgr	SLT	Contract			Direct	Indirect	Office	Mgr	SLT	Contract	
	Manufacturing	53	13	11	5	1	12	95	83	8	0	0	1	0	-6	3
	Sales + Swiss Office	0	0	11	3	1	6	21	15	0	0	1	2	0	1	4
	Customer Services and Marketing	0	0	5	1	0	0	6	6	0	0	3	0	1	0	4
	Engineering	0	0	4	2	1	0	7	7	0	0	1	0	0	0	1
	Finance and IT	0	0	1	2	1	0	4	4	0	0	2	0	0	0	2
	HR and Admin	0	0	0	0	2	0	2	2	0	0	1	0	0	0	1
Total	Current Headcount	53	13	32	13	6	18	135	117	8	0	8	3	1	-5	15
Feb-20	Director of Sales, Americas				1			1	1							
Feb-20	Customer Relationship Director					1		1	1							
Feb-20	Marketing Manager			1				1	1							
Feb-20	Marketing Specialist			1				1	1							
Feb-20	AR Coordinator and Collections			1				1	1							
Feb-20	Accounts Payable and Payroll			1				1	1							
Total	Open Positions in Standalone	0	0	4	1	1	0	6	6	<div>+15 total incremental heads from current s</div> <div>4 sales heads to achieve revenue run ra</div> <div>1 heads to achieve gross margin goals –</div> <div>2 heads to achieve customer satisfactio</div> <div>2 marketing – shared resource with cos</div> <div>1 software developer to build digital pla</div> <div>3 Office - transitional</div> <div>3 Net Manufacturing Hourly</div> <div>8 operators based on volum</div> <div>-6 temporary productivity/e</div>						
Total	Standalone Headcount	53	13	36	14	7	18	141	123							
Mar-20	Productivity Manager				1			1	1							
Feb-20	Industry Market Manager				1			1	1							
Feb-20	Inside Sales APAC			1				1	1							
Mar-20	Independent Rep - LAG						1	1	0							
Feb-20	Executive Assistant			1				1	1							
Apr-20	Trainer and Tech Writer			1				1	1							
Jul-20	Software Developer			1				1	1							
ramp-up	Production Volume Based Positions	7					-6	1	7							
Jan-20	Screw Machine Operator	1						1	1							
Total	New Headcount	8	0	4	2	0	-5	9	14							
Total	AOP Headcount	61	13	40	16	7	13	150	137							
	Manufacturing	61	13	11	6	1	6	98	92							
	Sales + Swiss Office	0	0	12	5	1	7	25	18							
	Customer Services and Marketing	0	0	8	1	1	0	10	10							
	Engineering	0	0	5	2	1	0	8	8							
	Finance and IT	0	0	3	2	1	0	6	6							
	HR and Admin	0	0	1	0	2	0	3	3							
Total	AOP Headcount	61	13	40	16	7	13	150	137							

+15 total incremental heads from current state of business/roll call

- 4 sales heads to achieve revenue run rate
- 1 heads to achieve gross margin goals – Productivity Manager
- 2 heads to achieve customer satisfaction CRD and Technical trainer
- 2 marketing – shared resource with cost share
- 1 software developer to build digital platform
- 3 Office - transitional
- 3 Net Manufacturing Hourly
- 8 operators based on volume upswing Q2 and out
- 6 temporary productivity/efficiency improvement

Financial Objectives

S U M M A R Y C A P E X



(\$000's)

Project	Description	Category	Est Payback	Q1-20	Q2-20	Q3-20	Q4-20	Total
Hydraulic Trim Press	Remove flashing from the edge of die cast components	MFG - Cost Reduction	2.5	-	60	-	-	60
Packing System for labels	Productivity focus	MFG - Cost Reduction	2.0	30	-	-	-	30
Press Feed	Improve quality / reduce set-up time	MFG - Cost Reduction	1.5	30	-	-	-	30
Tooling for PCBA Tariff Avoidance	Resourcing/Relocating PCBA manufacturing sites	MFG - Cost Reduction	1.5	-	55	-	-	55
Roofing Replacement	1/2 of mfg roof replaced 3 years ago, complete mfg and office	MFG - Replacement		-	350	150	-	500
(2) HVAC Replacements	Office area and Production Floor	MFG - Replacement		-	50	-	-	50
R22 Replacement for HVAC	R22 gasses replacement for HVAC for environmental ISO	MFG - Replacement		-	40	-	-	40
Lever Solder Machine Replacement	Current machine is irreparable.	MFG - Replacement		35	-	-	-	35
24Hr Compressor	Current machine is unable to meet requirements	MFG - Replacement		30	-	-	-	30
Sprinkler Head Replacements	Approaching end of life 50 yrs	MFG - Replacement		-	-	25	-	25
Diecast Quench Conveyors	Replace units that are damaged and irreparable	MFG - Replacement		20	-	-	-	20
Surface Grinder Rebuild	Surface Grinder Rebuild	MFG - Replacement		12	-	-	-	12
Spin Dryer (K-24)	Process recovered offal	MFG - Replacement		-	8	-	-	8
New Keypad Tooling	PCB and Packaging	New Products		37	30	-	-	67
New Keypad Testing	Alter existing and new component testing	New Products		29	17	-	-	45
Rebrand Signage	Change out fixed signage on company properties	Brand		70	35	-	-	105
Rebrand Lobby	Remodel of the lobby showcase area	Brand		-	40	-	-	40
Tradeshow Exhibits	Brand refresh	Brand		20	10	-	-	30
PCs/Laptop Replacement	Replace obsolete and poor performance devices	IT Systems		17	6	6	6	35
Total				330	700	181	6	1,217
Summary								
		MFG - Cost Reduction		60	115	-	-	175
		MFG - Replacement		97	448	175	-	720
		New Products		66	46	-	-	112
		Brand		90	85	-	-	175
		IT - PCs/Laptops		17	6	6	6	35
		Total		330	700	181	6	1,217

Financial Objectives

SUMMARY CONTINUOUS IMPROVEMENT



Project Description	Annualized Savings (\$K)	2020 AOP Realized (\$K)	Target Start Month	4-Wall Improvement
Change 61KPA finish to texture black make in-house	\$ 55	\$ 51	started	Insource/Outsource
VAVE Replace motor clip material from SS to plasti	\$ 44	\$ 33	started	VAVE
2017: Eliminate escutcheon plate from elec locks	\$ 18	\$ 9	started	VAVE
A-Series replace 2 battery key pad with plastic	\$ 75	\$ 31	started	PPV
PPV: S&G Zamak improved for shipping	\$ 25	\$ 10	started	PPV
Automate FAS lock assembly	\$ 156	\$ 26	started	Labor Efficiency
6130-009-005 NUT	\$ 41	\$ 7	started	PPV
Airfreight Rate Reduction	\$ 112	\$ 9	started	Freight
6124-043-000 hard plate	\$ 45	\$ 4	started	PPV
Warranty Reduction	\$ 120	\$ 120	Jan-20	Warranty
Preventive Maintenance Program and CAPEX Invested Improvements	\$ 130	\$ 130	Jan-19	Equipment Efficiency
Reimplement air leak PM	\$ 10	\$ 10	Jan-20	Equipment Efficiency
Move PCBA production to Canada	\$ 60	\$ 50	Mar-20	PPV
Labor Improvement - ramp up to 5 head reduction	\$ 170	\$ 79	Apr-20	Labor Efficiency
Redesign motor clip from stainless steel to plastic.	\$ 44	\$ 33	Apr-20	PPV
Change SD key blanks for nickel silver to hard brass	\$ 30	\$ 23	Apr-20	PPV
Get pre package quantities of accessories from venders	\$ 10	\$ 7	Apr-20	Labor Efficiency
Design new PCBA and modularization	\$ 60	\$ 35	Jun-20	PPV
Recruiting cost reduction for positions filled in 2019	\$ 20	\$ 12	Jun-20	Labor Efficiency
Modify Firmware to have self test mode and to delete sequence after a pass.	\$ 15	\$ 9	Jun-20	Labor Efficiency
VAVE: EDR cost out	\$ 12	\$ 7	Jun-20	VAVE
Design new mechanical lock change key to have straight blade with plastic handle	\$ 10	\$ 6	Jun-20	VAVE
Computime - PPV	\$ 50	\$ 25	Jul-20	PPV
Gentherm - PPV	\$ 10	\$ 3	Sep-20	PPV
STL - PPV	\$ 10	\$ 3	Sep-20	PPV
Total	\$ 1,332	\$ 733		

4-Wall Improvement	2020 AOP Realized (\$K)
Equipment Efficiency	\$ 140
Freight	\$ 9
Insource/Outsource	\$ 51
Labor Efficiency	\$ 133
PPV	\$ 225
VAVE	\$ 55
Warranty	\$ 120
Grand Total	\$ 733

Financial Objectives

SUMMARY BALANCE SHEET



\$'000	2020	2019	Variance	
			\$	%
Current Assets				
Cash and cash equivalents	\$ 237	\$ 1,606	\$ (1,369)	(85.2%)
Accounts receivable, gross	7,164	4,956	2,209	44.6%
Accounts receivable, reserves	(143)	(220)	77	(34.9%)
Accounts receivable, net	7,021	4,736	2,285	48.3%
Inventory, gross	7,244	7,497	(253)	(3.4%)
Inventory, reserves	(345)	(474)	129	(27.2%)
Inventory, net	6,899	7,023	(124)	(1.8%)
Prepaid expenses and other current assets	(24)	(24)	–	0.0%
Other current assets	49,912	49,912	–	0.0%
Total Current Assets	64,046	63,253	792	1.3%
Non-Current Assets				
Property, plant & equipment, gross	12,900	11,683	1,217	10.4%
Accumulated depreciation	(2,199)	(917)	(1,282)	139.8%
Property, plant & equipment, net	10,701	10,765	(65)	(0.6%)
Goodwill	42,050	42,050	–	0.0%
Identifiable intangible assets, gross	15,100	15,100	–	0.0%
Accumulated amortization	(4,674)	(690)	(3,984)	577.2%
Identifiable intangible assets, net	10,426	14,410	(3,984)	(27.6%)
Deferred financing cost	2,435	2,759	(324)	(11.7%)
Other non-current assets	131	131	–	0.0%
Total Non-Current Assets	65,743	70,115	(4,373)	(6.2%)
Total Assets	\$129,788	\$133,369	\$ (3,580)	(2.7%)

\$'000	2020	2019	Variance	
			\$	%
Current Liabilities				
Current portion of long-term debt	\$ 1,336	\$ 1,850	\$ (514)	(27.8%)
Accounts payable	4,139	2,788	1,351	48.5%
Accrued liabilities	1,975	1,975	–	0.0%
Accrued compensation	125	125	–	0.0%
Income taxes payable	128	128	–	0.0%
Short-term unearned revenue	56	45	11	25.2%
Total Current Liabilities	7,760	6,912	849	12.3%
Long-term liabilities				
Long-term debt less current maturities	87,058	90,658	(3,600)	(4.0%)
Deferred income taxes	(831)	(831)	–	0.0%
Other non-current liabilities	87	87	–	0.0%
Total Long-Term Liabilities	86,314	89,914	(3,600)	(4.0%)
Total Liabilities	94,074	96,825	(2,751)	(2.8%)
Shareholders' Equity				
Common stock	40,228	40,228	–	0.0%
Retained earnings	(5,885)	(5,055)	(829)	16.4%
Accumulated other comprehensive income	1,370	1,370	–	0.0%
Other equity transactions	1	1	–	0.0%
Total Shareholders' Equity	35,714	36,543	(829)	(2.3%)
Total Liabilities and Shareholders' Equity	\$129,788	\$133,369	\$ (3,580)	(2.7%)

Financial Objectives

SUMMARY CASH FLOW



- Paydown \$4.1M of debt
 - Scheduled paydown \$1.1M
 - Excess cash paydown \$3.0M
- Generate \$4.9M of cash from operations
- Capex \$1.2M funded from generated cash
- Working capital improvement minimized from revenue growth in accounts receivable and inventory build-up for new products
- Note: Interest expense paid of \$3.2M, included in net income

