

Management Operating Review January 2019

Meeting Date: February 19, 2019

Executive Summary

Key Initiatives & 2019 Plan

Financial Review

International Performance

Governance Reporting

Appendix:

- Supplemental Financial Information
- Additional Back Up Slides

Executive Summary



Desirable:

- January 2019 EBITDA: +145K (1.4% of Rev) vs. AOP \$(62)K, \$210K ahead of AOP and +\$697K vs. prior year January 2018

	Jan-16	Jan-17	Jan-18	Jan-19
Sales	\$7,955,507	\$8,969,465	\$10,024,894	\$10,239,500
EBITDA	(\$102,825)	(\$274,887)	(\$571,355)	\$147,170
	-1.3%	-3.1%	-5.7%	1.4%

- January Securements:

	Gross \$	NA %	Net \$
Jan 2019 Securements	\$16,938,764	60.37%	\$6,712,324
2018 9 Month Trend		64.69%	\$5,980,908
Impact of Pricing Change on Jan 2019 Securements			\$731,416

**Proactive Price Change Started in Q4-2018*

Will let you guys walk through the deck, but top areas of focus for us:

- Quality issues coming out of the product side in Janesville
- Location specific issues (root cause around international misses and field offices)
- Pricing impact of new securements
- Status of the Athens facility

- 12 Month Rolling Backlog Reached New Record High of \$90.2M
- Janesville output up ~20% vs. prior year January (Jan 2019: 7,283 units vs. Jan 2018 6,090 units), January output includes 2 “snow days”
 - Headcount up 1% vs. prior year January (Jan 2019: 254 vs. Jan 2018: 251)
- Southwest (Pilot) +\$32K EBITDA Jan 2019 vs. \$(108)K EBITDA Jan 2018, a lot more work to do but good start to the year
- 700/HX Series Pilot factory preparation for scheduled Kick Off in February executed to plan

Undesirable:

- Warranty/TCAR/Janesville Quality Challenges, team actively addressing this via structured DMAIC process (Kyle & Karolina)
- International Misses in Germany (high material and labor cost) and Australia (project push outs)
- Challenges in Texas based volume push outs (customer driven), bad debt accrual and credit memos for project execution issues
- Absorbed ~\$1.5M - \$2M EBITDA loss in 2018 due to warranty/quality issues dating back years, bad debt, etc., still uncovering more challenges
- Janesville Deferred Maintenance coming in over budget based on condition of the building, developing revised quote/plan to discuss with OGC/Sellers

Consolidated Summary P&L



\$'000	MTD		Variance		PY MTD		Variance		YTD		Var		PY YTD	
	Act	Bud	\$	%	Act	\$	%	Act	Bud	\$	%	Act	%	
Gross Revenue	\$ 10,240	\$ 10,898	\$ (659)	(6.0%)	\$ 10,025	\$ 215	2.1%	\$ 10,240	\$ 10,898	\$ (659)	(6.0%)	\$ 10,025	2.1%	
Net Revenue	10,240	10,898	(659)	(6.0%)	10,025	215	2.1%	10,240	10,898	(659)	(6.0%)	10,025	2.1%	
Material	3,267	4,424	(1,157)	(26.2%)	3,758	(492)	(13.1%)	3,267	4,424	(1,157)	(26.2%)	3,758	(13.1%)	
Labor	3,460	3,322	138	4.2%	3,409	51	1.5%	3,460	3,322	138	4.2%	3,409	1.5%	
Other COGS	1,119	955	163	17.1%	944	175	18.5%	1,119	955	163	17.1%	944	18.5%	
Total COGS	7,845	8,701	(856)	(9.8%)	8,111	(265)	(3.3%)	7,845	8,701	(856)	(9.8%)	8,111	(3.3%)	
Gross Margin	2,394	2,197	197	9.0%	1,914	480	25.1%	2,394	2,197	197	9.0%	1,914	25.1%	
Gross Margin %	23.4%	20.2%			19.1%			23.4%	20.2%			19.1%		
R&D	—	—	—	N/A	—	—	N/A	—	—	—	N/A	—	N/A	
Sales & Marketing	1,068	1,267	(199)	(15.7%)	1,230	(162)	(13.2%)	1,068	1,267	(199)	(15.7%)	1,230	(13.2%)	
Administrative	1,195	995	200	20.1%	1,308	(112)	(8.6%)	1,195	995	200	20.1%	1,308	(8.6%)	
Other Opex	(16)	(3)	(13)	371.8%	(52)	36	(68.9%)	(16)	(3)	(13)	371.8%	(52)	(68.9%)	
Total Opex	2,247	2,258	(11)	(0.5%)	2,485	(238)	(9.6%)	2,247	2,258	(11)	(0.5%)	2,485	(9.6%)	
EBITDA	147	(62)	209	338.7%	(571)	719	125.8%	147	(62)	209	338.7%	(571)	(125.8%)	
EBITDA %	1.4%	(0.6%)			(5.7%)			1.4%	(0.6%)			(5.7%)		
Net Income (Loss)	\$ (928)	\$ (759)	\$ (168)	(22.2%)	\$ (1,467)	\$ 540	36.8%	\$ (928)	\$ (759)	\$ (168)	(22.2%)	\$ (1,467)	36.8%	
Capex	\$ 245	\$ —	\$ 245		\$ 77	\$ 168		\$ 245	\$ —	\$ 77		\$ 77	218.2%	

Management Discussion

Revenue:

- Revenue 660k below FC but 200k ahead of F18
- Janesville had strong shipments and exceeded by 500k, though the FO were short by 550k, mainly Texas. Countries short by nearly 1M, mainly Australia with -700k due to move outs and 300k due to FC of eliminations.

GM/COGS:

- Overall GM better by 200k, 23.4% vs 20.2%. Compared to AOP Janesville is better by 400k achieving 17% vs 11%. Comparing to F18 avg Janesville gained 180k on material cost but lost the same on higher labor cost and in addition had higher cost for rework. The FO had lower GM by 50k compared to AOP but considering F18 GM% the FO are 100k ahead despite lower revenue.
- Considering F18 the countries missed GM by 400k, mainly due to lower volume in Australia (200k) and higher cost in Germany (100k).

OPEX:

- Overall OPEX is in line with the AOP at \$2.250M per month.
- Janesville is higher by 122k (thereof 80k cost: HR 40k, Temp 13k, Bank 12k, Sales 10k), FO slightly lower by 12k
- Countries lower by 110k, mainly Australia (-81k) and Malaysia (-23k)

EBITDA:

- Total EBITDA is at \$147k. Janesville contributed 122k, FO +100k despite a loss of 100k in Texas
- Countries 85k, mainly due to Germany and Australia with a loss of 100k respective 60k balanced by a profit from HK/Macau of 60k.
- Special provisions are bonus accruals of 186k and bad debt of 64k

Covenant Analysis



\$'000	Jan-19 Act	Feb-19 Bud	Mar-19 Bud	Apr-19 Bud	May-19 Bud	Jun-19 Bud	Jul-19 Bud	Aug-19 Bud	Sep-19 Bud	Oct-19 Bud	Nov-19 Bud	Dec-19 Bud	2019 Act
Fixed Charge Coverage Ratio (JP Morgan Chase- Monthly and LBC Credit Partners- Quarterly)													
Net Income (Loss)	\$ (928)	\$ (383)	\$ (194)	\$ 469	\$ 469	\$ 731	\$ 467	\$ 474	\$ 484	\$ (137)	\$ (143)	\$ (140)	\$ 1,170
Bank EBITDA Calculation:													
Interest and amortization	344	276	273	274	273	274	275	266	254	254	262	258	3,283
Taxes	(7)	(127)	(64)	156	157	244	156	158	161	(45)	(47)	(46)	696
Depreciation and amortization	494	577	577	577	577	577	577	577	577	577	577	577	6,841
Monitoring fees (including expenses)	250	-	-	340	-	-	340	-	-	370	-	-	1,300
Gain/loss on disposition of assets	-	-	-	-	-	-	-	-	-	-	-	-	-
FX gain/loss	(6)	-	-	-	-	-	-	-	-	-	-	(203)	(209)
Severance	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-recurring items:													
Pension Buyout (not to exceed \$500K)	-	-	-	-	-	-	-	-	-	-	-	-	-
One-Time Costs (not to exceed \$2.4M)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-recurring items	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank EBITDA	\$ 147	\$ 342	\$ 592	\$ 1,816	\$ 1,476	\$ 1,826	\$ 1,816	\$ 1,476	\$ 1,476	\$ 1,019	\$ 649	\$ 446	\$ 13,081
Less:													
Unfinanced CAPEX	245	5	10	150	150	200	240	250	250	170	170	170	2,010
Cash income and franchise taxes	(7)	(127)	(64)	156	157	244	156	158	161	(45)	(47)	(46)	696
Cash Monitoring fees (including expenses)	-	-	-	-	-	-	340	-	-	370	-	-	710
Numerator	\$ (91)	\$ 464	\$ 646	\$ 1,510	\$ 1,169	\$ 1,382	\$ 1,080	\$ 1,068	\$ 1,065	\$ 524	\$ 526	\$ 322	\$ 9,664
Fixed Charges:													
Cash Interest	300	276	273	274	273	274	275	266	254	254	262	258	3,238
Regularly scheduled principal payments	209	-	-	209	-	-	209	-	-	209	-	-	836
Capital Lease payments	3	3	3	3	3	3	3	3	3	3	3	3	37
Total Fixed Charges	\$ 512	\$ 279	\$ 276	\$ 486	\$ 276	\$ 277	\$ 487	\$ 270	\$ 257	\$ 466	\$ 265	\$ 261	\$ 4,112
TTM Numerator	4,359	5,523	5,933	7,925	9,489	8,177	9,511	9,483	9,514	9,826	10,039	10,577	10,577
TTM Fixed Charges	4,410	4,439	4,417	4,430	4,430	4,444	4,446	4,426	4,410	4,227	4,181	4,112	4,112
Fixed Charge Covenant Ratio	0.99	1.24	1.34	1.79	2.14	1.84	2.14	2.14	2.16	2.32	2.40	2.57	2.57
Required	1.10X	1.10X	1.10X	1.10X	1.10X	1.10X	1.10X	1.10X	1.10X	1.10X	1.10X	1.10X	1.00X
Leverage Ratio (LBC Credit Partners- Quarterly)													
Total Debt for Leverage Calculation	\$ 42,975	\$ 41,365	\$ 41,156	\$ 40,856	\$ 40,856	\$ 40,147	\$ 39,647	\$ 39,147	\$ 38,438	\$ 38,138	\$ 37,738	\$ 37,229	\$ 37,229
TTM Bank EBITDA	\$ 6,978	\$ 7,898	\$ 8,187	\$ 10,227	\$ 11,874	\$ 10,887	\$ 12,267	\$ 12,516	\$ 12,944	\$ 12,745	\$ 12,732	\$ 13,081	\$ 13,081
Leverage Ratio	6.16	5.24	5.03	3.99	3.44	3.69	3.23	3.13	2.97	2.99	2.96	2.85	2.85
Required			5.00X			4.25X			3.75X			3.75X	3.75X