\$000's	2020	2019	Variance	
			\$	%
Cash flow from operations				
Net Income (Loss)	(829)	(6,149)	5,320	-86.5%
Depreciation, amortization and other	5,266	4,441	825	18.6%
Accounts receivable	(2,285)	2,312	(4,597)	-198.9%
Inventory	124	765	(641)	-83.8%
Prepaid expenses and other current assets	-	105	(105)	-100.0%
Accounts payable	1,351	(178)	1,529	-861.2%
Accrued expenses	-	1,374	(1,374)	-100.0%
Accrued income taxes	-	128	(128)	-100.0%
Other changes in operating assets and liabilities	11	(62,718)	62,729	-100.0%
Total Cash Flow from Operations	3,638	(59,919)	63,557	-106.1%
Cash flow from investing				
Additions to property, plant and equipment	(1,217)	(139)	(1,079)	777.2%
Total Cash Flow from Investing	(1,217)	(139)	(1,079)	777.2%
Cash flow from financing				
Proceeds from the issuance (repayment) of short-term debt	-	(800)	800	-100.0%
Repayment of debt	(4,114)	47,922	(52,036)	-108.6%
Other cash flow from financing costs	324	12,135	(11,811)	-97.3%
Total Cash Flow from Financing	(3,790)	59,257	(63,047)	-106.4%
Net change in cash	(1,369)	(801)	(568)	71.0%
Beginning cash	1,606	2,407	(801)	-33.3%
Change in cash	(1,369)	(801)	(568)	71.0%
Ending cash	237	1,606	(1,368)	-85.2%

19 includes:

- The impact of the opening balance sheet entries. \$869k in Material COGS and \$3.4M in Admin Opex (professional)

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Company “Evolution” Timeline

Key Assumptions and Overview

Product and Market Strategy

Financial Objectives

Bridges

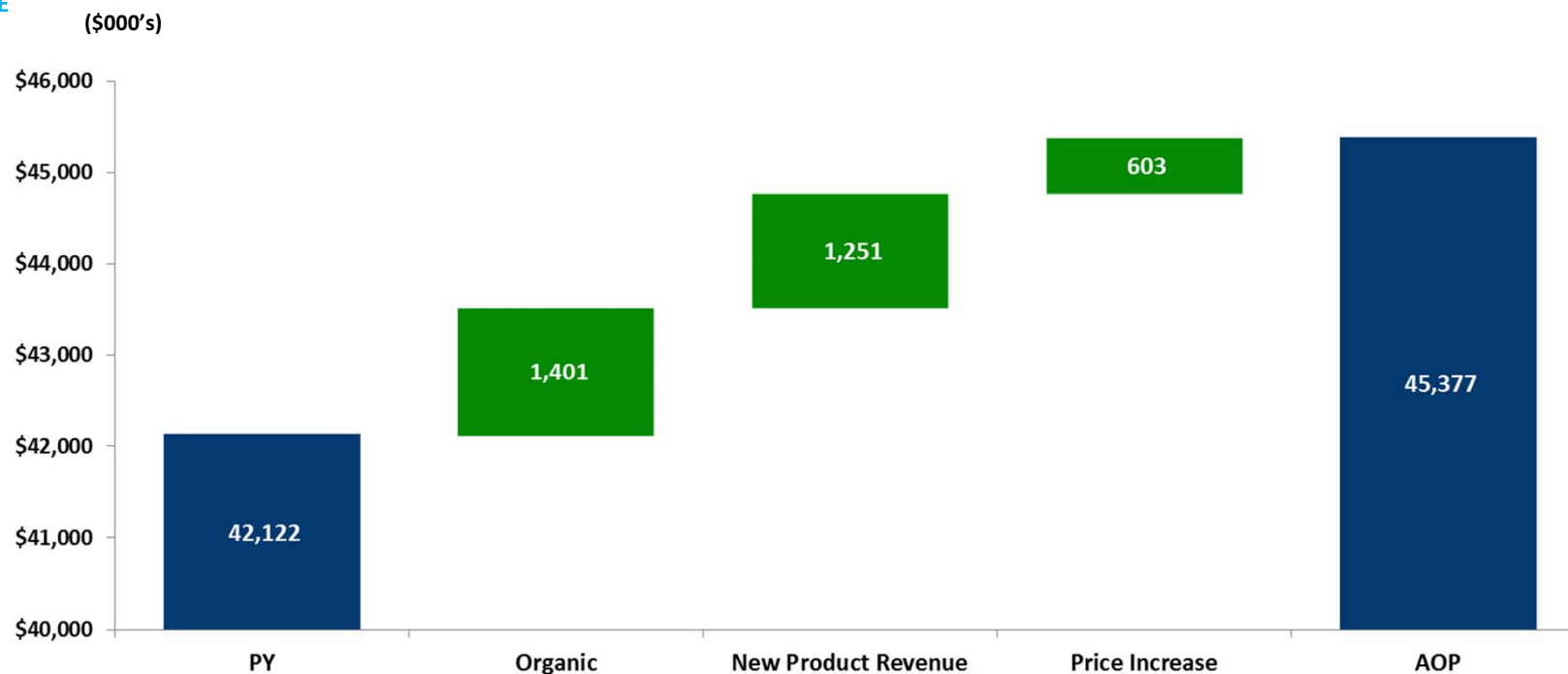
Financial Schedules

Appendix

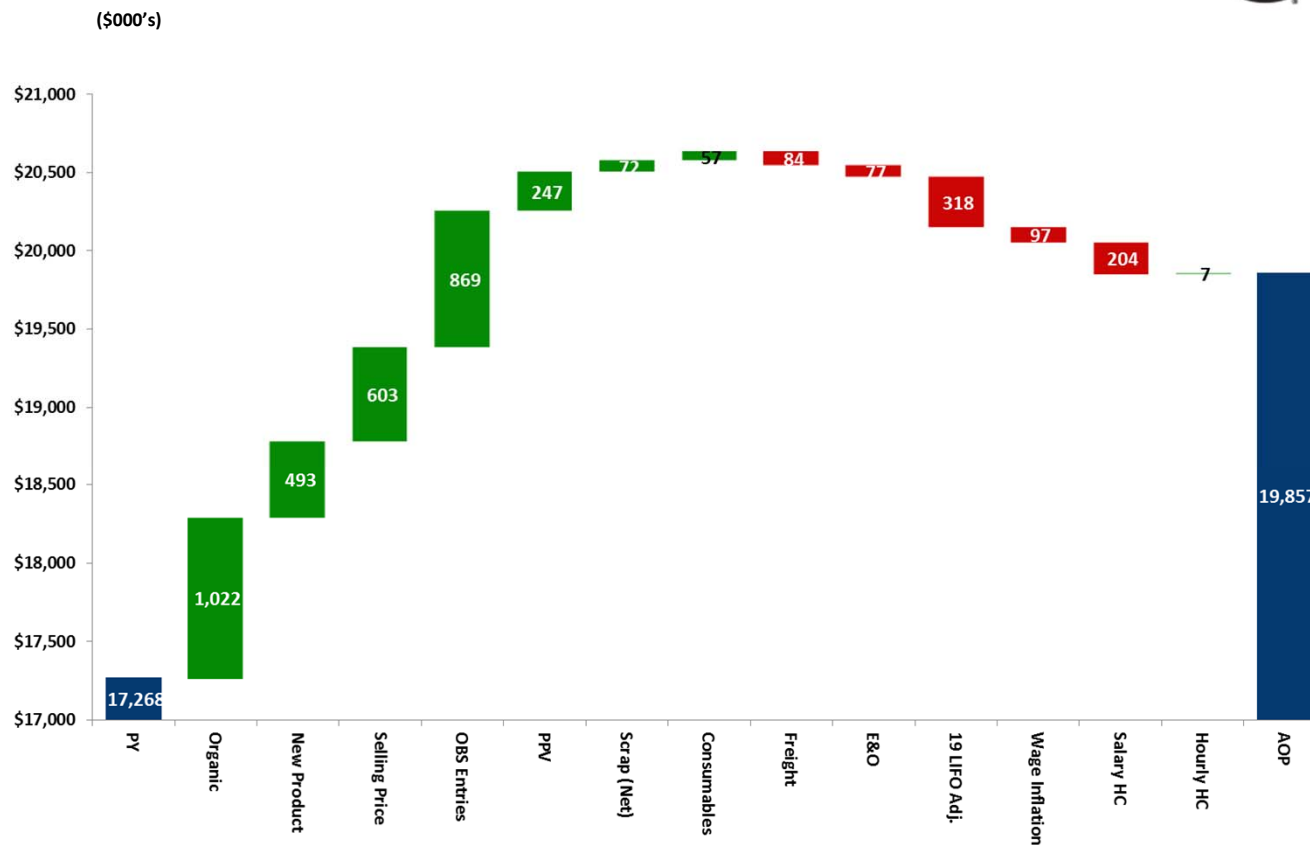


Bridges

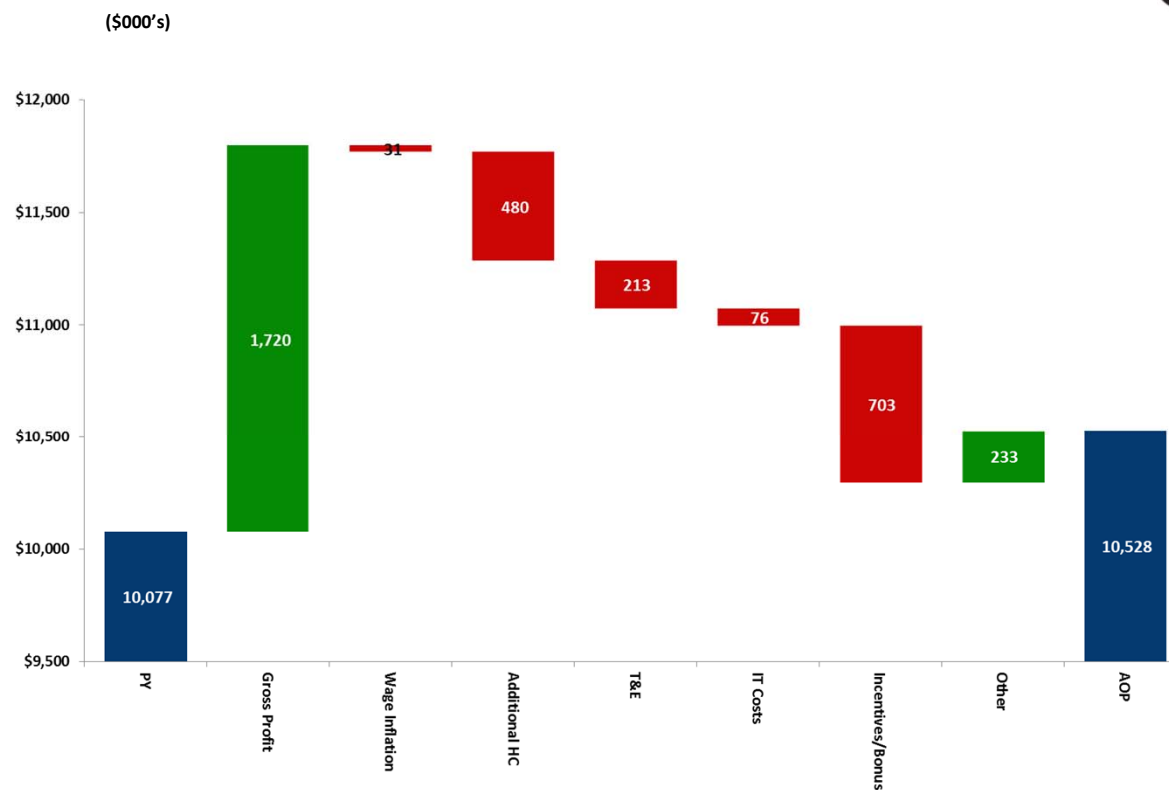
REVENUE



- **Organic Growth of 3.3% average. North America (2.7%), India +1.3%, APAC w/o India +11.0%, EMEA +16.1%, and LAG +31.4%.**
 - North America: Decline related to minimal 2019 backlog. 2020 bookings growing 1.6% organically.
 - India: Decline related to order run-off timing. Bookings growing 0.3% organically
- **New Product revenues as planned by the New Product Line Pipeline**
- **Price increases of 1.4% compared to 2019. Effective timing, products, and customers to be determined. Development of global price list and tiered distributor programs.**



- Freight – '19 Jan – May included benefit of not receiving full actual freight from SBD.
- 3 percent wage increase for hourly production team effective April 1
- + 2 salary positions in manufacturing(mfg..) for Quality Manager and Productivity Manager
- '19 pre-close actuals included \$232k for LIFO standalone adjustments not included in post-close '19 or AOP '20



Adjusted EBITDA – as defined by the Credit Agreement

- \$0.1M/3%, increase in wage rates as of April 1st
- Incremental Headcount '20: +9 OPEX salary positions for +1 Customer Relation Director, +1 Tech Writer/Trainer, +1 Software Engineer, +1 Industry Market Manager, +1 Inside Sales (APAC), +2 Accounting, +1 Engineering, and +1 Executive Support
- Incremental T&E: VP of Sales, CFO, CEO
- IT Costs: Ongoing \$130k Full-year NetSuite, \$112k IT Support and Services (break out of TSA)
- Incentives: Sales and Management incentives planned at 100% bookings, revenue, and earnings attainment

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MONTHLY FINANCIAL STATEMENTS



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2020	2019	Var	% Chg
Net Revenue	3,977	3,271	3,226	4,142	3,189	3,404	4,273	3,535	4,245	4,777	3,465	3,873	45,377	42,122	3,255	7.7%
Material	1,418	1,165	1,125	1,450	1,108	1,228	1,491	1,229	1,547	1,696	1,226	1,384	16,066	15,580	486	3.1%
Labor	654	538	533	657	527	549	664	546	549	658	543	602	7,020	6,746	274	4.1%
Other COGS	222	208	217	237	199	191	214	204	185	200	177	179	2,434	2,528	(94)	-3.7%
Total COGS	2,294	1,911	1,875	2,345	1,834	1,969	2,369	1,978	2,280	2,553	1,946	2,165	25,520	24,854	666	2.7%
Gross Margin	1,683	1,360	1,350	1,797	1,355	1,435	1,904	1,557	1,965	2,224	1,519	1,708	19,857	17,268	2,589	15.0%
Gross Margin %	42.3%	41.6%	41.9%	43.4%	42.5%	42.2%	44.6%	44.0%	46.3%	46.6%	43.8%	44.1%	43.8%	41.0%		
R&D	281	268	210	235	128	144	161	198	156	274	151	215	2,420	1,495	925	61.9%
Sales & marketing	612	619	461	547	447	439	485	396	380	448	405	405	5,644	3,929	1,715	43.6%
Administrative	389	300	287	241	197	218	237	178	183	210	185	188	2,813	8,366	(5,553)	-66.4%
Other																
Total OPEX (excl D&A)	1,281	1,186	958	1,024	772	801	883	772	719	932	741	808	10,877	13,790	(2,913)	-21.1%
Opex Overview	32.2%	36.3%	29.7%	24.7%	24.2%	23.5%	20.7%	21.8%	16.9%	19.5%	21.4%	20.9%	24.0%	32.7%		
Payroll	306	294	299	379	303	305	396	315	315	389	314	313	3,928	3,481	446	12.8%
Overtime	-	-	-	-	-	-	-	-	-	-	-	-	-	0	(0)	-100.0%
Benefits	52	50	49	52	50	50	53	50	50	53	50	50	609	744	(135)	-18.2%
Bonus	67	59	63	79	63	63	79	63	63	79	63	63	806	104	703	677.1%
Marketing	49	46	38	35	46	48	58	12	35	22	47	45	481	395	86	21.9%
Commissions	35	134	40	48	23	20	14	19	11	30	9	10	394	281	112	39.9%
Travel and Entertainment	59	62	67	69	59	67	60	68	51	63	31	79	734	521	213	40.8%
Rent and Facilities	1	1	1	1	1	1	1	1	1	1	1	1	17	17	(0)	-0.6%
Insurance	1	-	-	-	-	-	-	-	-	-	-	-	1	1	(0)	-1.1%
Professional Fees	420	409	283	269	139	142	140	164	132	230	162	176	2,666	6,347	(3,682)	-58.0%
Utl., Repair, Maint., & Sec.	6	3	4	3	3	3	4	3	3	4	3	3	42	25	17	68.0%
IT	112	100	88	58	45	44	31	31	31	31	31	31	630	1,264	(635)	-50.2%
Bad Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	101	(101)	-100.0%
Supplies	6	7	6	6	6	6	6	6	5	6	7	5	72	39	34	87.2%
Other Expenses	167	21	20	22	34	54	42	41	21	23	22	32	499	469	30	6.3%
Total OPEX (excl D&A)	1,281	1,186	959	1,024	772	801	883	772	719	932	741	808	10,878	13,790	(2,912)	-21.1%
Reported EBITDA	402	174	392	773	583	634	1,021	785	1,246	1,292	778	899	8,979	3,477	5,501	158.2%
EBITDA Margin %	10.1%	5.3%	12.1%	18.7%	18.3%	18.6%	23.9%	22.2%	29.4%	27.1%	22.4%	23.2%	19.8%	8.3%		
Bank allowable EBITDA add-backs	345	465	220	134	74	74	58	73	25	23	33	25	1,549	6,599	(5,050)	-326.1%
Bank EBITDA	747	639	612	907	657	708	1,078	858	1,271	1,315	811	924	10,528	10,077	451	4.3%
	18.8%	19.5%	19.0%	21.9%	20.6%	20.8%	25.2%	24.3%	29.9%	27.5%	23.4%	23.9%	23.2%	23.9%		
Unincurred Standalone Costs	10	-	-	-	-	-	-	-	-	-	-	-	10	819		
PF Adj EBITDA	737	639	612	907	657	708	1,078	858	1,271	1,315	811	924	10,518	9,258	1,260	13.6%
PF Adj. EBITDA %	18.5%	19.5%	19.0%	21.9%	20.6%	20.8%	25.2%	24.3%	29.9%	27.5%	23.4%	23.9%	23.2%	22.0%		

19 Reforecast includes:

- The impact of the opening balance sheet entries. \$869k in Material COGS and \$3.4M in Admin Opex (professional)

Financial Schedules

MONTHLY COST OF GOODS SOLD



\$'000	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2020	2019	Var	% Chg
Material																
Material costs at standard	1,422	1,172	1,169	1,448	1,102	1,250	1,494	1,171	1,480	1,655	1,265	1,341	15,969	15,543	426	2.7%
Materials FX loss / (gain)	-	-	-	-	-	-	-	-	-	-	-	-	-	0	(0)	-100.0%
Purchase price variance	(69)	(73)	(123)	(59)	(63)	(103)	(69)	(23)	(23)	(29)	(113)	(53)	(800)	(553)	(247)	44.6%
Freight in	57	57	71	54	61	73	57	73	81	62	66	88	801	717	84	11.7%
Cost revision	10	10	10	10	10	10	10	10	10	10	10	10	120	(232)	352	-151.7%
Scrap costs	(12)	(9)	(9)	(12)	(9)	(9)	(12)	(9)	(9)	(12)	(9)	(9)	(120)	(48)	(72)	148.9%
Consumables	9	7	7	9	7	7	9	7	7	9	7	7	96	153	(57)	-37.4%
Total Material COGS	1,418	1,165	1,125	1,450	1,108	1,228	1,491	1,229	1,547	1,696	1,226	1,384	16,066	15,580	486	3.1%
Labor																
Direct labor	282	224	226	295	229	242	301	237	240	294	234	280	3,084	3,013	71	2.4%
Direct labor - overtime	31	25	25	35	25	29	37	27	27	35	27	27	349	198	151	75.9%
Direct labor - benefits	127	116	115	117	102	106	114	109	109	116	109	114	1,356	962	394	41.0%
Indirect labor	173	139	139	179	143	145	182	145	145	182	145	153	1,870	1,896	(26)	-1.4%
Indirect labor – benefits	40	34	28	31	28	28	31	28	28	31	28	28	361	677	(316)	-46.7%
Total Labor COGS	654	538	533	657	527	549	664	546	549	658	543	602	7,020	6,746	274	4.1%
Other																
Repairs and maintenance	20	17	17	20	17	17	20	17	17	20	17	17	216	201	15	7.3%
Rent / facilities	111	92	93	111	90	92	111	90	92	111	95	96	1,188	2,200	(1,012)	-46.0%
Utilities	26	26	23	21	22	25	21	22	21	21	24	25	279	281	(2)	-0.8%
Other cost of sales	65	73	83	85	70	57	62	74	54	47	40	40	751	(154)	905	-587.7%
Total Other COGS	222	208	217	237	199	191	214	204	185	200	177	179	2,434	2,528	(94)	-3.7%
Total COGS	2,294	1,911	1,875	2,345	1,834	1,969	2,369	1,978	2,280	2,553	1,946	2,165	25,520	24,854	666	2.7%

19 includes:

- The impact of the opening balance sheet entries. \$869k in Material COGS and \$3.4M in Admin Opex (professional)

Financial Schedules

MONTHLY OPEX



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2020	2019	Var	% Chg
Opex Overview																
Payroll	306	294	299	379	303	305	396	315	315	389	314	313	3,928	3,481	446	12.8%
Overtime	-	-	-	-	-	-	-	-	-	-	-	-	-	0	(0)	-100.0%
Benefits	52	50	49	52	50	50	53	50	50	53	50	50	609	744	(135)	-18.2%
Bonus	67	59	63	79	63	63	79	63	63	79	63	63	806	104	703	677.1%
Marketing	49	46	38	35	46	48	58	12	35	22	47	45	481	395	86	21.9%
Commissions	35	134	40	48	23	20	14	19	11	30	9	10	394	281	112	39.9%
Travel and Entertainment	59	62	67	69	59	67	60	68	51	63	31	79	734	521	213	40.8%
Rent and Facilities	1	1	1	1	1	1	1	1	1	1	1	1	17	17	(0)	-0.6%
Insurance	1	-	-	-	-	-	-	-	-	-	-	-	1	1	(0)	-1.1%
Professional Fees	420	409	283	269	139	142	140	164	132	230	162	176	2,666	6,347	(3,682)	-58.0%
Utl., Repair, Maint., & Sec.	6	3	4	3	3	3	4	3	3	4	3	3	42	25	17	68.0%
IT	112	100	88	58	45	44	31	31	31	31	31	31	630	1,264	(635)	-50.2%
Bad Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	101	(101)	-100.0%
Supplies	6	7	6	6	6	6	6	6	5	6	7	5	72	39	34	87.2%
Other Expenses	167	21	20	22	34	54	42	41	21	23	22	32	499	469	30	6.3%
Total OPEX (excl D&A)	1,281	1,186	959	1,024	772	801	883	772	719	932	741	808	10,878	13,790	(2,912)	-21.1%

19 includes:

- The impact of the opening balance sheet entries. \$869k in Material COGS and \$3.4M in Admin Opex (professional)

Financial Schedules

ONE-TIME EXPENSES



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Engineering	96	155	62	33	28	33	28	73	23	23	23	23	595
Market Parity	42	155	62	33	28	33	28	73	23	23	23	23	541
OGX	54	54	54	23	23	23	23	23	23	23	23	23	365
Marketing	65	190	40	40	25	5	1	1	1	1	11	1	378
Brand Refresh	65	180	35	30	10	-	-	-	-	-	-	-	320
Ecommerce	-	5	5	10	10	-	-	-	-	-	-	-	30
Market Parity	-	5	-	-	5	5	1	1	1	1	11	1	28
Admin	184	120	104	37	22	21	28	-	2	-	-	2	519
Legal Services (policy reviews)	8	6	6	-	-	-	-	-	-	-	-	-	20
Consultant	8	8	8	-	-	2	-	-	2	-	-	2	29
Recruiting Fees	48	-	25	-	-	-	28	-	-	-	-	-	101
NetSuite Reports Consulting	8	6	6	8	6	6	-	-	-	-	-	-	40
TSA	71	58	17	17	13	13	-	-	-	-	-	-	189
Planned Engineering Separation Project Start	10	10	10	10	-	-	-	-	-	-	-	-	40
IT Services - Transition Support	12	12	12	3	3	-	-	-	-	-	-	-	41
RSM Consulting	20	20	20	-	-	-	-	-	-	-	-	-	60
Manufacturing	-	15	25	-	15	2	-	-	-	-	-	-	57
Kaizen Training	-	15	25	-	15	2	-	-	-	-	-	-	57
Total	345	480	230	109	89	61	56	73	25	23	33	25	1,549

Financial Schedules

TOTAL OPEX



\$'000

				One-Time /Non-recurring		
	2020	2019	Variance B / (W)	2020	2019	Adjusted Variance B / (W)
Payroll	\$ 3,928	\$ 3,481	\$ 446	\$ —	\$ —	\$ 446
Overtime	—	0	(0)	—	—	(0)
Benefits	609	744	(135)	—	—	(135)
Bonus	806	104	703	—	—	703
Severance	—	—	—	—	—	—
Commissions	481	395	86	—	—	86
Marketing	394	281	112	125	—	(13)
Travel and Entertainment	733	521	212	—	—	212
Rent and Facilities	17	17	(0)	—	—	(0)
Insurance	1	1	(0)	—	—	(0)
Professional Fees	2,666	6,347	(3,682)	997	4,580	(98)
Utl., Repair, Maint., & Sec.	42	25	17	—	—	17
Office Expense	—	—	—	—	—	—
Safety and Training	—	—	—	—	—	—
IT	630	1,264	(635)	370	1,150	145
Bad Debts	—	101	(101)	—	—	(101)
Supplies	72	39	34	—	—	34
FX	—	—	—	—	—	—
JV Loss (Income)	—	—	—	—	—	—
Other Expenses	499	469	30	—	—	30
Total Opex	\$ 10,877	\$ 13,790	\$ (2,913)	\$ 1,492	\$ 5,730	\$ 1,325