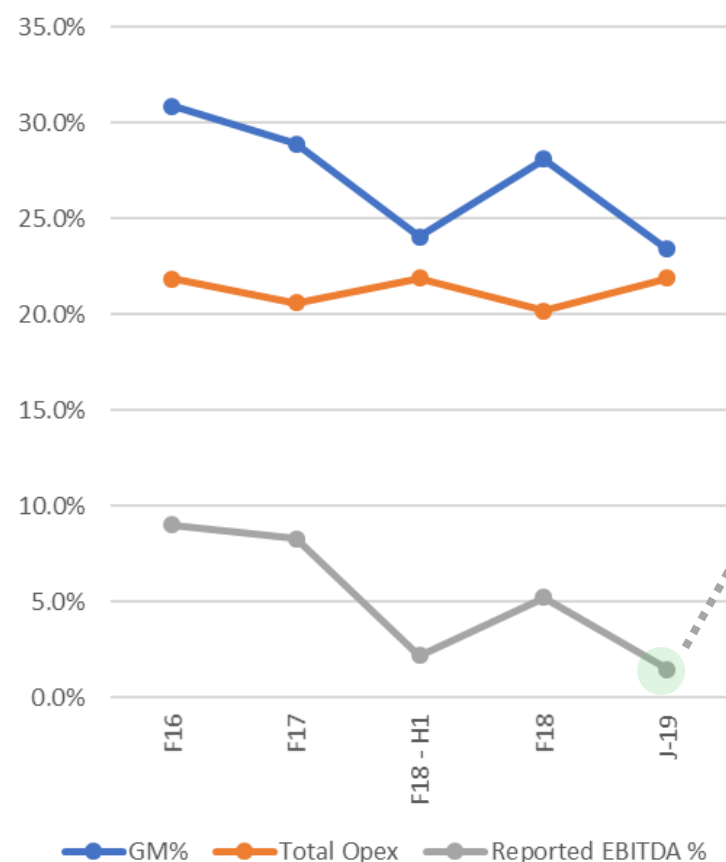
% of Revenue Trends



	F16	F17	2018 F18 - H1	F18	J-19
GM%	30.9%	28.9%	24.0%	28.1%	23.4%
Total Opex	21.9%	20.6%	21.9%	20.2%	21.9%
Reported EBITDA %	9.0%	8.3%	2.2%	5.2%	1.4%

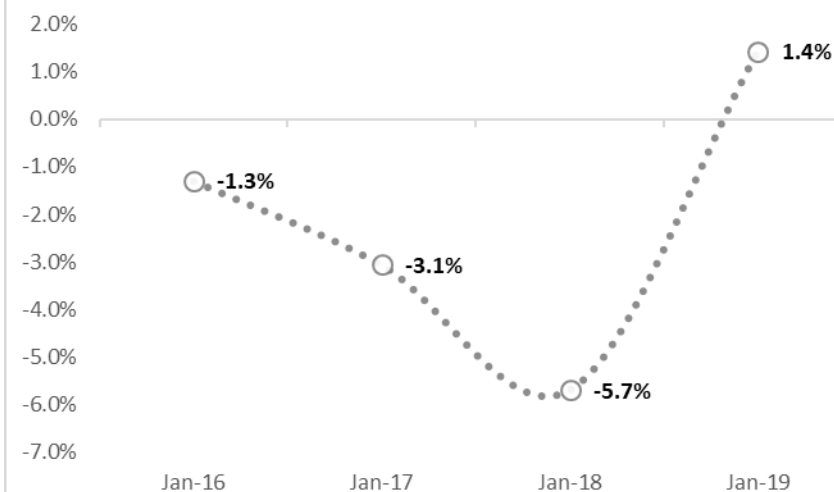
	Jan-16	Jan-17	Jan-18	Jan-19
Sales	\$7,955,507	\$8,969,465	\$10,024,894	\$10,239,500
EBITDA	(\$102,825)	(\$274,887)	(\$571,355)	\$147,170
	-1.3%	-3.1%	-5.7%	1.4%

Key % Trends - GM, OPEX, EBITDA



Total Cost of Sales	\$5,752,883	\$6,981,742	\$8,110,914	\$7,845,437
% of Total Sales	72.3%	77.8%	80.9%	76.6%
Gross Profit	\$2,202,624	\$1,987,723	\$1,913,981	\$2,394,063
% of Total Sales	27.7%	22.2%	19.1%	23.4%

January EBITDA % Trend



January 2019 w/ "positive" EBITDA represents a \$720K swing YOY...

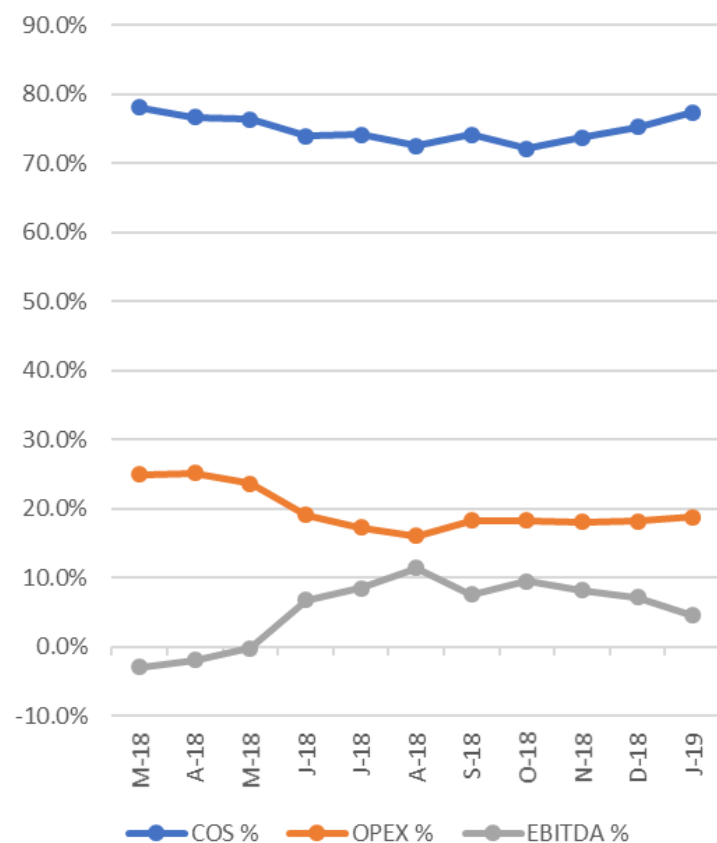
Compared to Historical Actuals January 2019 was a "Solid Start", +\$700K Swing vs. 2018...

% of Revenue Trends – Rolling 3 Months



	M-18	A-18	M-18	J-18	J-18	A-18	S-18	O-18	N-18	D-18	J-19
COS %	78.1%	76.7%	76.4%	74.0%	74.1%	72.5%	74.2%	72.2%	73.8%	75.2%	77.4%
OPEX %	25.0%	25.2%	23.7%	19.1%	17.3%	16.1%	18.3%	18.3%	18.1%	18.2%	18.8%
EBITDA %	-2.9%	-1.8%	-0.1%	6.8%	8.5%	11.5%	7.6%	9.5%	8.2%	7.2%	4.6%

3 Month Totals

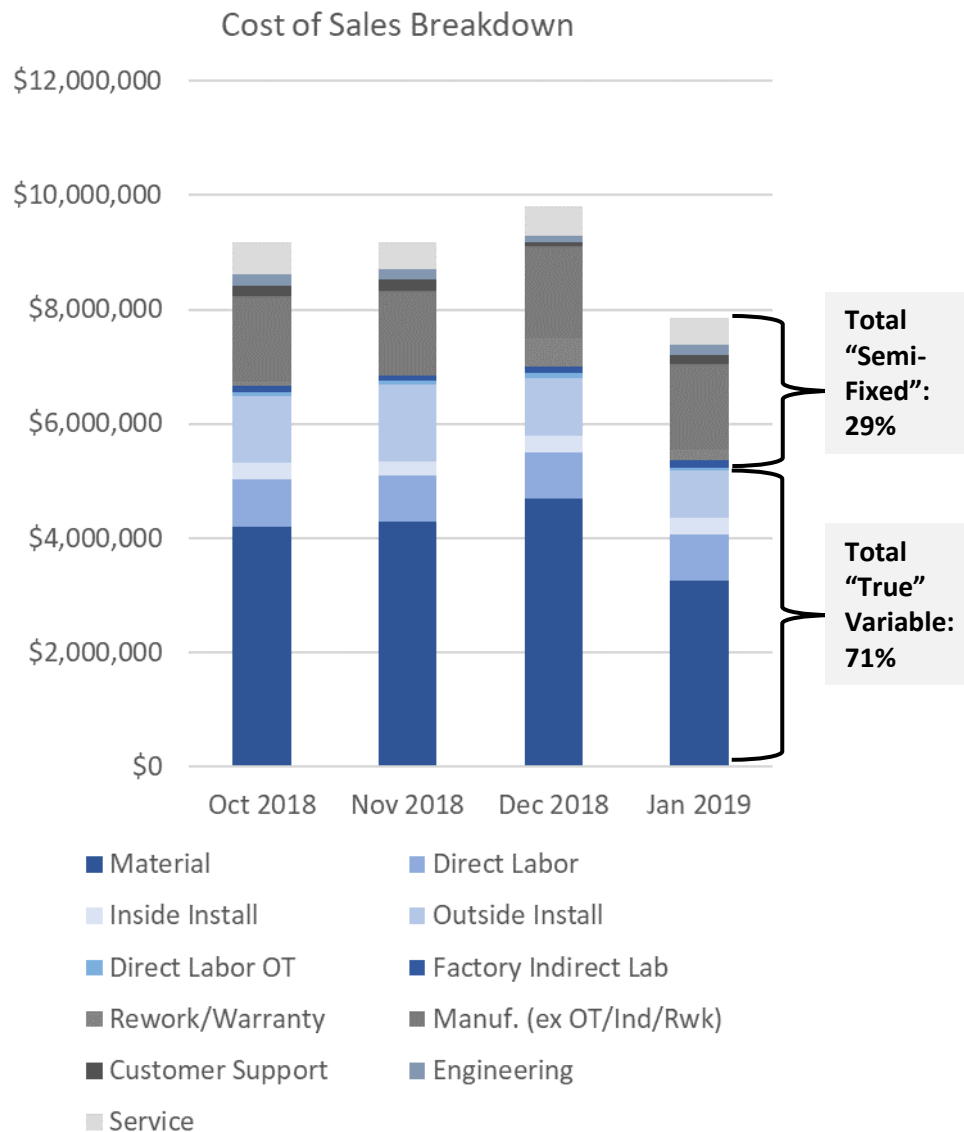


Impact on COS Run-Rate Last 3 Months: ~\$1.9M in “1x Negative Impacts” to COS...

- Global Direct Labor: \$794K in January vs. \$815K/month Q4F18 (down 3%), this includes:
 - JVL Union Benefits “true up” Dec: \$90K impact
 - JVL ramping a 2nd shift (starting Feb 18) & Janesville Direct Labor Pay increase (to get higher level of talent)
- Freight Costs up \$180K due to major project international shipments
- MGM Project: \$390K impact, \$100K low margin impact, \$135K in Install overrun, \$155K in claim/settlement
- Texas Historical Quote Challenges: \$137K, incorrect measurements, missed rental charges, general contractor back charges
- Warranty/Rework JVL: \$320K Impact over 3 months, multiple projects, action plan in progress to address
- Germany Material and Labor Challenges \$100K mainly for Celtic Manor, Aberdeen & Bordeaux, projects ongoing and will flush out by early Q2
- Inventory Adjustments: \$316K in JVL, difference from Cycle count vs. actual, true up

In a Project Based Business There Are Massive Monthly Sales/Cost Swings, a 3 Month View is Less Variable...