Financial Schedules

ENGINEERING



\$'000

				One-Time /Non-recurring		
	2020	2019	Variance B / (W)	2020	2019	Adjusted Variance B / (W)
Payroll	\$ 901	\$ 914	\$ (13)	\$ —	\$ —	\$ (13)
Overtime	—	—	—	—	—	—
Benefits	126	129	(3)	—	—	(3)
Bonus	32	—	32	—	—	32
Severance	—	—	—	—	—	—
Commissions	—	—	—	—	—	—
Marketing	—	14	(14)	—	—	(14)
Travel and Entertainment	34	27	7	—	—	7
Rent and Facilities	—	—	—	—	—	—
Insurance	—	—	—	—	—	—
Professional Fees	1,201	351	850	595	99	354
Utl., Repair, Maint., & Sec.	1	1	(0)	—	—	(0)
Office Expense	—	—	—	—	—	—
Safety and Training	—	—	—	—	—	—
IT	—	—	—	—	—	—
Bad Debts	—	—	—	—	—	—
Supplies	29	8	21	—	—	21
FX	—	—	—	—	—	—
JV Loss (Income)	—	—	—	—	—	—
Other Expenses	95	51	44	—	—	44
Total Opex	\$ 2,420	\$ 1,495	\$ 925	\$ 595	\$ 99	\$ 429

Financial Schedules

SALES AND MARKETING



\$'000

				One-Time /Non-recurring		
	2020	2019	Variance B / (W)	2020	2019	Adjusted Variance B / (W)
Payroll	\$ 1,914	\$ 1,448	\$ 466	\$ —	\$ —	\$ 466
Overtime	—	0	(0)	—	—	(0)
Benefits	327	224	104	—	—	104
Bonus	570	94	476	—	—	476
Severance	—	—	—	—	—	—
Commissions	481	395	86	—	—	86
Marketing	386	267	119	125	—	(6)
Travel and Entertainment	621	413	209	—	—	209
Rent and Facilities	—	—	—	—	—	—
Insurance	—	—	—	—	—	—
Professional Fees	992	965	27	253	215	(11)
Utl., Repair, Maint., & Sec.	27	13	14	—	—	14
Office Expense	—	—	—	—	—	—
Safety and Training	—	—	—	—	—	—
IT	—	—	—	—	—	—
Bad Debts	—	—	—	—	—	—
Supplies	19	1	18	—	—	18
FX	—	—	—	—	—	—
JV Loss (Income)	—	—	—	—	—	—
Other Expenses	306	110	197	—	—	197
Total Opex	\$ 5,644	\$ 3,929	\$ 1,715	\$ 378	\$ 215	\$ 1,552

Financial Schedules

ADMINISTRATIVE



\$'000

	Variance			One-Time /Non-recurring		Adjusted Variance
	2020	2019	B / (W)	2020	2019	B / (W)
Payroll	\$ 1,112	\$ 1,120	\$ (7)	\$ —	\$ —	\$ (7)
Overtime	—	—	—	—	—	—
Benefits	155	392	(236)	—	—	(236)
Bonus	204	9	195	—	—	195
Severance	—	—	—	—	—	—
Commissions	—	—	—	—	—	—
Marketing	8	1	7	—	—	7
Travel and Entertainment	77	81	(4)	—	—	(4)
Rent and Facilities	17	17	(0)	—	—	(0)
Insurance	1	1	(0)	—	—	(0)
Professional Fees	473	5,032	(4,558)	149	4,335	(372)
Utl., Repair, Maint., & Sec.	13	11	3	—	—	3
Office Expense	—	—	—	—	—	—
Safety and Training	—	—	—	—	—	—
IT	630	1,264	(635)	370	1,081	76
Bad Debts	—	101	(101)	—	—	(101)
Supplies	24	30	(5)	—	—	(5)
FX	—	—	—	—	—	—
JV Loss (Income)	—	—	—	—	—	—
Other Expenses	97	309	(211)	—	—	(211)
Total Opex	\$ 2,813	\$ 8,366	\$ (5,553)	\$ 519	\$ 5,416	\$ (656)

19 includes:

- The impact of the opening balance sheet entries. \$3.4M in Admin Opex (professional)

Financial Schedules

MONTHLY BALANCE SHEET



(\$000's)	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Current Assets												
Cash and cash equivalents	\$ 507	\$ 298	\$ 0	\$ (202)	\$ 26	\$ 198	\$ (31)	\$ (29)	\$ 1,125	\$ 765	\$ 134	\$ 237
Accounts receivable, gross	\$ 6,363	\$ 6,215	\$ 6,451	\$ 6,627	\$ 6,697	\$ 6,808	\$ 6,837	\$ 7,071	\$ 7,217	\$ 7,261	\$ 6,930	\$ 7,164
Accounts receivable, reserves	\$ (127)	\$ (124)	\$ (129)	\$ (133)	\$ (134)	\$ (136)	\$ (137)	\$ (141)	\$ (144)	\$ (145)	\$ (139)	\$ (143)
Accounts receivable, net	\$ 6,236	\$ 6,091	\$ 6,322	\$ 6,494	\$ 6,563	\$ 6,672	\$ 6,701	\$ 6,929	\$ 7,073	\$ 7,116	\$ 6,791	\$ 7,021
Inventory, gross	\$ 7,195	\$ 7,348	\$ 7,654	\$ 7,740	\$ 7,585	\$ 7,585	\$ 7,676	\$ 7,592	\$ 7,509	\$ 7,550	\$ 7,466	\$ 7,244
Inventory, reserves	\$ (471)	\$ (481)	\$ (501)	\$ (506)	\$ (496)	\$ (496)	\$ (502)	\$ (497)	\$ (491)	\$ (494)	\$ (488)	\$ (345)
Inventory, net	\$ 6,724	\$ 6,867	\$ 7,153	\$ 7,233	\$ 7,089	\$ 7,089	\$ 7,174	\$ 7,096	\$ 7,018	\$ 7,056	\$ 6,977	\$ 6,899
Prepaid expenses and other current assets	\$ (24)	\$ (24)	\$ (24)	\$ (24)	\$ (24)	\$ (24)	\$ (24)	\$ (24)	\$ (24)	\$ (24)	\$ (24)	\$ (24)
Other current assets	\$ 49,912	\$ 49,912	\$ 49,912	\$ 49,912	\$ 49,912	\$ 49,912	\$ 49,912	\$ 49,912	\$ 49,912	\$ 49,912	\$ 49,912	\$ 49,912
Total Current Assets	\$ 63,355	\$ 63,145	\$ 63,364	\$ 63,414	\$ 63,566	\$ 63,847	\$ 63,732	\$ 63,885	\$ 65,104	\$ 64,824	\$ 63,791	\$ 64,046
Non-Current Assets												
Property, plant & equipment, gross	\$ 11,690	\$ 11,857	\$ 12,013	\$ 12,260	\$ 12,353	\$ 12,713	\$ 12,865	\$ 12,867	\$ 12,894	\$ 12,896	\$ 12,898	\$ 12,900
Accumulated depreciation	\$ (1,039)	\$ (1,163)	\$ (1,288)	\$ (1,417)	\$ (1,547)	\$ (1,638)	\$ (1,729)	\$ (1,820)	\$ (1,914)	\$ (2,009)	\$ (2,104)	\$ (2,199)
Property, plant & equipment, net	\$ 10,650	\$ 10,694	\$ 10,724	\$ 10,843	\$ 10,806	\$ 11,075	\$ 11,136	\$ 11,047	\$ 10,980	\$ 10,887	\$ 10,794	\$ 10,701
Goodwill	\$ 42,050	\$ 42,050	\$ 42,050	\$ 42,050	\$ 42,050	\$ 42,050	\$ 42,050	\$ 42,050	\$ 42,050	\$ 42,050	\$ 42,050	\$ 42,050
Identifiable intangible assets, gross	\$ 15,100	\$ 15,100	\$ 15,100	\$ 15,100	\$ 15,100	\$ 15,100	\$ 15,100	\$ 15,100	\$ 15,100	\$ 15,100	\$ 15,100	\$ 15,100
Accumulated amortization	\$ (1,022)	\$ (1,354)	\$ (1,686)	\$ (2,018)	\$ (2,350)	\$ (2,682)	\$ (3,014)	\$ (3,346)	\$ (3,678)	\$ (4,010)	\$ (4,342)	\$ (4,674)
Identifiable intangible assets, net	\$ 14,078	\$ 13,746	\$ 13,414	\$ 13,082	\$ 12,750	\$ 12,418	\$ 12,086	\$ 11,754	\$ 11,422	\$ 11,090	\$ 10,758	\$ 10,426
Deferred financing cost	\$ 2,732	\$ 2,705	\$ 2,678	\$ 2,651	\$ 2,624	\$ 2,597	\$ 2,570	\$ 2,543	\$ 2,516	\$ 2,489	\$ 2,462	\$ 2,435
Other non-current assets	\$ 131	\$ 131	\$ 131	\$ 131	\$ 131	\$ 131	\$ 131	\$ 131	\$ 131	\$ 131	\$ 131	\$ 131
Total Non-Current Assets	\$ 69,641	\$ 69,326	\$ 68,997	\$ 68,757	\$ 68,361	\$ 68,271	\$ 67,973	\$ 67,525	\$ 67,099	\$ 66,647	\$ 66,195	\$ 65,743
Total Assets	\$ 132,997	\$ 132,471	\$ 132,362	\$ 132,170	\$ 131,926	\$ 132,117	\$ 131,704	\$ 131,409	\$ 132,202	\$ 131,471	\$ 129,986	\$ 129,788
Current Liabilities												
Current portion of long-term debt	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,336	\$ 1,336	\$ 1,336	\$ 1,336
Accounts payable	\$ 3,026	\$ 3,090	\$ 3,577	\$ 3,617	\$ 3,544	\$ 4,040	\$ 3,559	\$ 3,693	\$ 4,291	\$ 4,233	\$ 4,186	\$ 4,139
Accrued liabilities	\$ 1,975	\$ 1,975	\$ 1,975	\$ 1,975	\$ 1,975	\$ 1,975	\$ 1,975	\$ 1,975	\$ 1,975	\$ 1,975	\$ 1,975	\$ 1,975
Accrued compensation	\$ 125	\$ 125	\$ 125	\$ 125	\$ 125	\$ 125	\$ 125	\$ 125	\$ 125	\$ 125	\$ 125	\$ 125
Income taxes payable	\$ 128	\$ 128	\$ 128	\$ 128	\$ 128	\$ 128	\$ 128	\$ 128	\$ 128	\$ 128	\$ 128	\$ 128
Short-term unearned revenue	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56
Total Current Liabilities	\$ 7,150	\$ 7,214	\$ 7,701	\$ 7,740	\$ 7,668	\$ 8,164	\$ 7,695	\$ 7,829	\$ 7,912	\$ 7,855	\$ 7,807	\$ 7,760
Long-term liabilities												
Long-term debt less current maturities	\$ 90,658	\$ 90,658	\$ 90,435	\$ 90,435	\$ 90,435	\$ 90,212	\$ 90,212	\$ 89,712	\$ 89,892	\$ 88,892	\$ 87,392	\$ 87,058
Deferred income taxes	\$ (831)	\$ (831)	\$ (831)	\$ (831)	\$ (831)	\$ (831)	\$ (831)	\$ (831)	\$ (831)	\$ (831)	\$ (831)	\$ (831)
Other non-current liabilities	\$ 87	\$ 87	\$ 87	\$ 87	\$ 87	\$ 87	\$ 87	\$ 87	\$ 87	\$ 87	\$ 87	\$ 87
Total Long-Term Liabilities	\$ 89,914	\$ 89,914	\$ 89,691	\$ 89,691	\$ 89,691	\$ 89,468	\$ 89,468	\$ 88,968	\$ 89,148	\$ 88,148	\$ 86,648	\$ 86,314
Total Liabilities	\$ 97,063	\$ 97,128	\$ 97,391	\$ 97,431	\$ 97,359	\$ 97,632	\$ 97,162	\$ 96,796	\$ 97,060	\$ 96,002	\$ 94,455	\$ 94,074
Shareholders' Equity												
Common stock	\$ 40,228	\$ 40,228	\$ 40,228	\$ 40,228	\$ 40,228	\$ 40,228	\$ 40,228	\$ 40,228	\$ 40,228	\$ 40,228	\$ 40,228	\$ 40,228
Retained earnings	\$ (5,665)	\$ (6,256)	\$ (6,628)	\$ (6,859)	\$ (7,031)	\$ (7,113)	\$ (7,057)	\$ (6,986)	\$ (6,456)	\$ (6,130)	\$ (6,068)	\$ (5,885)
Accumulated other comprehensive income	\$ 1,370	\$ 1,370	\$ 1,370	\$ 1,370	\$ 1,370	\$ 1,370	\$ 1,370	\$ 1,370	\$ 1,370	\$ 1,370	\$ 1,370	\$ 1,370
Other equity transactions	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1
Total Shareholders' Equity	\$ 35,933	\$ 35,343	\$ 34,970	\$ 34,739	\$ 34,567	\$ 34,485	\$ 34,542	\$ 34,613	\$ 35,142	\$ 35,469	\$ 35,531	\$ 35,714
Total Liabilities and Shareholders' Equity	\$ 132,997	\$ 132,471	\$ 132,362	\$ 132,170	\$ 131,926	\$ 132,117	\$ 131,704	\$ 131,409	\$ 132,202	\$ 131,471	\$ 129,986	\$ 129,788

Financial Schedules

MONTHLY CASH FLOW



	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	2020
Cash flow from operations													
Net Income (Loss)	\$ (610)	\$ (590)	\$ (372)	\$ (231)	\$ (172)	\$ (82)	\$ 57	\$ 71	\$ 529	\$ 326	\$ 62	\$ 183	\$ (829)
Depreciation, amortization and other	\$ 454	\$ 456	\$ 457	\$ 461	\$ 462	\$ 423	\$ 423	\$ 423	\$ 426	\$ 427	\$ 427	\$ 427	\$ 5,266
<i>Change in operating assets and liabilities:</i>													\$ -
Accounts receivable	\$ (1,500)	\$ 145	\$ (232)	\$ (172)	\$ (69)	\$ (109)	\$ (29)	\$ (229)	\$ (144)	\$ (43)	\$ 324	\$ (230)	\$ (2,285)
Inventory	\$ 299	\$ (143)	\$ (286)	\$ (80)	\$ 145	\$ -	\$ (85)	\$ 78	\$ 78	\$ (38)	\$ 78	\$ 78	\$ 124
Accounts payable	\$ 238	\$ 64	\$ 486	\$ 40	\$ (72)	\$ 496	\$ (481)	\$ 134	\$ 598	\$ (58)	\$ (47)	\$ (47)	\$ 1,351
Other changes in operating assets and liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11
Total Cash Flow from Operations	\$ (1,120)	\$ (68)	\$ 53	\$ 18	\$ 293	\$ 728	\$ (104)	\$ 478	\$ 1,488	\$ 615	\$ 844	\$ 412	\$ 3,638
Cash flow from investing													
Additions to property, plant and equipment	\$ (7)	\$ (168)	\$ (155)	\$ (247)	\$ (93)	\$ (360)	\$ (152)	\$ (2)	\$ (27)	\$ (2)	\$ (2)	\$ (2)	\$ (1,217)
Total Cash Flow from Investing	\$ (7)	\$ (168)	\$ (155)	\$ (247)	\$ (93)	\$ (360)	\$ (152)	\$ (2)	\$ (27)	\$ (2)	\$ (2)	\$ (2)	\$ (1,217)
Cash flow from financing													
Repayment of debt	\$ -	\$ -	\$ (223)	\$ -	\$ -	\$ (223)	\$ -	\$ (500)	\$ (334)	\$ -	\$ -	\$ (334)	\$ (1,614)
Other cash flow from financing costs	\$ 27	\$ 27	\$ 27	\$ 27	\$ 27	\$ 27	\$ 27	\$ 27	\$ 27	\$ 27	\$ 27	\$ 27	\$ 324
Total Cash Flow from Financing	\$ 27	\$ 27	\$ (196)	\$ 27	\$ 27	\$ (196)	\$ 27	\$ (473)	\$ (307)	\$ 27	\$ 27	\$ (307)	\$ (1,290)
Net change in cash	\$ (1,100)	\$ (208)	\$ (298)	\$ (202)	\$ 227	\$ 172	\$ (229)	\$ 3	\$ 1,154	\$ 640	\$ 869	\$ 103	\$ 1,131
Beginning cash	\$ 1,606	\$ 507	\$ 298	\$ 0	\$ (202)	\$ 26	\$ 198	\$ (31)	\$ (29)	\$ 1,125	\$ 1,765	\$ 2,634	\$ 1,606
Change in cash	\$ (1,100)	\$ (208)	\$ (298)	\$ (202)	\$ 227	\$ 172	\$ (229)	\$ 3	\$ 1,154	\$ 640	\$ 869	\$ 103	\$ 1,131
Ending cash	\$ 507	\$ 298	\$ 0	\$ (202)	\$ 26	\$ 198	\$ (31)	\$ (29)	\$ 1,125	\$ 1,765	\$ 2,634	\$ 2,737	\$ 2,737

Financial Schedules



MONTHLY COVENANT ANALYSIS - FIXED CHARGE RATIO

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fixed Charges:												
Interest paid (net of interest received)	3,439	3,074	2,757	2,425	2,212	3,404	3,358	3,312	3,282	3,252	3,250	3,219
Plus:												
Principal payments with respect to all debt	892	892	892	892	892	891	891	891	1,003	1,003	1,002	1,114
Fixed Charges	4,330	3,966	3,649	3,316	3,104	4,295	4,249	4,203	4,285	4,255	4,252	4,333
EBITDA for defined Period	10,472	10,114	9,614	9,792	9,830	8,871	8,883	8,942	9,442	9,536	9,979	10,529
Less:												
Unfinanced Capital Expenditures	385	450	504	649	697	1,034	1,186	1,188	1,211	1,213	1,215	1,217
Fees and expenses paid/incurred under the Management Agreement	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Any federal, state, local or other income and franchise taxes paid or payable in cash net of any cash tax credits or other cash tax benefits	838	400	364	326	291	303	303	303	293	234	106	-
Operating Cash Flow	8,249	8,263	7,747	7,816	7,842	6,535	6,395	6,451	6,938	7,088	7,658	8,311
Fixed Charge Coverage Ratio	1.91	2.08	2.12	2.36	2.53	1.52	1.51	1.53	1.62	1.67	1.80	1.92
Minimum Ratio	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
In Compliance	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
TTM Minimum Operating Cash Flow	4,763	4,363	4,013	3,648	3,414	4,724	4,674	4,623	4,713	4,680	4,677	4,766
TTM Operating Cash Flow Cushion	3,486	3,901	3,733	4,168	4,427	1,811	1,721	1,828	2,224	2,409	2,981	3,545

Financial Schedules



MONTHLY COVENANT ANALYSIS - DEBT TO EBITDA RATIO

000's	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Total Debt:												
Revolver Balance	-	-	-	-	-	-	-	-	-	-	-	-
Plus: Term Loan Balance	41,629	41,629	41,406	41,406	41,406	41,183	41,183	40,683	40,349	39,349	37,849	37,515
Plus: Other Debt	-	-	-	-	-	-	-	-	-	-	-	-
Less: Qualified Cash	782	574	276	74	301	473	289	292	1,445	1,085	455	558
Total Debt	40,846	41,055	41,130	41,332	41,104	40,710	40,893	40,391	38,903	38,264	37,394	36,957
EBITDA for the Defined Period (calculated in the manner required by Section 6.1 of the Compliance Certificate)	10,472	10,114	9,614	9,792	9,830	8,871	8,883	8,942	9,442	9,536	9,979	10,529
TTM Adjusted EBITDA	10,472	10,114	9,614	9,792	9,830	8,871	8,883	8,942	9,442	9,536	9,979	10,529
Total Debt to EBITDA Ratio (ratio of Total Debt to Adjusted EBITDA for the Defined Period)	3.90	4.06	4.28	4.22	4.18	4.59	4.60	4.52	4.12	4.01	3.75	3.51
Maximum Permitted Total Debt to EBITDA Ratio for the Defined Period	5.75	5.75	5.75	5.5	5.5	5.5	5.25	5.25	5.25	5.00	5.00	5
In Compliance	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Minimum TTM EBITDA required	7,104	7,140	7,153	7,515	7,474	7,402	7,789	7,693	7,410	7,653	7,479	7,391
TTM EBITDA Cushion	3,368	2,974	2,461	2,277	2,357	1,470	1,094	1,248	2,032	1,883	2,500	3,137

2020 AOP Review Contents

Company “Evolution” Timeline

Key Assumptions and Overview

Product and Market Strategy

Financial Objectives

Bridges

Financial Schedules

Appendix



Appendix

CONTINUOUS IMPROVEMENT



Project Description	Target Start Month	4-Wall Improvement	20-Jan	20-Feb	20-Mar	20-Apr	20-May	20-Jun	20-Jul	20-Aug	20-Sep	20-Oct	20-Nov	20-Dec	Total 1
Change 61KPA finish to texture black make in-house	started	Insource/Outsource	5.3	4.2	4.2	5.3	4.2	4.2	5.3	4.2	4.2	5.3	4.2	-	50.9
VAVE Replace motor clip material from SS to plasti	started	VAVE	4.2	3.4	3.4	4.2	3.4	3.4	4.2	3.4	3.4	-	-	-	32.9
2017: Eliminate escutcheon plate from elec locks	started	VAVE	1.4	1.2	1.2	1.4	1.2	1.2	1.5	-	-	-	-	-	9.0
A-Series replace 2 battery key pad with plastic	started	PPV	6.2	6.2	6.2	6.2	6.6	-	-	-	-	-	-	-	31.3
PPV: S&G Zamak improved for shipping	started	PPV	2.3	1.9	1.9	2.3	1.9	-	-	-	-	-	-	-	10.3
Automate FAS lock assembly	started	Labor Efficiency	12.5	13.5	-	-	-	-	-	-	-	-	-	-	26.0
6130-009-005 NUT	started	PPV	3.3	3.6	-	-	-	-	-	-	-	-	-	-	6.9
Airfreight Rate Reduction	started	Freight	9.3	-	-	-	-	-	-	-	-	-	-	-	9.3
6124-043-000 hard plate	started	PPV	3.8	-	-	-	-	-	-	-	-	-	-	-	3.8
Warranty Reduction	Jan-20	Warranty	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	120.0
Preventive Maintenance Program and CAPEX Invested Improvements	Jan-19	Equipment Efficiency	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	130.0
Reimplement air leak PM	Jan-20	Equipment Efficiency	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	10.0
Move PCBA production to Canada	Mar-20	PPV			5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	50.0
Labor Improvement - ramp up to 5 head reduction	Apr-20	Labor Efficiency				2.9	2.9	2.9	8.8	8.8	8.8	14.7	14.7	14.7	79.2
Redesign motor clip from stainless steel to plastic.	Apr-20	PPV				3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	33.3
Change SD key blanks for nickel silver to hard brass	Apr-20	PPV				2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	22.5
Get pre package quantities of accessories from venders	Apr-20	Labor Efficiency				0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	7.5
Design new PCBA and modularization	Jun-20	PPV						5.0	5.0	5.0	5.0	5.0	5.0	5.0	35.0
Recruiting cost reduction for positions filled in 2019	Jun-20	Labor Efficiency						1.7	1.7	1.7	1.7	1.7	1.7	1.7	11.9
Modify Firmware to have self test mode and to delete sequence after a pass.	Jun-20	Labor Efficiency						1.3	1.3	1.3	1.3	1.3	1.3	1.3	8.8
VAVE: EDR cost out	Jun-20	VAVE						1.0	1.0	1.0	1.0	1.0	1.0	1.0	7.0
Design new mechanical lock change key to have straight blade with plastic handle	Jun-20	VAVE						0.8	0.8	0.8	0.8	0.8	0.8	0.8	5.8
Computime - PPV	Jul-20	PPV							4.2	4.2	4.2	4.2	4.2	4.2	25.2
Gentherm - PPV	Sep-20	PPV									0.8	0.8	0.8	0.8	3.3
STL - PPV	Sep-20	PPV									0.8	0.8	0.8	0.8	3.3
Total			70.0	55.5	43.5	56.1	53.8	55.1	67.5	64.1	65.7	69.3	68.3	64.0	733.0

Appendix

CAPEX BY MONTH



(\$000's)