Break Down of COS Buckets (Variable/Semi-Fixed)



Cost of Sales Breakdown:

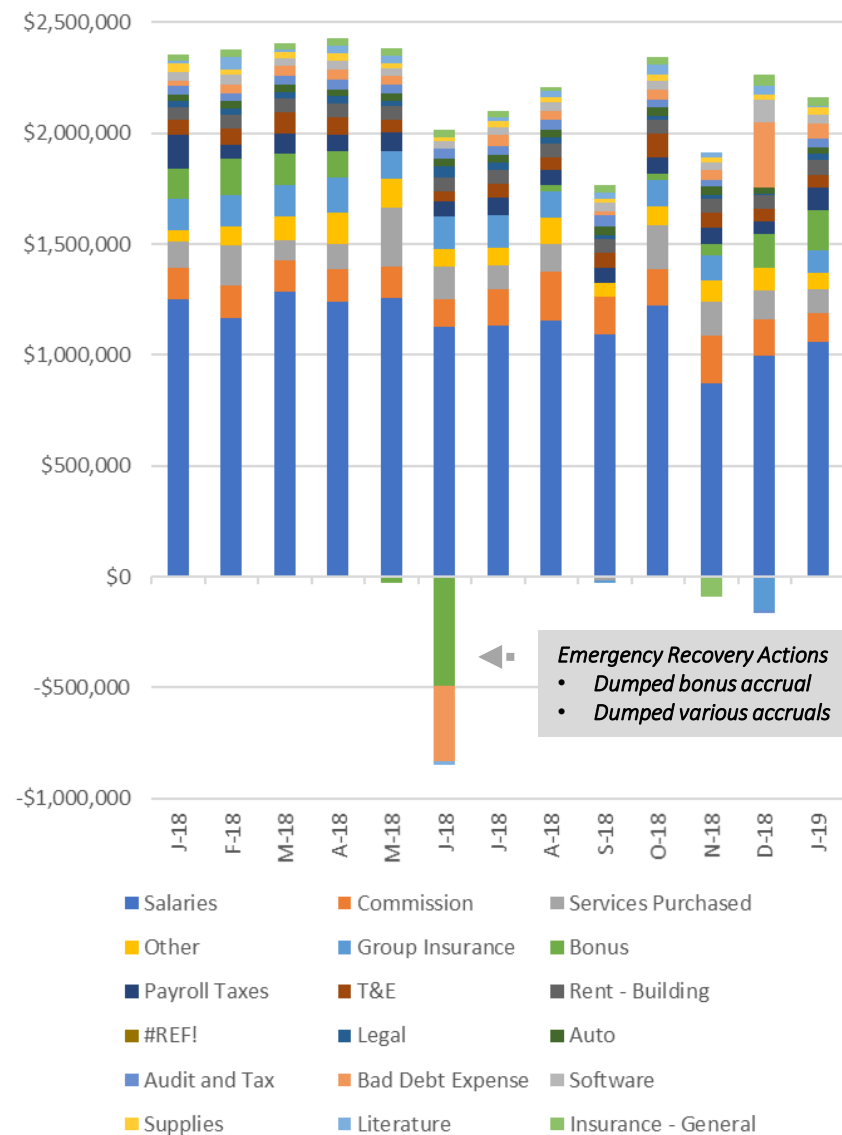
- **Variable: 71% of COS (54% of Rev)**
 - **Material: 42% COS**, Direct Materials
 - **Direct Labor: 10% COS**, Direct Labor
 - **Inside Install: 4% COS**, Hufcor Install Labor/Service
 - **Outside Install: 11% COS**, 3rd Party Install Labor/Service
 - **Factory OT: 1% COS**, Direct Labor OT
 - **Factory Indirect Wages: 1% COS**, Maint./MH
 - **Warranty/Rework: 2% COS**, TCAR and Claims
- **Semi-Fixed: 29% of Total COS (22% of Rev)**
 - **Manufacturing: 19%**
 - Supervision & Management Salaries/Benefits/Payroll Tax/T&E
 - Rent (Building & Equip)
 - R&M / Services Purchased
 - **Customer Support: 2%**
 - Customer Service/PM Team Salaries/Benefits/Payroll Taxes/T&E
 - **Engineering: 2%**
 - Engineering Team Salaries/Benefits/Payroll Tax/T&E, R&D Supplies
 - **Service: 6%**
 - Non Sales Field Team Salaries/Benefits/Payroll Taxes/T&E
 - Rent (Equipment) & Automobiles

29% of Total Cost of Sales (22% of Revenue) are "Semi-Fixed"...

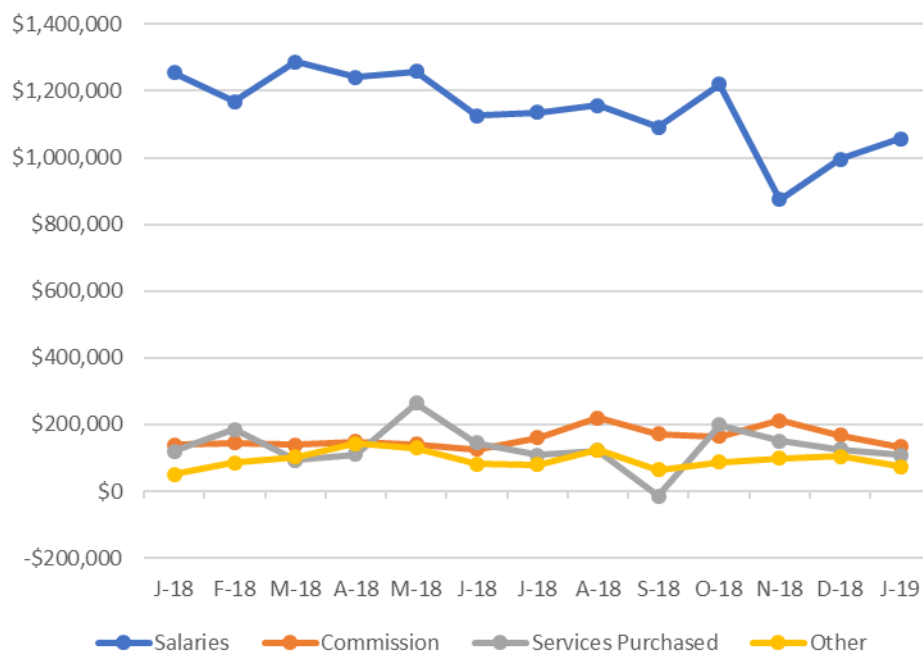
OPEX Trend Overview



OPEX Cost Bucket Trend - +90%



Top "4" Trend - 70%



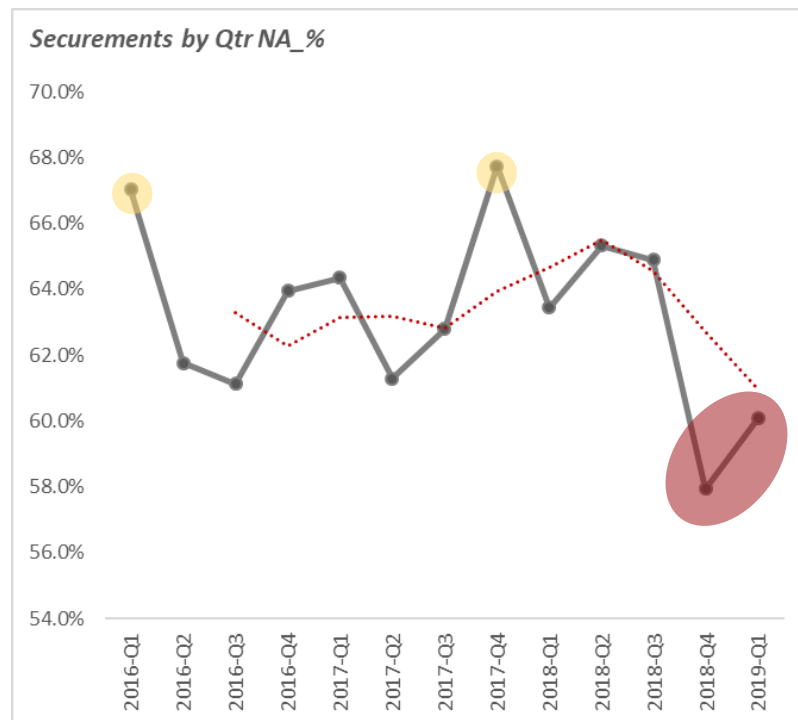
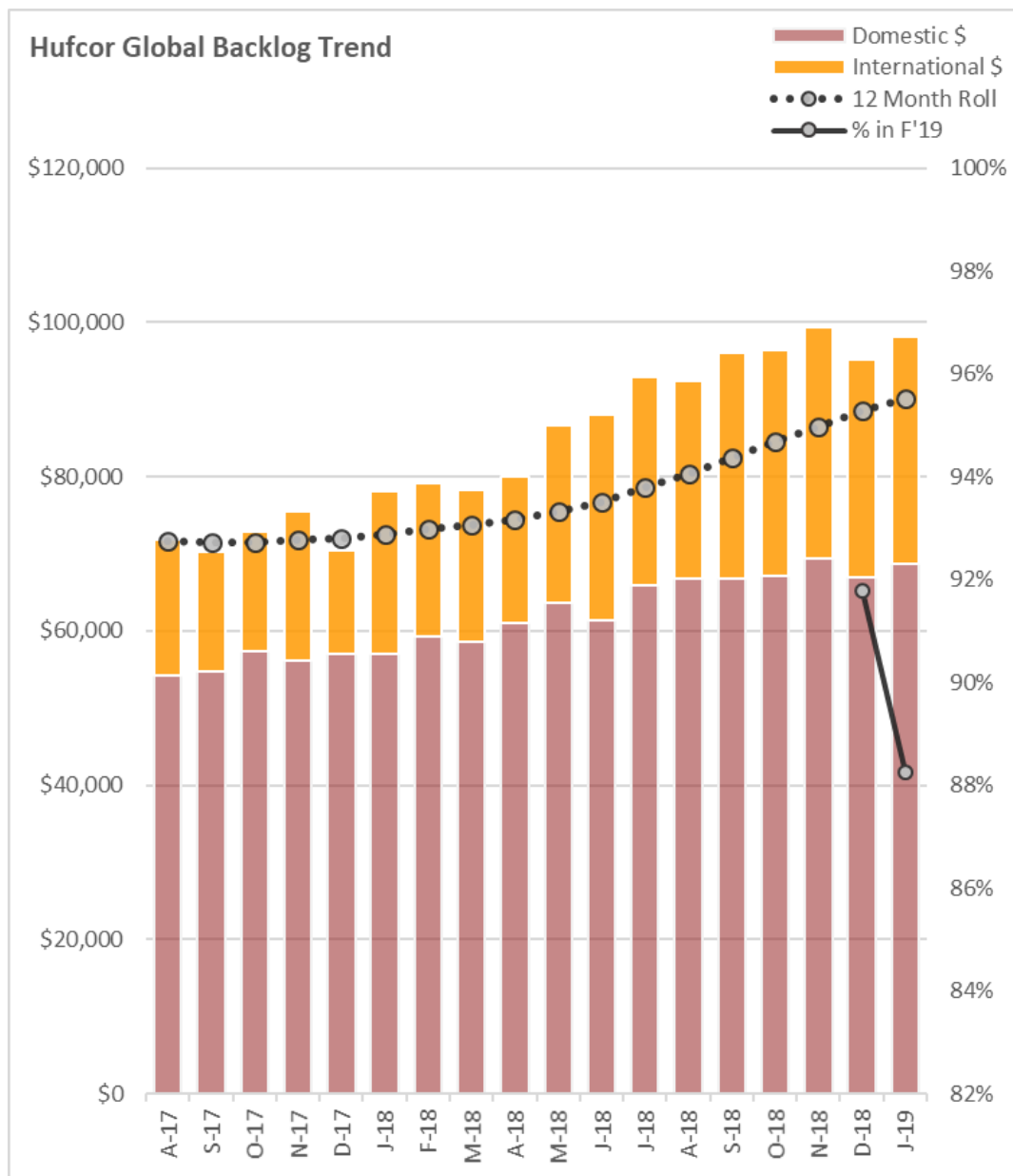
OPEX Run-Rate Change(s):

- Dec/January - Bad Debt (cleaning up legacy challenges): \$360K
- Dec/January - Bonus Accruals (China - 2018 & LT for 2019): \$330K
 - Bad debt will continue to be an ongoing issue in 2019
- "Re-investing" in people cautiously, primarily sales
- Cross functional team working on bonus plan for 2019

OPEX Continues to Be Under Control vs. 1st ½ of 2018, Deep Diving People/Service Costs...