Project	Description	Category	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Est Payback
Hydraulic Trim Press	Remove flashing from the edge of die cast components	MFG - Cost Reduction				60									60	2.5
Packing System for labels	Productivity focus	MFG - Cost Reduction			30										30	2.0
Press Feed	Improve quality / reduce set-up time	MFG - Cost Reduction		30											30	1.5
Tooling for PCBA Tariff Avoidance	Resourcing/Relocating PCBA manufacturing sites	MFG - Cost Reduction				55									55	1.5
Roofing Replacement	1/2 of mfg roof replaced 3 years ago, complete mfg and office	MFG - Replacement						350	150						500	
(2) HVAC Replacements	Office area and Production Floor	MFG - Replacement				50									50	
R22 Replacement for HVAC	R22 gasses replacement for HVAC for environmental ISO	MFG - Replacement					40								40	
Lever Solder Machine Replacement	Current machine is irreparable.	MFG - Replacement		35											35	
24Hr Compressor	Current machine is unable to meet requirements	MFG - Replacement			30										30	
Sprinkler Head Replacements	Approaching end of life 50 yrs	MFG - Replacement									25				25	
Diecast Quench Conveyors	Replace units that are damaged and irreparable	MFG - Replacement		20											20	
Surface Grinder Rebuild	Surface Grinder Rebuild	MFG - Replacement			12										12	
Spin Dryer (K-24)	Process recovered offal	MFG - Replacement						8							8	
New Keypad Tooling	PCB and Packaging	New Products		19	19	19	11								67	
New Keypad Testing	Alter existing and new component testing	New Products		12	17	17									45	
Rebrand Signage	Change out fixed signage on company properties	Brand		35	35	35									105	
Rebrand Lobby	Remodel of the lobby showcase area	Brand					40								40	
Tradeshow Exhibits	Brand refresh	Brand		10	10	10									30	
PCs/Laptop Replacement	Replace obsolete and poor performance devices	IT Systems	7	7	3	2	2	2	2	2	2	2	2	2	35	
Total			7	168	155	247	93	360	152	2	27	2	2	2	1,217	
Summary																
	MFG - Cost Reduction		-	30	30	115	-	-	-	-	-	-	-	-	175	
	MFG - Replacement		-	55	42	50	40	358	150	-	25	-	-	-	720	
	New Products		-	31	35	35	11	-	-	-	-	-	-	-	112	
	Brand		-	45	45	45	40	-	-	-	-	-	-	-	175	
	IT - PCs/Laptops		7	7	3	2	2	2	2	2	2	2	2	2	35	
Total			7	168	155	247	93	360	152	2	27	2	2	2	1,217	

Appendix

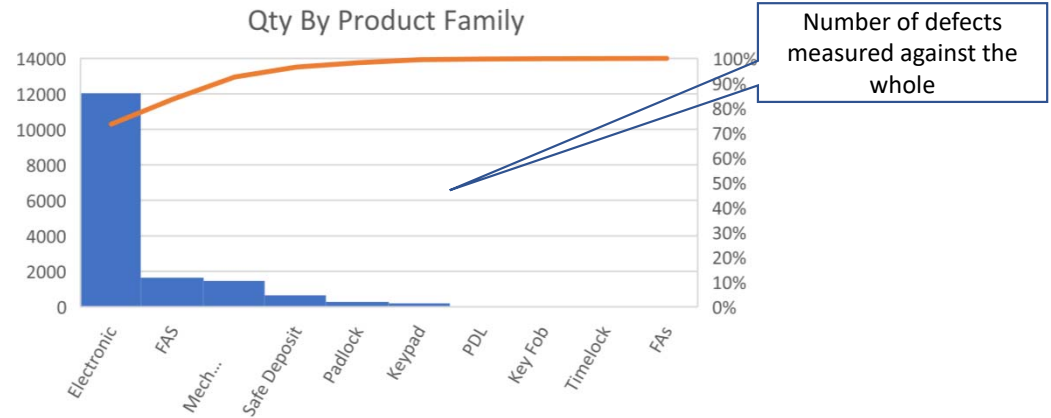
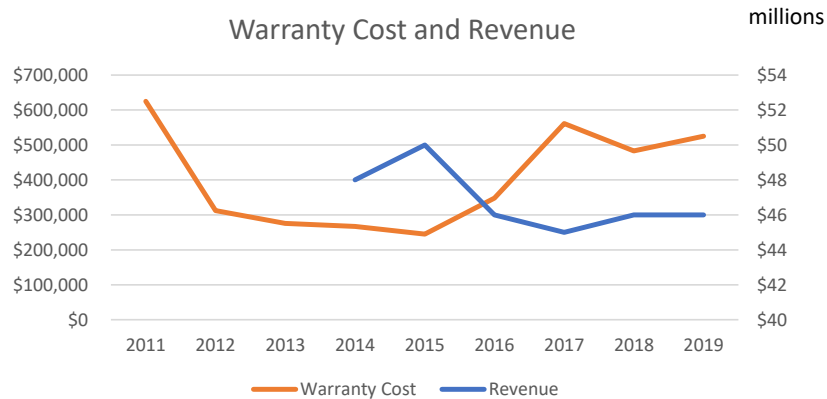
SCHEDULE OF IT SYSTEM EXPENSES



Description	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
TSA	41	28	17	17	13	13	-	-	-	-	-	-	129
Short term Services						2	2	2	2	2	2	2	11
Duo MFA	0	0	0	0	0	0	0	0	0	0	0	0	4
Voice services	4	4	4	4	4	4	4	4	4	4	4	4	52
Other miscellaneous	3	3	3	3	3	3	3	3	3	3	3	3	30
MS365	1	1	1	1	1	1	1	1	1	1	1	1	15
Kaizen Sharepoint and MS Support	1	1	1	1	1	1	1	1	1	1	1	1	9
Back-up Services	0	0	0	0	0	0	0	0	0	0	0	0	5
PLM Conversion Support	10	10	10	10									40
Net Suite	11	11	11	11	11	11	11	11	11	11	11	11	127
Consultant	12	12	12	3	3								41
RSM	20	20	20										60
													-
Total	103	91	79	49	36	35	22	22	22	22	22	22	522

Financial Objectives

QUALITY IMPROVEMENT



Quality Improvement Plan

- **Phase 1 – 180 day Plan (Contain, Standardize, and Measure)**
 - Quality Issues transparent to customer
 - First Piece Approval Process
 - Dock Auditing
 - Visual Management
- **Phase 2 – Drive toward process improvement**
 - Quality Management System evaluation
 - Organizational evaluation
- **Expected Results measured as Cost of Poor Quality, Customer Satisfaction, and Reliability/Reputation**
 - Year-over-year warranty cost reduction of \$120k

Product and Market Strategy

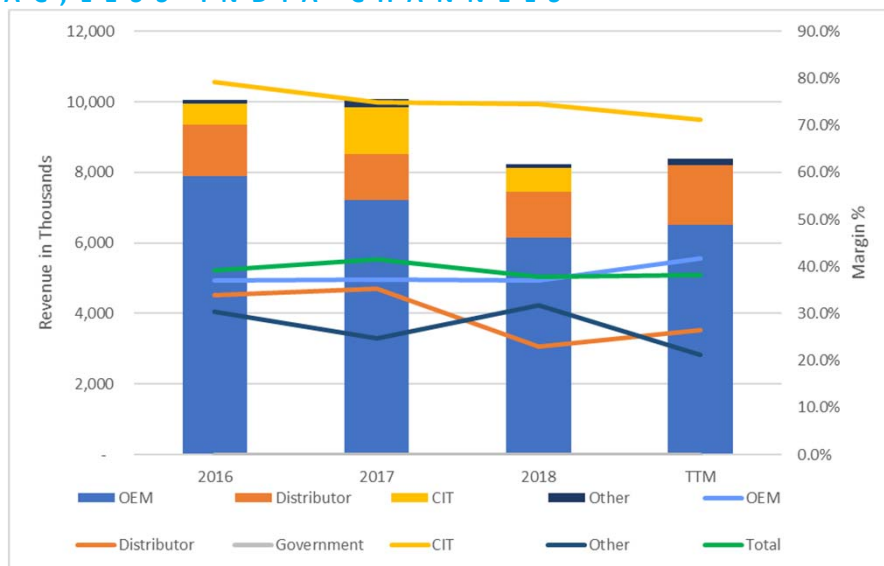


COMPARITIVE BOOKINGS BY SALES REPRESENTATIVE

Region	BDM	2020	2019	Variance	% Chg
APAC	Lam, Howard	7,962,994	7,708,304	254,690	3.3%
	Pescud, Soames	1,274,671	1,178,222	96,449	8.2%
EMEA	Horvath, Tamas	5,079,116	5,161,337	(82,221)	-1.6%
	Montano, Sylvano	1,043,250	738,215	305,035	41.3%
	Nazarenko, Volodymyr	1,123,616	600,195	523,421	87.2%
Government	House Account, S&G Govt	1,525,619	1,546,054	(20,435)	-1.3%
	Smith, Husna	2,310,061	1,789,704	520,357	29.1%
INDIA	Dasgupta, Indranil	7,653,316	6,774,658	878,658	13.0%
LAG	Diaz, Wilfredo	3,687,060	3,120,044	567,016	18.2%
NA	Clark, Steve	1,598,630	1,825,147	(226,517)	-12.4%
	Healey, Joe	5,886,001	5,601,298	284,703	5.1%
	Rydl, Roxie	6,939,542	5,088,157	1,851,385	36.4%
Grand Total		46,083,876	41,131,335	4,952,541	12.0%

Appendix

APAC, LESS INDIA CHANNELS



Sales Loss-Gain | Critical Accounts

	Type	2016	2017	2018	2019TTM	2019TTM - 2016	CAGR
DUTECH HOLDINGS LTD	OEM	2,614	1,535	1,435	1,121	(1,493)	-19.1%
TRI-STAR CHINA	OEM	577	41	-	-	(577)	-100.0%
PT FOKUS INTEGRASI TEKNOLOGI	CIT	374	622	543	10	(363)	-59.5%
YOUNG ANN SAFE PRESS FURNITURE CO	OEM	184	164	209	(45)	(229)	N/A
BRINKS THAILAND	CIT	229	630	116	-	(229)	-100.0%
HANSON INC	Distributor	-	-	73	780	780	N/A
TAKACHIHO KOHEKI CO LTD	OEM	1,621	1,044	1,242	2,295	673	9.1%
INSPUR (SUZHOU) FINANCIAL	OEM	-	10	281	464	464	N/A
SHANGHAI QIAHNE M AND E EQUIPMENT C	OEM	-	-	179	697	697	N/A
PINGAN INDUSTRIAL CO LTD	OEM	476	587	538	653	177	8.2%
OTHER		3,990	5,450	3,613	2,406	(1,584)	-11.9%
TTL		10,066	10,082	8,229	8,381	(1,685)	-4.5%

2019 TTM through September – Second review will include 2019 TTM through November

Challenge → Opportunity

- OEM partners in China have seen downturn in safe sales
 - Cultivate partnerships globally with new product offerings
 - Divert areas of loss to other key categories (ATM) to offset/override
- Reduced headcount over 2018-19 created gaps in market presence across markets in SE Asia, Australia and New Zealand
 - Establish distributor partners in new markets focused on Banking, CIT and Government
 - Identify independent rep structure to increase share of voice
- Distributors have seen increase in ability to move share for manufacturers
 - Identify and partner with Tier 1 and Tier 2 distributors to establish added voice and sales growth

Growth Strategy 23.1%

- \$0.7M/9.3% growth in base revenue streams
 - Identify and grow key projects through alignment with channel partners
 - Expand portfolio presence with current customer base
- \$0.1M/1.0% growth from new product revenue streams
 - Utilize new product innovation to expand share and revenue gains
- \$0.0M/0.0% growth from prices increases
 - Institute new pricing model to level-set global list pricing and consistent tiered discounting

Appendix

APAC, LESS INDIA 2020 TO LTM 2019 ORDERS



Repeat Purchaser (Growing):

Customer	2020	TTM Nov 19	Variance	TTM Nov 18	Variance
DUTECH HOLDINGS LTD	1,411	1,196	215	1,476	(65)
HYOSUNG TNS INC	246	106	140	93	153
PT WIRATANU PERSADA TAMA	189	78	112	-	189
SHANGHAI QIAHNE M AND E EQUIPMENT C	1,141	1,035	107	139	1,002
HANSON INC	999	897	102	69	930
OTHER (21 Customers)	1,672	1,364	308	3,225	(1,553)
Total	5,659	4,675	983	5,002	656

New Customers:

Customer	2020	TTM Nov 19	Variance	TTM Nov 18	Variance
GOODWILL	84	-	84	-	84
GUNNEBO CHINA	66	-	66	-	66
Total	150	-	150	-	150

Repeat Purchaser (Growing):

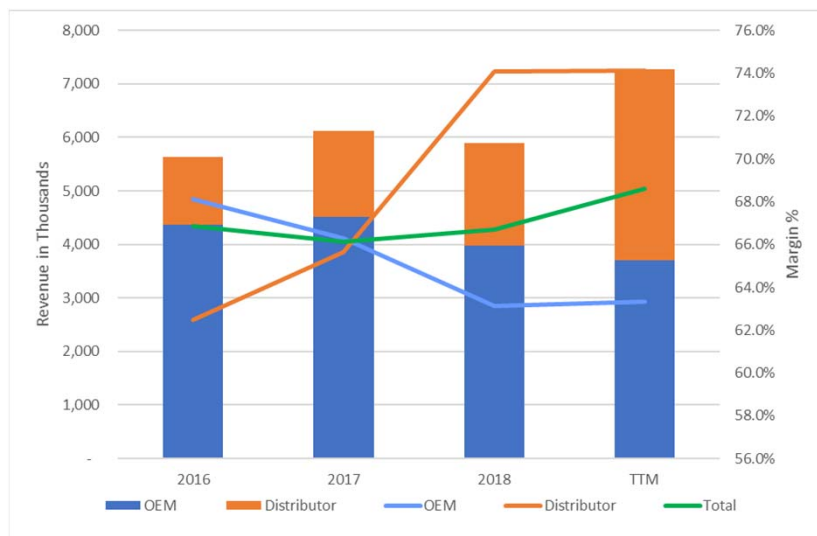
Customer	2020	TTM Nov 19	Variance	TTM Nov 18	Variance
PINGAN INDUSTRIAL CO LTD	286	660	(375)	538	(252)
QINGDAO YUBANG METAL FURNITURE CO L	229	348	(119)	661	(432)
KWM INDUSTRIES INC	61	142	(81)	102	(41)
PROTECTION TECHNOLOGY INC	106	171	(65)	90	16
TAKACHIHO KOHEKI CO LTD	2,471	2,501	(30)	1,113	1,358
OTHER (5 Customers)	133	154	(20)	174	(41)
OTHER (5 Customers)	-	-	-	176	(176)
Total	3,286	3,976	(690)	2,853	433

New Products:

Customer	2020	TTM Nov 19	Variance	TTM Nov 18	Variance
UNKNOWN	77	-	77	-	77

Appendix

INDIA CHANNELS



Sales Loss-Gain | Critical Accounts

	Type	2016	2017	2018	2019TTM	2019TTM-2016	CAGR
AGS TRANSACT TECHNOLOGIES LTD	OEM	1,267	641	769	549	(718)	-18.9%
DIEBOLD NIXDORF INDIA PVT LTD	OEM	409	1,267	448	(1)	(410)	N/A
LIPI DATA SYSTEMS LTD	OEM	50	1	8	-	(50)	-100.0%
GODREJ AND BOYCE MFG CO LTD	OEM	27	31	21	10	(17)	-22.8%
GUNNEBO INDIA PVT LTD	OEM	9	8	13	2	(7)	-32.0%
ARYA COMMUNICATIONS AND ELECTRONICS	Distributor	1,255	1,593	1,901	3,538	2,283	29.6%
NCR CORPORATION INDIA PVT LTD	OEM	2,593	2,468	2,677	4,030	1,437	11.7%
OTHER		28	89	57	(851)	(879)	N/A
TTL		5,637	6,117	5,893	7,277	1,639	6.6%

Challenge → Opportunity

- Lack of presence in India market has slowed growth and product awareness
 - Addition of new Business Development Manager will aide account management and organic growth opportunities in surrounding countries (India)
- Reliance on the ATM market has limited growth opportunities
 - Partner more closely with OEM customers in Gun Safe, CIT, and Banking
 - Leverage distributor partnership and it's new sales team to expand reach for organic growth
- Low-cost competitors have stolen share in recent years
 - Utilize key distributor partner to be more competitive in price-led decision makers
 - Leverage history, quality and flexibility of S&G

Growth Strategy -5.6%

- (\$0.2M)/(2.1%) decline in base revenue streams(booking order timing)
 - 2019 backlog does not currently contain a blanket order for 2020 releases from Arya. In prior years, a heavy discount was offered to gain end of year bookings
 - Increase share with OEM's focused on Gun Safes and ATM
 - Partner more closely to expand product usage by large national banking institutions
- \$0.2M/2.9% growth from new product revenue streams
 - Utilize new product innovation to expand share and revenue gains in the Gun Safe and ATM markets
- \$0.1M/2.5% growth from prices increases
 - Institute new pricing model to level-set global list pricing and consistent tiered discounting

2019 TTM through September – Second review will include 2019 TTM through November

Appendix

INDIA 2020 TO LTM NOV 2019 ORDERS



Repeat Purchaser (Growing):

Customer	2020	TTM Nov 19	Variance	TTM Nov 18	Variance
NCR CORPORATION INDIA PVT LTD	3,524	3,264	260	2,670	854
LOCKSMITH SUPPLY COMPANY	157	153	4	191	(34)
GODREJ AND BOYCE MFG CO LTD	10	10	1	15	(4)
D. R. INDUSTRIES*	9	8	1	14	(5)
GUNNEBO INDIA PVT LTD	2	2	0	13	(11)
			-		-
Total	3,702	3,437	265	2,902	800

New Customers

Customer	2020	TTM Nov 19	Variance	TTM Nov 18	Variance
Ganesh Décor Jaipur	25	-	25	-	25
Shree Ganesh Solution Chandigarh	25	-	25	-	25
True Count Delhi	15	-	15	-	15
Securex Bangladesh	3	-	3	-	3
Dos Trading Nepal	2	-	2	-	2
Total	70	-	70	-	70

Repeat Purchaser (Growing):

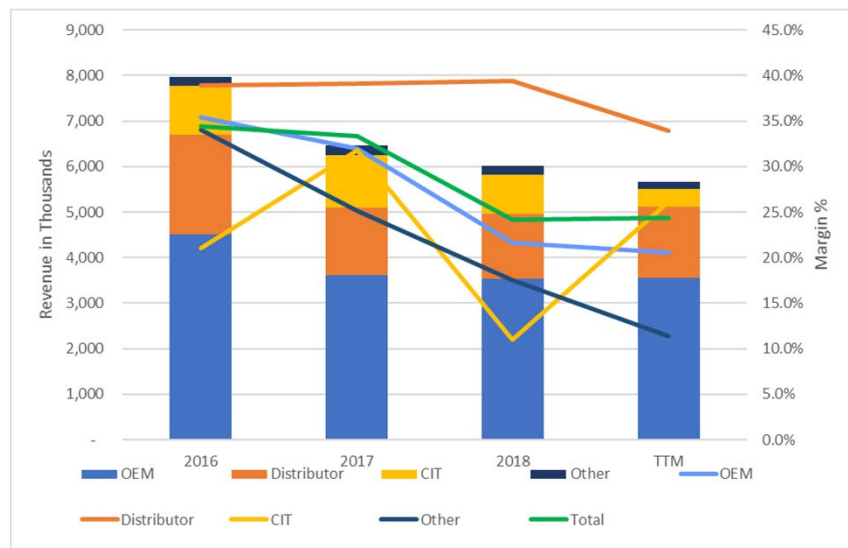
Customer	2020	TTM Nov 19	Variance	TTM Nov 18	Variance
ARYA COMMUNICATIONS AND ELECTRONIC	2,963	3,110	(147)	2,056	907
LSC NZ LTD	71	73	(3)	48	22
			-		-
			-		-
			-		-
			-		-
Total	3,033	3,183	(150)	2,104	929

New Products

Customer	2020	TTM Nov 19	Variance	TTM Nov 18	Variance
UNKNOWN	300	-	300	-	300

Appendix

EMEA CHANNELS



Sales Loss-Gain | Critical Accounts

	Type	2016	2017	2018	2019TTM	2019TTM-2016	CAGR
ABUSARHAD	CIT	661	148	470	123	(538)	-34.3%
NCR (HUNGARY)	OEM	1,395	780	996	859	(536)	-11.4%
FORMAT TRESORBAU	OEM	519	138	234	215	(304)	-19.8%
ASSA	OEM	485	477	40	437	(49)	-2.6%
POLITAL RYSARD	Distributor	431	247	178	176	(255)	-20.0%
DIEBOLD NIXDORF	OEM	112	139	336	718	605	59.0%
SERVUS	Distributor	-	-	3	207	207	N/A
BADGER	Distributor	-	-	149	205	205	N/A
PT WIRATANU PERSADA TAMA	CIT	-	-	77	78	78	N/A
AMN & WAFAA	CIT	-	-	78	74	74	N/A
OTHER		4,370	4,539	3,448	2,583	(1,787)	-12.3%
TTL		7,973	6,469	6,009	5,674	(2,299)	-8.2%

Challenge → Opportunity

- Distributor partnerships have declined over the last 5 years
 - Identify new partners in UK, France and Italy
 - Align distributor partnership agreements for growth through increase share of voice
- Sales team capabilities have gaps in key growth markets
 - Add headcount in Western Europe to increase reach and frequency and share growth with key customers
 - Identify independent sales reps within Russia and Africa
- Project opportunities in financial sector have been missed by narrow focus
 - Identify key projects and partner more effectively to grow share
 - Leverage distribution partners for increased focus on projects and identify key win strategies

Growth Strategy 24.9%

- \$0.6M/10.4% growth in base revenue streams
 - Increased focus on distributor partnerships to align on project-based business and new customers
 - Partner effectively with OEM customers to establish growth in CIT, Gun Safe and ATM sales
- \$0.4M/6.5% growth from new product revenue streams
 - Utilize new product innovation to expand share and revenue gains with key OEM partners
 - Grow organic share through utilization of new product sales through increased headcount, independent reps and key distributor partners.
- \$0.1M/1.3% growth from prices increases
 - A – Institute new pricing model to level-set global list pricing and consistent tiered discounting

Appendix

EMEA 2020 TO TTM NOV 2019 ORDERS



Repeat Purchaser (Growing):

Customer	2020	TTM Nov 19	Variance	TTM Nov 18	Variance
SERVUS	594	262	332	3	591
ALINVEST COMPANY	346	160	186	90	256
DIEBOLD NIXDORF SYSTEM GMBH	736	655	81	217	519
POLITAL RYSARD	270	199	71	252	19
ABUSARHAD	176	125	51	206	(30)
OTHER (91 Customers)	2,764	2,278	486	2,652	112
			-		-
Total	4,885	3,678	1,207	3,420	1,465

New Customers

Customer	2020	TTM Nov 19	Variance	TTM Nov 18	Variance
	-	-	-	-	-
	-	-	-	-	-
Total	-	-	-	-	-

Repeat Purchaser (Growing):

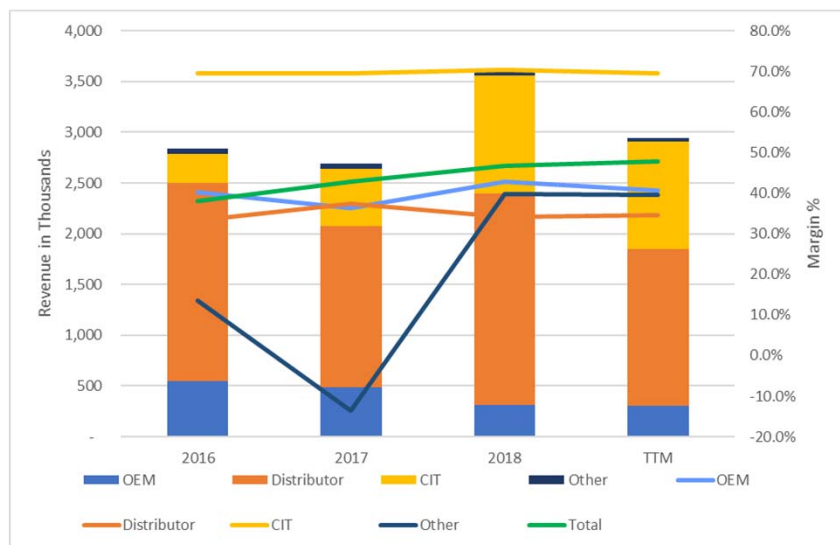
Customer	2020	TTM Nov 19	Variance	TTM Nov 18	Variance
GUNNEBO DOETINCHEM	27	685	(658)	18	9
ASSA ABLOY OPENING SOLUTIONS	1	308	(307)	167	(165)
FORMAT TRESORBAU GMBH AND CO KG	0	133	(133)	176	(176)
BADGER	193	297	(104)	174	20
FORMAT TRESORBAU	70	95	(25)	55	15
OTHER (14 Customers)	1,581	1,638	(56)	1,822	(240)
OTHER (26 Customers)	-	-	-	83	(83)
Total	1,873	3,156	(1,283)	2,494	(620)