Global Backlog Trend

I: \$3.0M



	Gross \$	NA %	Net \$
Jan 2019 Securements	\$16,938,764	60.37%	\$6,712,324
2018 9 Month Trend		64.69%	\$5,980,908
Impact of Pricing Change on Jan 2019 Securements			\$731,416

**Proactive Price Change Started in Q4-2018*

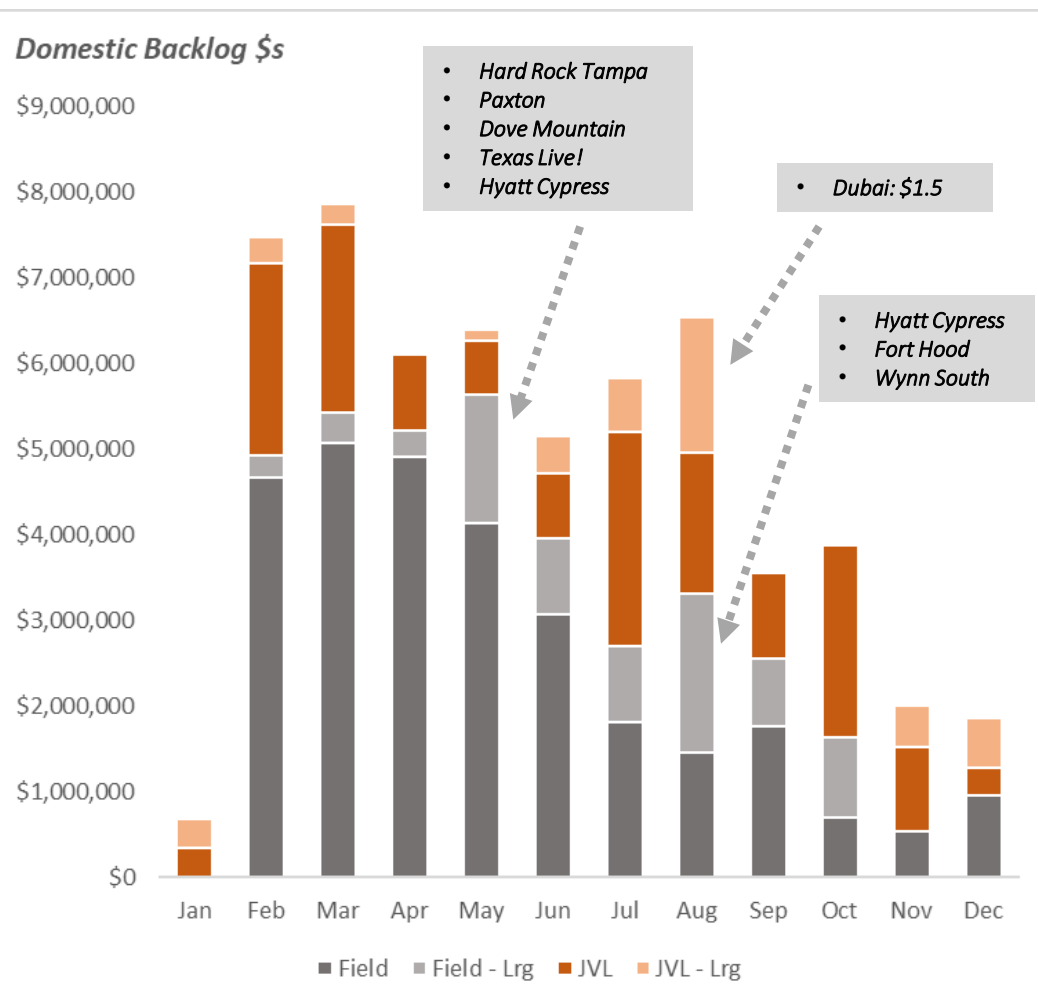
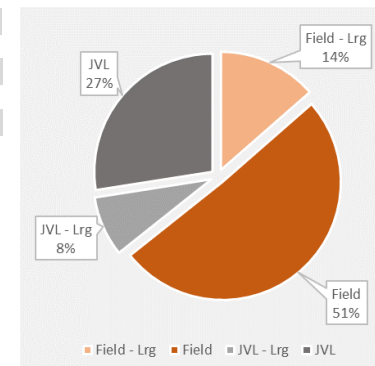
Price Increase Has Not Slowed Down BL Trend, New Weekly Sales Cadence Working...

Domestic Backlog "Mix"

1



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals	%
Field - Lrg	\$0	\$255,807	\$354,750	\$299,803	\$1,513,252	\$881,353	\$878,957	\$1,850,669	\$800,070	\$931,412	\$0	\$0	\$7,766,073	14%
Field	\$0	\$4,674,370	\$5,079,153	\$4,913,694	\$4,130,145	\$3,073,605	\$1,816,748	\$1,455,433	\$1,762,543	\$702,952	\$535,594	\$955,055	\$29,099,293	51%
JVL - Lrg	\$348,384	\$305,418	\$242,785	\$0	\$121,949	\$430,773	\$628,350	\$1,578,027	\$0	\$0	\$486,079	\$576,357	\$4,718,122	8%
JVL	\$339,375	\$2,239,354	\$2,192,356	\$888,537	\$629,101	\$769,351	\$2,504,330	\$1,651,761	\$993,792	\$2,236,961	\$988,982	\$324,616	\$15,758,516	27%
	\$687,759	\$7,474,949	\$7,869,043	\$6,102,035	\$6,394,447	\$5,155,082	\$5,828,385	\$6,535,891	\$3,556,404	\$3,871,325	\$2,010,655	\$1,856,028	\$57,342,003	



- January: Wynn Boston (not shipped) \$258k
- February: Wynn Boston \$290K, Wynn South 132k
- March: Wynn South 280k
- April: Wynn South 300k
- May: Paxton \$455k, Hard Rock Tampa \$491k, Dove Mountain \$404k, Texas Live \$366k, Oklahoma 103k, Hyatt Cypress 102k
- June: Dubai \$381K, Hidden Arches 667k
- July: Dubai \$628K, Wynn South \$127k, WT Sampson \$523k
- August: Dubai \$1.5M, Wynn South \$408K, Hyatt Cypress \$728K, Fort Hood 702k
- September: Wynn South \$388K, Marriott Bonnet Creek \$379K
- October: Wynn South \$931k
- November: Dubai \$432K
- December: Kalahari 576k

Backlog is 65% Driven by Field Offices Currently, "Large" 22% of Total...

YOY Shipments, Securements, & Recent Price (NA) Change



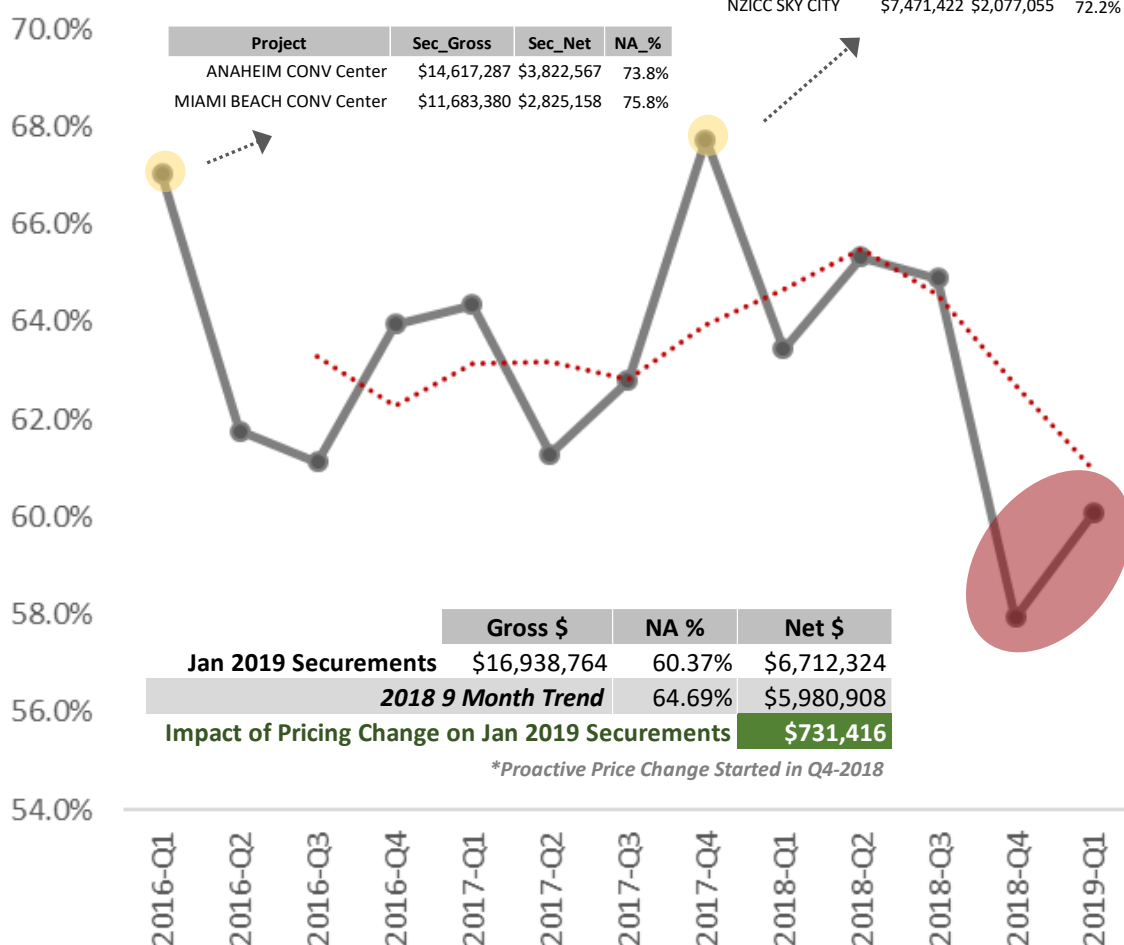
JVL Shipments by Year

Year	JVL Gross \$	JVL Net \$	NA_%	GM%
2016	\$132,222,739	\$51,928,926	60.7%	29.6%
2017	\$154,300,975	\$56,539,104	63.4%	28.9%
2018	\$139,536,860	\$49,817,749	64.3%	25.3%
2019	\$12,965,509	\$4,605,871	64.5%	23.4%

Shipment Comments:

- Each year the NA% Discount Grew
- As NA Increased GM Decreased, So There is "Some" Correlation
 - YTD (August) 2018 New Securement Average Discount: **64.7%**
- Actual Shipment NA% Continues to Be "Highly" Discounted
 - January Actual: **64.5%**
 - As Sold GM% out of Janesville was very low in January, still purging old pricing projects...

Securements by Qtr NA_%



Discount "NA%" Increased Offsetting YOY Revenue Growth Benefit...
2019 Less is "More", Securements Need to Be "Contribute" vs. Just Drive Unit Volume...

2019 New Price List Overview - Domestic



Panels	Markup	Disc	Margin
630 Trimmed panels all Heights	1.9531	20%	36%
630 Untrimmed panels all Heights	2.1552	20%	42%
640 Trimmed panels to 24ft 3	2.1552	20%	42%
640 Untrimmed panels to 24ft 3	2.2727	20%	45%
640 Trimmed or Untrimmed > 24ft 3	2.2727	20%	45%
Pocket doors to 24 ft Trimmed	2.1552	20%	42%
Pocket doors to 24 ft Untrimmed	2.2727	20%	45%
Pocket doors to 40 ft Trimmed or Untrimmed	2.2727	20%	45%
Summit Vertical Wall	2.0833	20%	40%
GU Ultra Glasswall	2.4038	20%	48%
GF InVista Glasswall	3.1250	20%	60%
GT Timber Frame Glasswall	2.5000	20%	50%
GL Trimless Glasswall	2.5000	20%	50%
Accordion Doors	2.5000	20%	50%

Track Non-Discountable	Markup	Disc	Margin
All Operable Wall and Glasswall Tracks	1.5625	0%	36%
Summit Vertical Wall Tracks	1.6667	0%	40%
Unispans	2.0000	0%	50%
Unispan Stacks	2.0000	0%	50%
Accordion	2.0000	0%	50%

Specials	Markup	Disc	Margin
PVRS - Discountable	2.0833	20%	40%
PVRS - Tracks and Non-Discountable	1.6667	0%	40%

*Accordion doors changed from 42% to 50%

02/05/19

Overview:

- The Q4 NA% reduction was purely a “stop gap” to slow the bleeding while the team prepares for the PS5 launch in 2019
- Since Q4 2018 a cross functional team has been:
 - Rerolling standard costs
 - Taking existing projects and applying the new “pricing” to compare w/ the old NA discounting to ensure we have accurate cost/price assumptions
 - Comparing win/loss data to dial in pricing to be inline with market expectations

Other Changes:

- Track will no longer be discounted
- PVRs & custom engineering will be “priced” to drive margin vs. done for “free”

- The 2018 Q4 NA/Price Change is driving better securements for 2019...***
- New pricing converts to a “standard” discount off of MSRP with the launch of PS5...***
- Executive LT will still be able to influence the 20% the discount on certain projects based on strategic considerations...***

Team Has Been Comparing Existing Projects to “New Pricing” to Ensure Accuracy...

Janesville Deferred Maintenance Cost Summary

Item	Allowable Spend Per	Quoted Amount	Actual Spend To Date	Work- % Complete	Variance	Projected Completion	Replace / Repair	Notes
Parking Lot Paving	\$ 815,737	\$ 1,428,978	\$ -	0%	\$ (613,241)	Q3 '19	Replace	
Termite Treatment	\$ 89,360	\$ 45,000	\$ 45,000	100%	\$ 44,360	Done	Repair	
Plant Roof	\$ 1,780,650	\$ 1,747,446	\$ 1,689,191	95%	\$ 33,204	Q1 '19	Replace	
Truck Docks	\$ 20,000	\$ 20,000	\$ 20,000	0%	\$ -	Q2 '19	Replace	Quoted through external contractor
Fire Doors	\$ 100,000	\$ 100,000	\$ 20,000	0%	\$ -	Q2 '19	Replace	TBD- Needs to be quoted
Wall Finishes	\$ 532,200	\$ 1,048,261		0%	\$ (516,061)	Q3 '19	Replace	Does not include painting of flat roof
Skylights	\$ 7,650	\$ 7,650	\$ -	50%	\$ -	Q1 '19	Replace	Cost included in Plant Roof
Plant Floor Concrete	\$ 300,000	\$ 300,000	\$ 300,000	0%	\$ -	Q3 '19	TBD	TBD- Needs to be quoted
Storm Drainage System	\$ 20,000	\$ 3,000	\$ 3,000	100%	\$ 17,000	Done	Repair	
Condensing Units	\$ 48,000	\$ -	\$ -	0%		Q2 '19	Replace	Cost included in Factor Space Heating
Factory Space Heating	\$ 102,000	\$ 442,469		0%	\$ (340,469)	Q2 '19	Replace	
Distribution Panels Cleaning	\$ 15,000	\$ 15,000		100%	\$ -	Done	Repair	Quoted through external contractor
EHS (remaining equipment guarding)	\$ 364,500	\$ 364,500	\$ 38,000	10%	\$ -	Q3 '19	TBD	TBD- Needs to be quoted. Arc flash, SPP, Asbestos inspection have been completed
Exit Signs/Lights	\$ 25,000	\$ 25,000	\$ 25,000	0%	\$ -	Q2 '19	Replace	TBD- Needs to be quoted
Dust Systems	\$ 30,000	\$ 31,500	\$ 31,500	80%	\$ (1,500)	Q2 '19	Replace	Purchased but not installed
Total	\$ 4,250,097	\$ 5,578,804	\$ 2,171,691		\$ (1,376,707)			

Plug Number (do not have quote)

Have quote, but not agreed to proposal

Replace- Original condition of asset so poor, or non-existent the entire asset needs to be replaced

Repair- Original condition of asset only needs a few new components to be brought back to good working order

- Discussing path forward on 3 large projects (paving, wall finishes & HVAC)
- Per SPA, collective savings in the individual categories can be applied to increases in others w/o approval; currently have unallocated amounts that, if not applied to the current categories or spent by 2019 deadline, would require Seller approval for spend or return to Seller/OGC based upon %'s in SPA
- Anticipate spending all amounts allowed to appropriately improve overall facility

No Portion of the \$4.2M Improves Hufcor's Bottomline, Only Repair/Replace...

Executive Summary

Key Initiatives & 2019 Plan

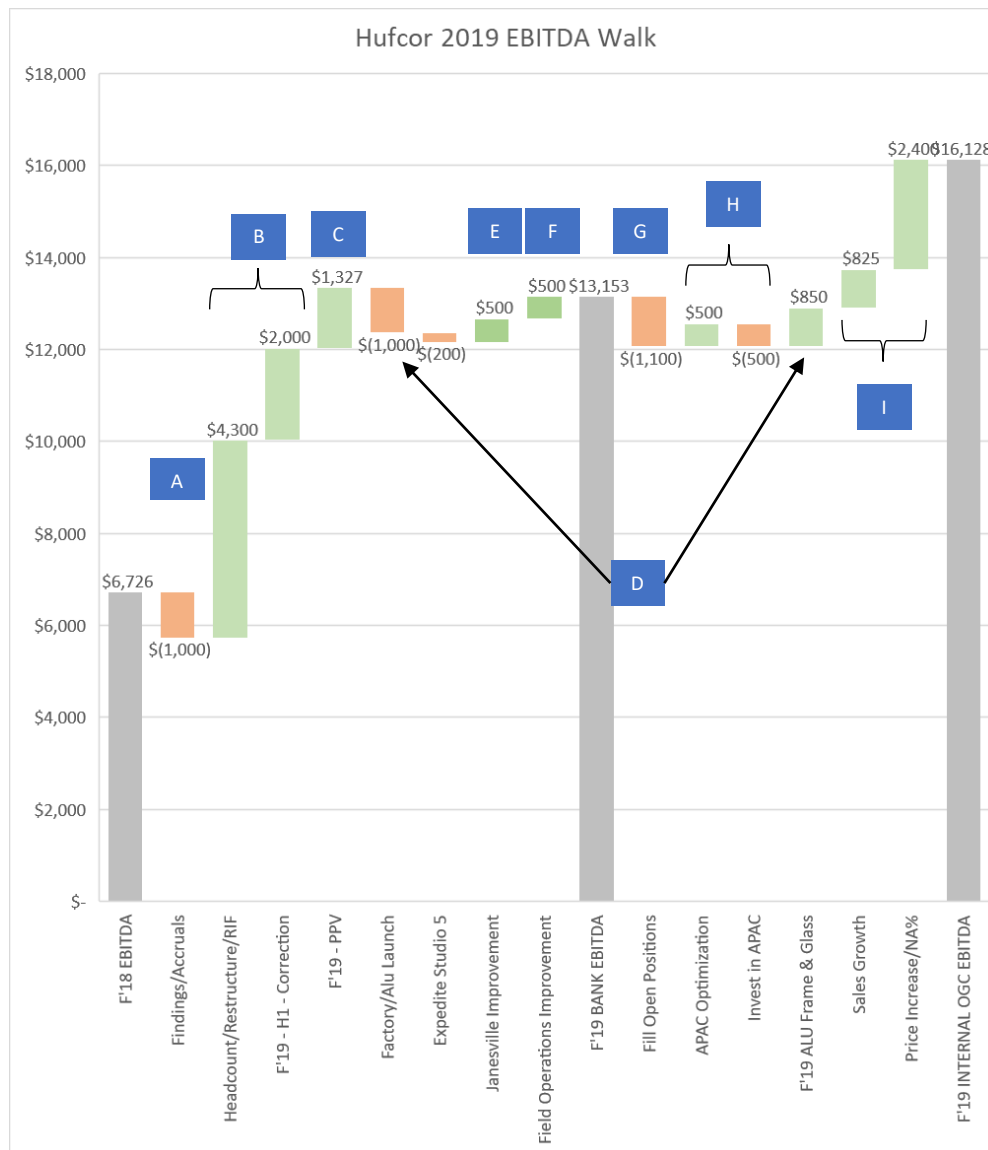
Financial Review

Governance Reporting

Appendix:

- Supplemental Financial Information
- Additional Back Up Slides

EBITDA Bridge – 2019 (Bank + Upside Funnel of Actions)



Focus Area	Initiative	EBITDA	Owner	Status	Estimated Timing
	F'18 EBITDA	\$ 6,726			
A	Findings/Accruals	\$ (1,000)	ELT		Q42019
B	Headcount/Restructure/RIF	\$ 4,300	ELT		Complete
	F'19 - H1 - Correction	\$ 2,000	ELT		Complete
C	F'19 - PPV	\$ 1,327	Smith/Hernandez		Q42019
D	Factory/Alu Launch	\$ (1,000)	Smith/Kontranowski		Q42018 / Q12019
	F'19 ALU Frame & Glass	\$ 850	Smith/Kontranowski		Q42019
E	Janesville Improvement	\$ 500	Smith/Narczykiewicz		Q22019
F	Field Operations Improvement	\$ 500	Berens/Kontranowski		Q22019
G	Fill Open Positions	\$ (1,100)	Lawry		Q42019
H	APAC Optimization	\$ 500	Smith/Lawry		Q22019
	Address Malaysia Site	\$ (500)	Smith		Q22019
	Sales Growth	\$ 825	Kontranowski		Q42019
I	Price Increase/NA%	\$ 2,400	Kontranowski		Complete
	Expedite Studio 5	\$ (200)	Kontranowski		Q42018
	Total	\$16,128			

Comments:

- 2018 YE EBITDA: \$6,726
- Built in \$1,000 of accruals for “findings”
- Primary 2018 Action (2 RIFs) – Net Impact \$4.3M
- 2018 H1 “Correction” is a combination of multiple cost cutting actions & a refocus on the “basics”
- Updated APAC Plan based on January 2019 visit
- Growth/price actions underway, Q4 2018 new prices were rolled out, PS5 on track for Q1, and team is refocusing on glass in 2019

2018 Actions + Initiatives Build a Funnel to \$16.1M EBITDA in 2019...

Findings/Accruals: ELT (Miceli)

A: \$(1.0)M



Identified	Quantified	Addressed	Finding	Description	Action	Next Step
✓	✓	✓	Pricing	YOY Discounting Impacting Gross Profit	Rolled out Increase End of Q3	Launch PS5
✓	✓	✓	Labor	Contractual Starting Wage Sub Market	Renegotiated Contract Addendum	Launch Athens Factory
✓	✓	✓	OPEX	OPEX % of Revenue Unsustainable	Multiple Cost Initiatives	Monitor Spend
✓	✓	✓	LD	Poor MGM Project Execution	Closed in 2018	
✓	✓	✓	Tax	Malaysia Tax	Baker Tilley confirmed no issue	
✓	✓	✓	AR/Bad Debt	MGM Project	Accrued and Settled	
✓	✓		AR/Bad Debt	Anaheim Project	Anaheim open litigation	
✓	✓		Building	Malaysia Factory Building Sinking	CAPEX to address	
✓	✓		Building	JVL Building - Def. Maintenance Over Budget	Working on Key Areas (Like Roof)	Descoping To Reallocate
✓	✓		Tax	2017 Taxes not filed - City of St. Louis	Grant Thornton Addressing	
✓			Tax	China Tax	Audit	
✓			Bond	Bond Capacity Challenges		
✓			Warranty	Warranty Review, Extended Warranty Process	Define new process, cost, accounting	

Plan Continues to Be Somewhat Fluid, Finding Additional Pre/Post Q3 2017 Matters to Resolve...