New Products

Customer	2020	TTM Nov 19	Variance	TTM Nov 18	Variance
UNKNOWN	499	-	499	-	499

Appendix

LAG CHANNELS



Sales Loss-Gain | Critical Accounts

	Type	2016	2017	2018	2019TTM	2019TTM - 2016	CAGR
AMERICAN LOCKS SA	Distributor	585	450	895	395	(190)	-9.4%
IMPORTADORA BASH LTDA	OEM	297	254	96	106	(192)	-22.8%
MAPA SEGURIDAD SA DE CV	Distributor	732	661	651	680	(51)	-1.8%
CASPER SA DE CV	OEM	162	147	100	96	(66)	-12.2%
INTERGARD DO BRASIL LTDA	Other	50	51	23	7	(42)	-37.8%
COGAR TRADE SA DE CV	CIT	178	470	1,043	975	797	53.0%
PROTECCION DE VALORES	CIT	1	32	-	37	36	169.0%
AGLAR SA	Distributor	36	35	108	51	15	9.3%
FABRICA NACIONAL DE CAJAS FUERTES	OEM	13	21	29	28	14	20.0%
NCR BRASIL	OEM	-	5	31	33		N/A
OTHER		783	565	624	531	(251)	-9.2%
TTL		2,837	2,692	3,600	2,939	102	0.9%

2019 TTM through September – Second review will include 2019 TTM through November

Challenge → Opportunity

- Share gains have been flat over last 3 years
 - Focused efforts on key distributor partnerships can help growth in key markets
 - Use of distributor partners and independent sales reps can influence immediate growth
- Quality issues slowed sales with OEM partners
 - Report out confirmed quality corrections and reestablish lost partnerships
 - Utilize other product offerings to creatively offset any sales or confidence loss
- Key OEM customers are gaining share in other regions
 - Cultivate more meaningful relationships to impact OEM partnerships in Brazil

Growth Strategy 30.5%

- \$0.9M/29.4% growth in base revenue streams
 - Strong 2020 Q1 orders from 2019 backlog
 - Leverage increase distributor partnerships for growth in project-based business
 - Upgrading products (DTL, Nexus IP, A-series) for growth with established customer base
- \$0.1M/4.5% growth from new product revenue streams
 - Utilize new product innovation to expand share and revenue gains within OEM and distributor targets
 - Use of independent reps to help drive share growth with non-S&G customers
- \$0.1M/1.8% growth from prices increases
 - Institute new pricing model to level-set global list pricing and consistent tiered discounting

Appendix

LAG 2020 TO TTM NOV 2019 ORDERS



Repeat Purchaser (Growing):

Customer	2020	TTM Nov 19	Variance	TTM Nov 18	Variance
MAPA SEGURIDAD SA DE CV	820	700	120	819	1
AMERICAN LOCKS SA	334	271	63	813	(479)
INTERNATIONAL LATINO AMERICAN	400	351	49	297	103
IMPORTADORA BASH LTDA	133	97	37	89	44
AGLAR SA	89	81	7	105	(17)
OTHER (24 Customers)	356	321	35	341	16
Total	2,132	1,820	312	2,464	(332)

Repeat Purchaser (Declining):

Customer	2020	TTM Nov 19	Variance	TTM Nov 18	Variance
COGAR TRADE SA DE CV	1,332	1,415	(83)	1,043	289
JABIL LUXEMBOURG MANUFACTURING SARL	10	13	(2)	-	10
NOVA CAJAS FUERTES SA	2	3	(1)	6	(4)
ATM EXPRESS OF PUERTO RICO	5	6	(0)	10	(4)
NCR BRASIL	32	32	(0)	30	1
			-		-
Total	1,381	1,469	(88)	1,088	293

New Customers:

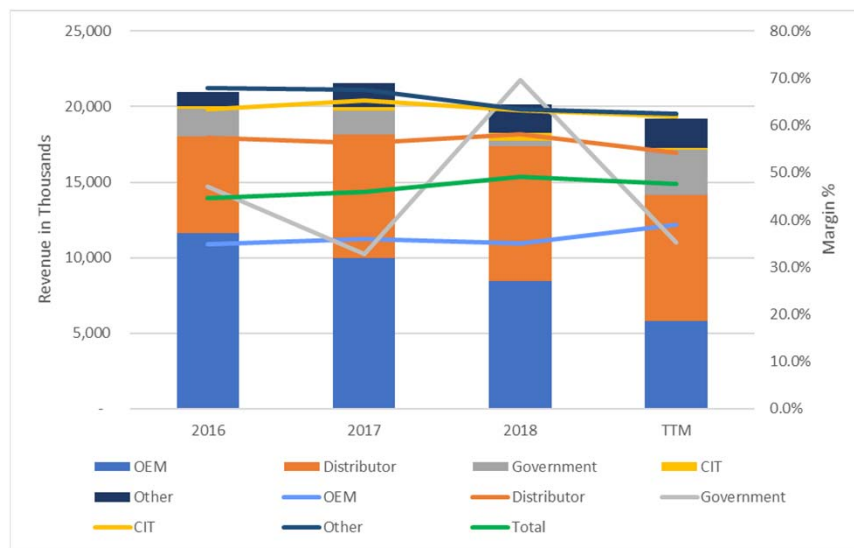
Customer	2020	TTM Nov 19	Variance	TTM Nov 18	Variance
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Total	-	-	-	-	-

New Products:

Customer	2020	TTM Nov 19	Variance	TTM Nov 18	Variance
UNKNOWN	174	-	174	-	174

Appendix

NORTH AMERICA CHANNELS



Sales Loss-Gain | Critical Accounts

	Type	2016	2017	2018	2019TTM	2019TTM - 2016	CAGR
LIBERTY SAFE AND SECURITY PRODUCTS	OEM	2,908	2,776	987	270	(2,638)	-44.8%
GSA ACCOUNTS PAYABLE BRANCH	Govt	844	40	28	53	(791)	-50.0%
HAMILTON PRODUCTS GROUP	OEM	735	88	-	-	(735)	-100.0%
GENMEGA INC	OEM	885	678	706	380	(506)	-19.1%
GRANITE SECURITY PRODUCTS INC	OEM	567	232	78	6	(561)	-68.0%
DEFENSE FINANCE AND ACCOUNTING	Govt	853	1,546	185	2,878	2,025	35.5%
TIMEMASTER INC	Distributor	1,136	2,027	2,485	2,451	1,315	21.2%
LOCKMASTERS INC	Distributor	1,360	2,049	2,428	2,617	1,256	17.8%
MBA USA INC	Distributor	-	-	370	444	444	N/A
HAMILTON SAFE COMPANY	OEM	185	673	659	485	299	27.2%
OTHER		11,469	11,447	12,210	9,611	(1,858)	-4.3%
TTL		20,943	21,556	20,136	19,193	(1,749)	-2.2%

2019 TTM through September – Second review will include 2019 TTM through November

Challenge → Opportunity

- OEM partners are closing operations in North America for lower-cost production (Asia)
 - Pivot focus to current customer base and create key programs for partnership
 - Increase focus on CIT and Banking to establish organic growth
- Government product sales have not been a focus
 - Utilize new BDM and partnerships with PSS and Shurlock McGill to create substantial growth
 - Identify other segments where our Government products can establish traction
- Sales team strategic approach has lost focus in recent years
 - Provide clear and concise strategic plan to target the right customers with the right frequency and the right message
 - Leverage distributor partners more effectively through tiered distributor programs for growth

Growth Strategy -2.8%

- (\$1.5M)/(8.2%) decline in base revenue streams(beginning backlog shortfall)
 - Upsell current portfolio with customer base
 - Offset previous sales loss with increased partnership, value-based selling
 - Partner with distribution partners more effectively to leverage their capabilities with share of voice
- \$0.5M/2.4% growth from new product revenue streams
 - Utilize new product innovation to expand share and revenue gains with key OEM and Distributor partners
 - Strategically launch product with focus on immediate uptake partners
- \$0.3M/1.8% growth from prices increases
 - Institute new pricing model to level-set global list pricing and consistent tiered discounting

Appendix

NA 2020 TO TTM NOV 2019 ORDERS



Repeat Purchaser (Growing):

Customer	2020	TTM Nov 19	Variance	TTM Nov 18	Variance
TIMEMASTER INC	2,627	2,367	259	2,530	97
LOCKMASTERS INC	1,829	1,736	94	1,902	(73)
GLOBAL FILE INC	505	453	52	648	(143)
DASCO STORAGE SOLUTIONS LTD	75	37	39	58	17
HAMILTON SAFE COMPANY	474	448	26	598	(124)
OTHER (113 Customers)	6,275	5,908	367	7,706	(1,431)
Total	11,786	10,949	577	13,443	(1,754)

Repeat Purchaser (Declining):

Customer	2020	TTM Nov 19	Variance	TTM Nov 18	Variance
APSM SYSTEMS	29	115	(86)	-	29
LIBERTY SAFE AND SECURITY PRODUCTS	140	215	(76)	864	(724)
MBA USA INC	317	350	(33)	312	5
PRO STEEL SECURITY SAFES	234	266	(32)	148	86
KDL HARDWARE SUPPLY INC	245	267	(22)	210	35
OTHER (25 Customers)	1,422	1,508	(87)	1,943	(522)
OTHER (33 Customers)	-	-	(335)	669	(1,091)
Total	2,386	2,722	(584)	4,146	(2,210)

New Customers:

Customer	2020	TTM Nov 19	Variance	TTM Nov 18	Variance
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Total	-	-	-	-	-

New Products:

Customer	2020	TTM Nov 19	Variance	TTM Nov 18	Variance
UNKNOWN	252	-	252	-	252

VALUES STATEMENT

The values at Sargent and Greenleaf are the core principles of our fundamental beliefs and upon which our business and behaviors are based. These values move us into the future while embracing our proud history and wisdom of the past.

It all starts with VALUES...

Accountability

We stand behind our people and products and take responsibility for actions of our team and ourselves. We deliver on promises.

Integrity

We do the right thing for stakeholders by delivering exceptional, ethical and quality products, processes and solutions.

Respect

We treat others, resources and company interests with high esteem and dignity. All decisions we make are done with thoughtfulness and objectivity.

Teamwork

We work with others to achieve our common goals in a manner that promotes inclusion, action and diversity. We set each other up for success.

Community

We work diligently to ensure the growth and sustainability of our employees and communities through commitment to the environment and the health and safety of everyone.

Innovation

We bring new ideas to the surface through thought, technology and process improve. We learn from our mistakes and focus on improving our work life everyday.

Leadership

We instill trust by providing guidance and clear communication to inspire and influence others to action. The best in others is brought about by encouragement and delegation.

Key Assumptions and Overview

VISION AND ASPIRATIONS | WORKING DRAFT

DRAFT



Secure the world with the most trusted and reliable locking solutions



Security

- Trusted
- Proven
- High Quality
- Consistent performance
- Functional technology
- Minimal service and maintenance



Authority

- Informative
- Helpful
- Industry Experts
- Keeping up with and staying ahead of new threats



Resourceful

- Innovative
- Smart
- Solutions
- Cost effective
- Scalable



Responsive

- Engaging
- Relevant
- Timely
- Customer in



Easability

- Easy installation and use
- Easy to understand
- Integrate and update
- Flexible
- Convenient
- Compatible with current technology



Reliability

- Durable
- Long lasting
- Confidence in the product
- Brand satisfaction

Appendix



VISION, INITIATIVES, AND ENABLING PILLARS | WORKING DRAFT

VISION

Secure the world with the most trusted and reliable locking solutions

STRATEGIC INITIATIVES

Capturing customer's confidence to become the leading provider of locking products and solutions

Customer Focus:

Refocus on the customer to consistently exceed customer expectations and create positive experiences

Product Development:

Develop industry-leading, innovative technology through nimble and rapid product development

Global Commercial Tactic:

Develop a globally-coordinated commercial strategy to focus on meeting regional and core end market requirements

Operational Excellence:

Exceed customer expectations in product performance and service through best in class production processes.

Empowered Workforce:

Promote a company culture that attracts, develops, and retains the best people, empowering them to achieve shared goals

ASPIRATIONAL & ENABLING PILLARS

SECURITY

"If the S&G name is on the outside, I can trust what's on the inside is protected"

AUTHORITY

"S&G is my go-to advantage"

RESOURCEFUL

"S&G goes a step farther"

RESPONSIVE

"S&G listens to and hears me"

EASABILITY

"S&G makes my life easier"

RELIABILITY

"S&G will be there when it most matters"

Thank You!