Special Impacts - Last Three Months



Month	Topic & Description	\$ Amount
Nov-19	International Freight cost overrun (JVL)	\$180,000
Nov-19	Installation cost overrun (MGM)	\$135,000
Nov-19	Shipment of low margin project (MGM)	\$100,000
Nov-19	Missing panels & labor (TX)	\$25,000
Nov-19	Incorrect measurements (TX)	\$10,000
Nov-19	Missed rental charges (TX)	\$14,000
Nov-19	Material & Labor issues in Countries (MAL, CHN, GER)	\$167,000
		\$631,000
Dec-19	Bad debt (all US)	\$175,000
Dec-19	AR write off's (all US)	\$153,000
Dec-19	Project Paris accrual (SW/JVL - below the line)	\$512,000
Dec-19	Project MGM claims (SW)	\$155,000
Dec-19	Gen Contractor back charges (TX)	\$43,000
Dec-19	Warranty & Rework (JVL)	\$260,000
Dec-19	Union benefits true up	\$90,000
Dec-19	Inventory difference	\$316,000
		\$1,704,000
Jan-19	Warranty & Rework (JVL)	\$60,000
Jan-19	Gen Contractor back charges (TX)	\$45,000
		\$105,000
Total:		\$2,440,000

Is \$1M too light for special impacts?

Hufcor Still Experiencing a Large Amount of "Clean Up" Impact (EBITDA and/or Cash)...

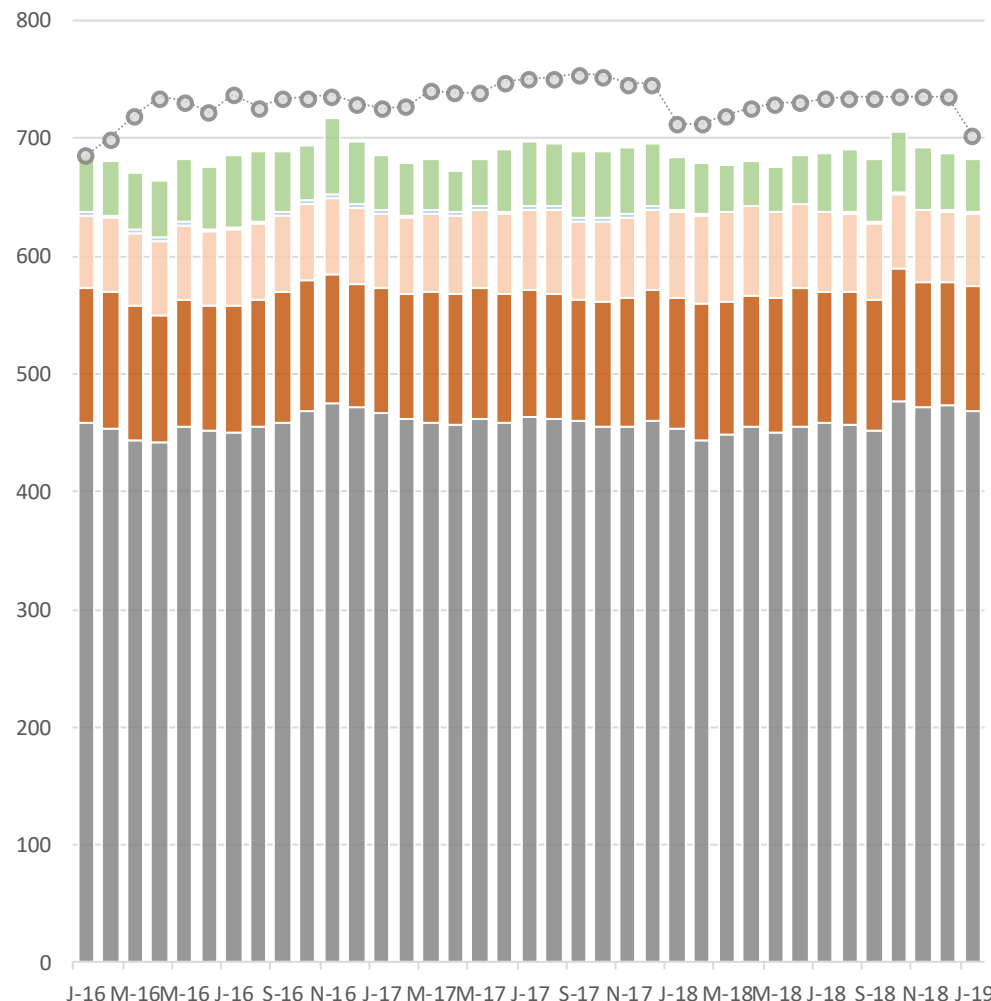
F'19 H1 Correction & Headcount – ELT (Miceli)

B: \$6.3M



Hufcor - Global HC Trend

Mfg/Install/Service
 G&A
 PT & Temp FTEs
 Selling & Marketing
 R&D
 Budget



F'19 H1 Correction: \$2M

- Opex Cost Controls Implemented in H22018 resulting in \$4M annual savings, \$2M will roll over into 2019
- SG&A Costs, T&E, All Controllable Spend, OT, Manufacturing Overhead etc.

Headcount Reduction/Restructure/RIF

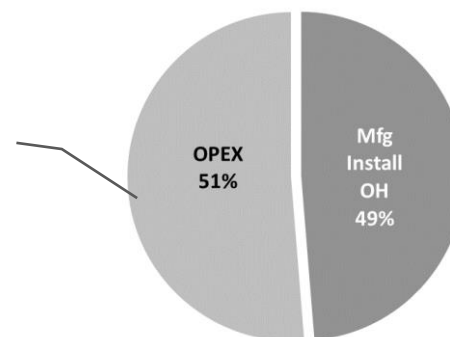
- 74% Direct FTEs
 - Global Factory Output +35% FTEs (OT Normalized to FTEs)
- YTD Indirect Actions:
 - Round 1 - August
 - 17 Employees
 - Savings \$1.9M (Net)
 - Round 2 - October
 - 22 Employees
 - Savings \$2.4M (Net)

Have you had to add back any of that opex? Was the \$4.3M impact sustainable?

YTD – 69.5 FTEs Below Budget (9%)

RIF Impact Areas

\$4.3M Full Year Impact...



Net \$4.3M Cost Out (+90% in NA) or 12.5% Reduction in Run Rate HC Costs...

F'19+ Actions:

- Global Actions and Weekly Operating Mechanism Started
- Aluminum Extrusion to APAC: \$375K By Q2 2019
- Direct price reduction with NA Aluminum supply base \$50K
- Global supplier develop for region Aluminum extrusion in volume negotiations Q2 2019
- Second source in NA for Steel, Paint Steel, Glass and Vinyl Q2 2019
- Global Market Trent process by Q2 for Steel and Aluminum Q1 2019
- Supplier development for Metal Fab and Machine Parts Buy & Make Q1 2019
- Gypsum second supplier develop from LCC and distribution in USA Q2 2019
- Direct Supplier negotiations strategy with global supplier via discount letter Q1 2019
- Steel mill direct negotiations for carbon steel for Hufcor low gage material Q1 2019

Have Kyle and Jose connected?

COGS entry shows negative PPV

Action Item	Savings \$ (000's)
Aluminum thru US suppliers	\$ 48
Steel (Mkt Price)	\$ 125
Machined Parts vendor change	\$ 32
JVL Parts - Suspension Brackets to KANDU	\$ 22
JVL Parts - carrier assy - Alpha Plastics	\$ 88
Total YTD 2019 PPV JVL	\$ 315
I-Tech Change over	\$ 375
Steel (Mkt Price)	\$ 125
Machined Parts vendor change	\$ 35
Plastic Extrusions Parts	\$ 25
Gyp-Panel Ray	\$ 37
Welded parts - find local source	\$ 35
Move from Omnova to Color Design	\$ 33
Change reveal Track design	\$ 25
Adhesive - vendor change	\$ 20
Glass move to TrueLite	\$ 20
GL/GF/GT - new vendor in TX	\$ 20
2019 JVL PPV	\$ 1,065
Australia	\$ 157
Germany	\$ 87
Hong Kong	\$ 39
China	\$ 15
Malaysia	\$ 21
Total Global PPV	\$ 1,384

Actively Working Plans for \$1.3M 2019 Save, 2nd "Source" Key Focus of 2019 to Create Leverage...

Objectives:

- Open additional North America Manufacturing Footprint (Athens, GA)
- Launch 700 Series Product and Standardize Glass Globally
 - Phase 1: USA
 - Phase 2: Germany & APAC – Q42019/2020

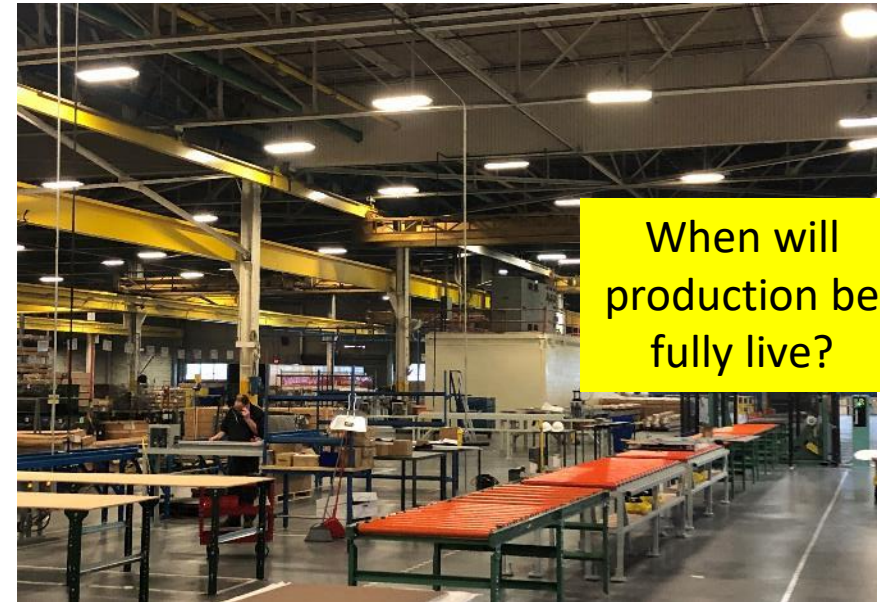
Benefits:

- Aluminum Frame Standard Product:
 - 5 Week Lead Times
 - Standard Offering in Modern Finishes for anything <9 meters tall (working on 12M option)
 - Global Capacity Leverage
 - 22% Cost Savings vs. 600 Series Same Option
- Glass Capacity
 - 2X Glass Capacity on GF and GL Products

Timeline/Updates:

- Pilot Run (w/Supplier, Hufcor and Customer) Complete
- CNC programing Complete
- CSV file structure tested & working
- PS5 needs to generate the CSV files for the mill
- Finalizing Supply Chain (Cooper/Formica) and ramp
- 90 panel GF wall order to be built in Athens next
- Prelim discussions started externally (example: Distributor JWC, potential to covert 2 existing orders from 600 to 700 series)
- Need to finalize pricing

Investment: \$1.28M (USA), Spend to date: ~\$970K



When will production be fully live?

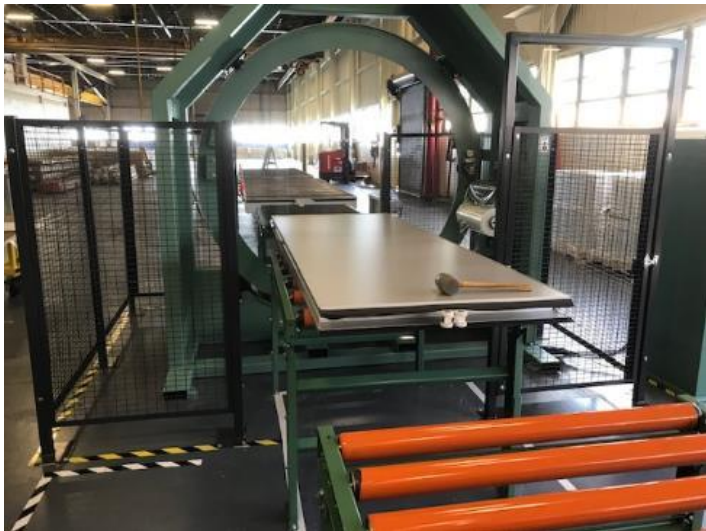
Height	Panels Shipped	%
<16 ft	80,508	83%
17ft-24ft	10,006	10%
>24ft	6,517	7%
Total	97,031	

93% of Panels Shipped since 2016 are <24 feet

~22% Cost Savings With New 700 Series, Projecting 4-6 Week Lead Times...

Pilot Run Kaizen: February 12-13, 2019 Athens, GA

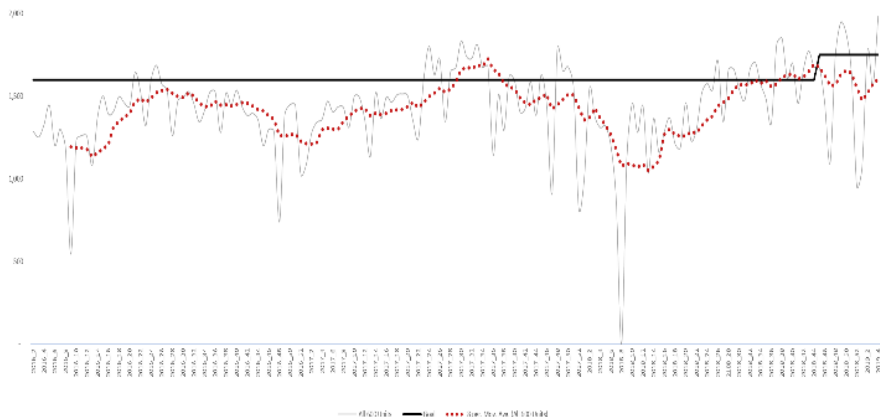
- Cross Functional Team of 20:
 - Customer
 - Supplier (Cooper/Formica) – Huge Partnership Potential
 - Hufcor (Sales, Marketing, Operations, Engineering, Management)
- Ran “first order”: 3 Panels & 1 Pass Door
- Over 75 improvement ideas were generated
- List has been compiled into actionable items with owners and due dates
- Next pilot run week of March 4



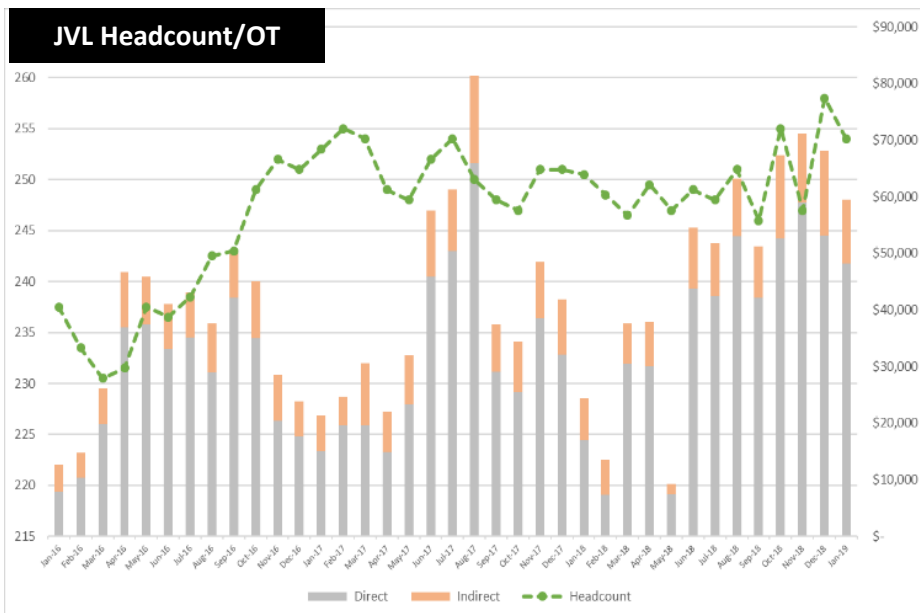
Collaborative & Cross Functional Pilot Run for 1st HX Series Order...

JVL Output/Week

	2016	2017	2018	Last 13 Weeks
FY Wk Avg	1,364	1,479	1,429	1,529
		8.4%	-3.4%	7.0%



JVL Headcount/OT



January Performance:

- Revenue: \$5,342/ EBITDA: \$122K (vs. Fcst of Revenue \$4,833/EBITDA \$-146K)
- GM 17% slightly below FY18 avg of 18%
- Material: 38% - \$178K favorable to FY18 avg
- Direct Labor: 10% - \$172K unfavorable to FY18 avg
- Other COGS: \$290K - \$100K unfavorable to FY18 avg (TCRS/Rework)

Actions Complete (Jan):

- TCAR Deep Dive started (beg of Feb)
- Hired 2nd Shift Supervisor
- Passdoor Schedule caught up
- SQDC Roll out to all Departments complete
- OT Control plan implemented
- Cycle counts redeployed in key areas (stock room, track/unispan, face department, glass wall)

Actions Next 30 Days:

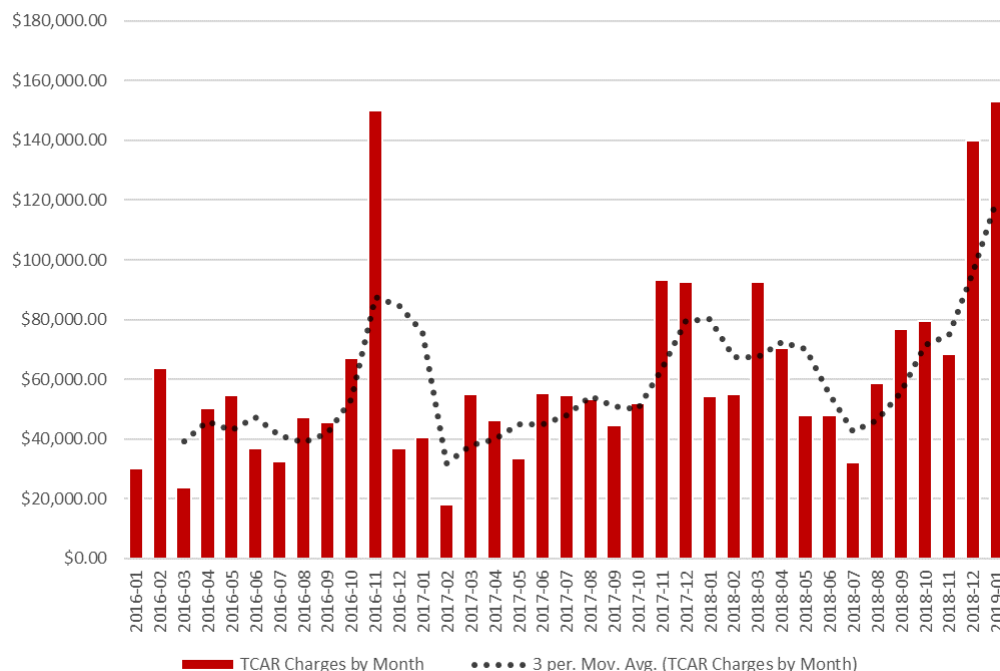
- Complete TCAR end to end process Value Stream Map
- Complete JVL CI Roadmap
- In process / 1st Piece Inspections / Engineering Support
- Start 2nd shift – 2/18
- Hire shipping supervisor – Offer accepted
- Deploy Freight Increase (RVT)
 - Freight increase by \$7.25%
 - Flat \$400 min per trip fee
 - Realigned delivery zones from 3 to 2 - over/under 150miles only

Focus on Upgrading Supervisors, Training Labor, Root Cause on “Misses”...

Janesville Improvement - TCAR



TCAR Charges by Month



Comments:

- 2017 to 2018 +22% increase in TCAR spend, large spike in Dec18/Jan19
- \$ and Number increase YOY primarily driven by 'Backorders' and 'Missing' categories

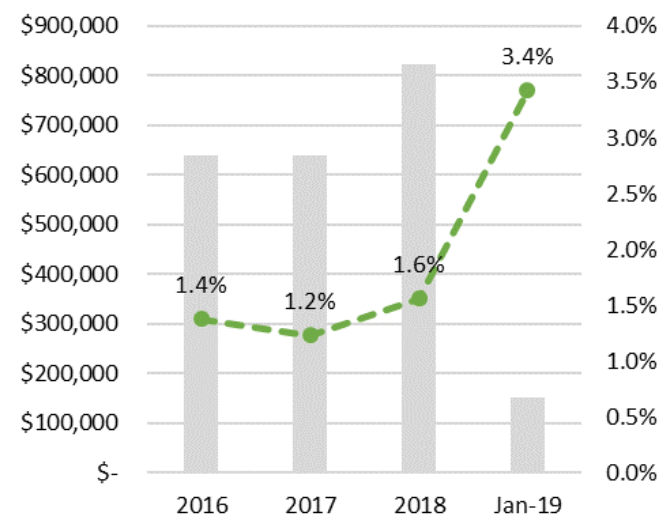
Actions Complete:

- Approval process with Root Cause Implemented
- Kicked off Focused Lean/DMAIC Process to Address Warranty/TCARS

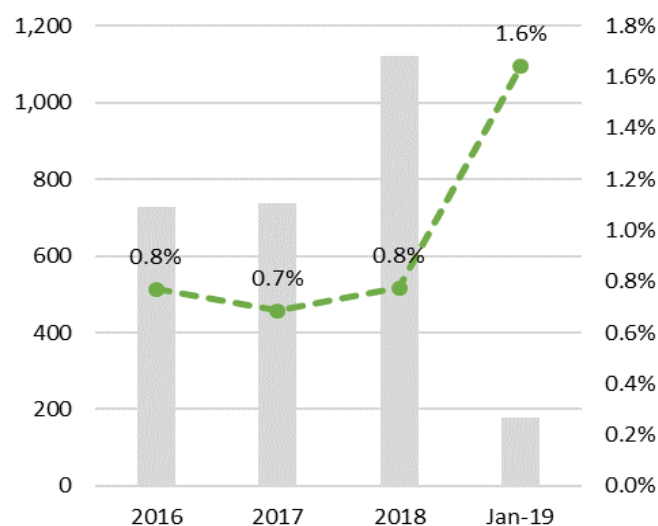
Actions Next 30/60/90 Days:

- Standard Work Development
- Communicate to Field/Distributors Updated Process and Root Cause

TCAR \$ and % Total Project Revenue



TCAR Count and % Total Units Produced



Focus on TCARs/Rework to Control...Improve Process...Standardize...



Incident Root Cause Analysis (RCA) Form

Problem Submitted By (Name):		Company:	
Job Number:	RCA Initiated By:		
RCA Initiated On:	Approval Required by (date):		
Problem Description			
Investigation Team			
Name	Company	Position	
Identify Root Cause(s)			
Why did the problem occur?			
Why?	← Why?	← Why?	← Why?
Why was the problem not detected?			
Why?	← Why?	← Why?	← Why?
Corrective Actions			
Root Cause(s)	Corrective Action Description	Responsibility	Initiated Date
Estimated Amount Required to resolve (\$):			
Approvals			
Name	Position	Date	
TCAR Number (post approval):			
Pictures (if possible)			

TCAR Immediate Corrective Action: Root Cause & Approval Process

At TCAR Issuance:

- Review and Approval of TCARS required prior to issuance
 - \$0-\$5K – Approval required from Karolina Narczykiewicz (GM), Justin Smith (COO)
 - \$5K+ - Approval required from Justin Smith (COO), Koben Miceli (CEO)

At Credit Request:

- Credits \$0-\$5K – Approval required from Justin Smith (A/R Manager), Karolina Narczykiewicz (GM), Justin Smith (COO)
- Credits \$5K+ - Approval required from Justin Smith (COO), Mirko Schueppel (CFO), Koben Miceli (CEO)

Root Cause – '5WHY' Required for TCARS > \$1K

Roll out to JVL Team – Complete

Roll out to the Field – wk of 2/20

Driving Root Cause and Approval Accountability...

TCAR Value Stream: Project Overview



PROBLEM STATEMENT

At Hufcor there is a **lack of procedural discipline** around **rework & warranty costs** Hufcor incurs arising from TCARs and a **quality program** intended to identify and fix root causes of rework issues does not exist.

This led to an incremental \$500K+ of rework & warranty costs vs the budget in 2018.

GOALS / (METRICS)

- ☐ 50% reduction in difference between rework/sub-warranty account and warranty accrual based on 2018 results (\$)
- ☐ Reduction in cost of quality (or savings generated from sustainable TCAR/quality issue resolution) (\$\$\$)
- ☐ TCAR response time (1st contact) < 24 hrs (HRS)
- ☐ TCAR action plan communication time < 48 hrs (HRS)

STAKEHOLDERS & TEAM

Koben Miceli (stakeholder)

Justin Smith (stakeholder)

Karolina Narczykiewicz (stakeholder)

Kyle Patterson (Team Lead, OGC)
Elvia Klosinski (Quality & ME Mgr)
Nelson Rolon (Production Manager)
Mark Gess
Kathy Garthwaite
April Wartner
Sales & Mktg (as needed)

PROJECT MILESTONES



START

Feb 4



DEFINE

Feb 4 – Feb 7



MEASURE

Feb 11 – Feb 20



ANALYZE

Feb 21 – Mar 7



IMPROVE

Mar 11 – Apr 8



CONTROL

Apr 9 – May 9

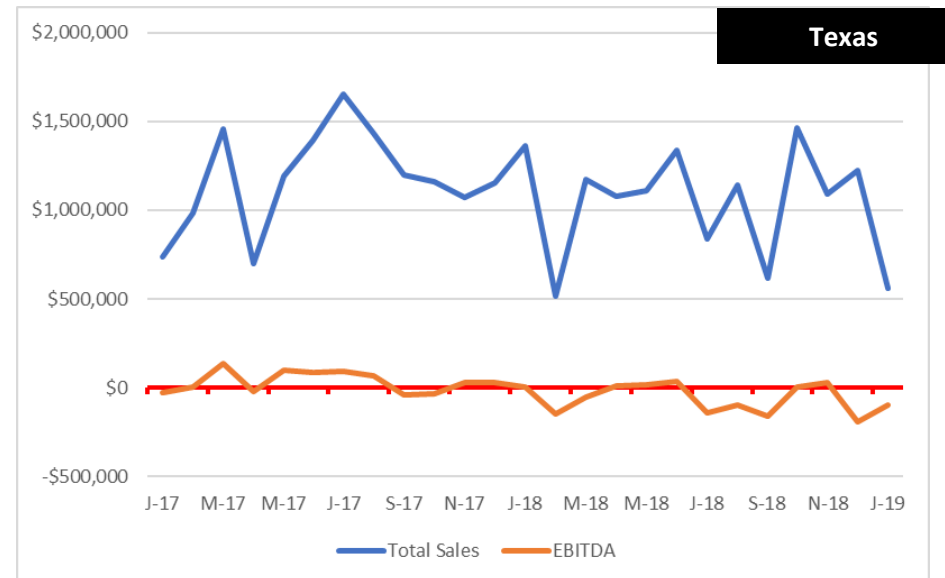
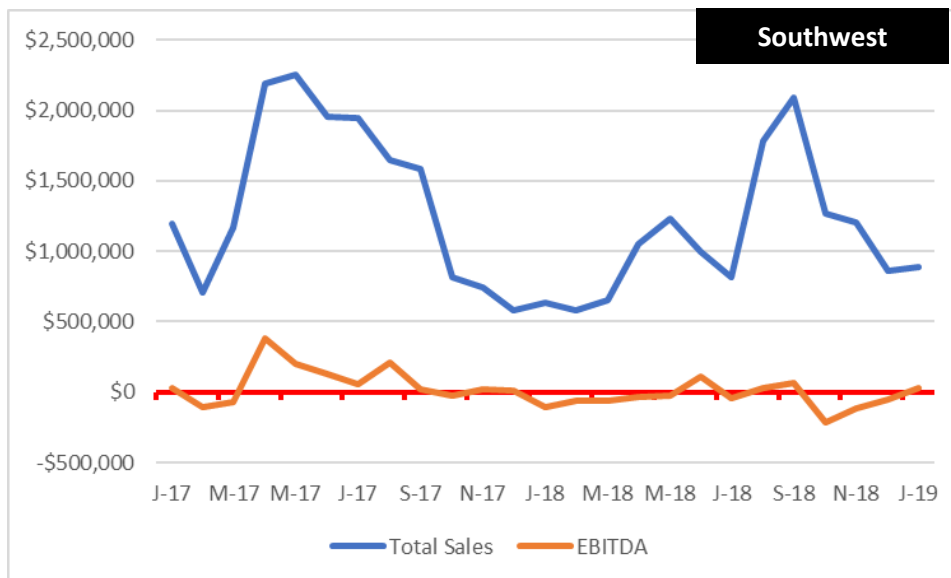


END

May 2019

Field Ops Improvement – Berens/Kontranowski

F: \$500K



Southwest January Performance:

- SW EBITDA profit of \$32K, Driven By:
- CA service team completed 1 projects: \$75k Rev / \$25k GM
 - Service is GM driver as new install continues to work through legacy projects
- If bad debt not applied this month SW would show ~\$55k EBITDA
 - ~\$22k in bad debt accrual
- Jan/Feb: Pushed out \$641K net Revenue due to:
 - General Contractor Movement: 36%
 - Janesville Late Shipment: 39%
 - Other: 25%

Actions Complete (Jan):

- Hired PM with CA GC license
- Hired Service Sales Rep for NV/CA
- Completed staffing assessment in SW
- Rolled out standard contract review form to domestic sites

Actions Next 30 Days:

- Continue to build on service sales process improvement with new seller
- Train new PM on process and products, assign jobs
- Hold retraining session with all domestic sites on contract review
- Focus on SW as new FTE are hired on

Texas January Performance:

- Lost three critical positions: Outside Sales & Estimator – Houston, Service Sales Manager – San Antonio
- Lower than budgeted sales revenue
 - **\$270,000** projects pushed out from January (customer and plant delays)
 - Westin Galleria repair contract at **\$345,000** rescheduled for August.
 - **\$48,000** in credit memos / back-charges from 2017 and 2018 projects. In September - 34 problem jobs, currently 6 projects.
- Securements as recorded in Texas at ~ **\$3.46M** for the month of January. Better product mix – glass walls / improved costing.
- Contract Negotiate bucket – Hot List is growing with Kalahari @ \$1.1M - DISD @ \$193,000 - Mesquite ISD @ \$285,000 - Prosper #2 @ 221,000.
- Estimating activity strong at slightly over **\$4M**.
- Material cost finished at 59% vs. 66% budgeted, showing improved margins.

Actions Complete (Dec):

- Initiated search for new candidates to fill Houston voids
- Realigned old RSM roles (3) to new Sr Sales & Business Development roles (2) to act as training resources for new Hufcor sales people

Actions Next 30 Days:

- Fill critical roles

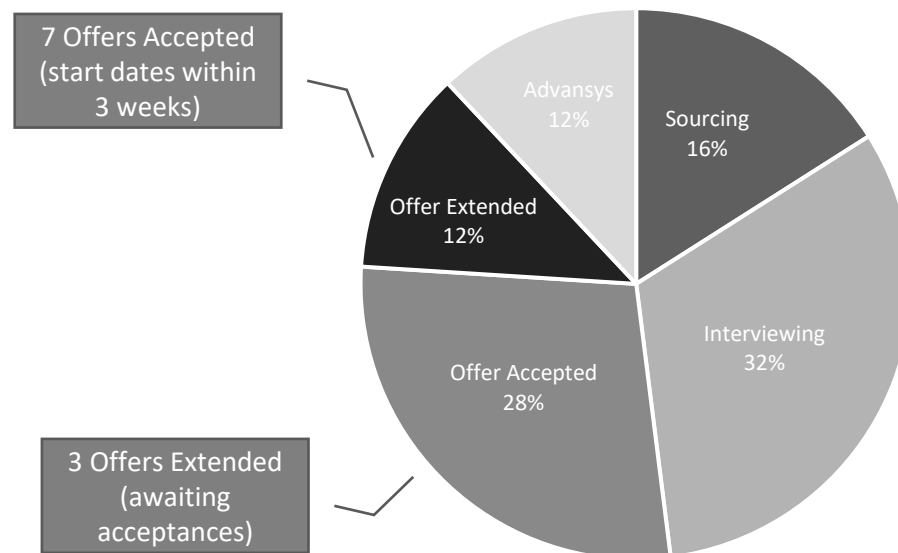
Fill Open Positions - Lawry

G: \$(1.1)M



Key Status / Actions:

- Filled 4 positions and have 10 extended or accepted offers since January BOD
- Sales
 - Sr. Director, Regional Product Sales (A&D) – Offer Accepted (3/4/19)
- Operations
 - Final Production/Shipping/Logistics Supervisor positions filled – Offers Accepted (2/25/19)
- Finance
 - Financial Analyst – Strong candidate slate
 - Director of Finance – 2 strong candidates (Interviewing wo 2/18/19)
- Advansys:
 - BIM – Final interviews
 - AR/AP Support – Interviewing wo 2/18/19



Function	Open Reqs	Filled Reqs	Status	Status Notes
Estimating	3	2	●	2 (TX - Offer Extended), 1 (CA)
Finance	3	1	◐	1 (CA - Filled); 2 (JVL/Dallas - Interviewing)
Installation	1	0	○	1 (FL - Interviewing)
IT	1	0	○	1 (JVL)
Operations	6	3	◐	6 (WI) - ME, CS (3 - MFG/LOG - Offer Accepted)
Sales	4	2	◐	2 (TX); 2 (CA - 1 Offer Extended & 1 Accepted)
Sales - A&D	2	1	◐	1 (Midwest - Offer Accepted); 1 (East)
Service	2	1	◐	1 (TX - Offer Accepted); 1 (AZ)

Focusing on Upgrading Talent and Staffing to Drive Growth...

Global Communication Road Map



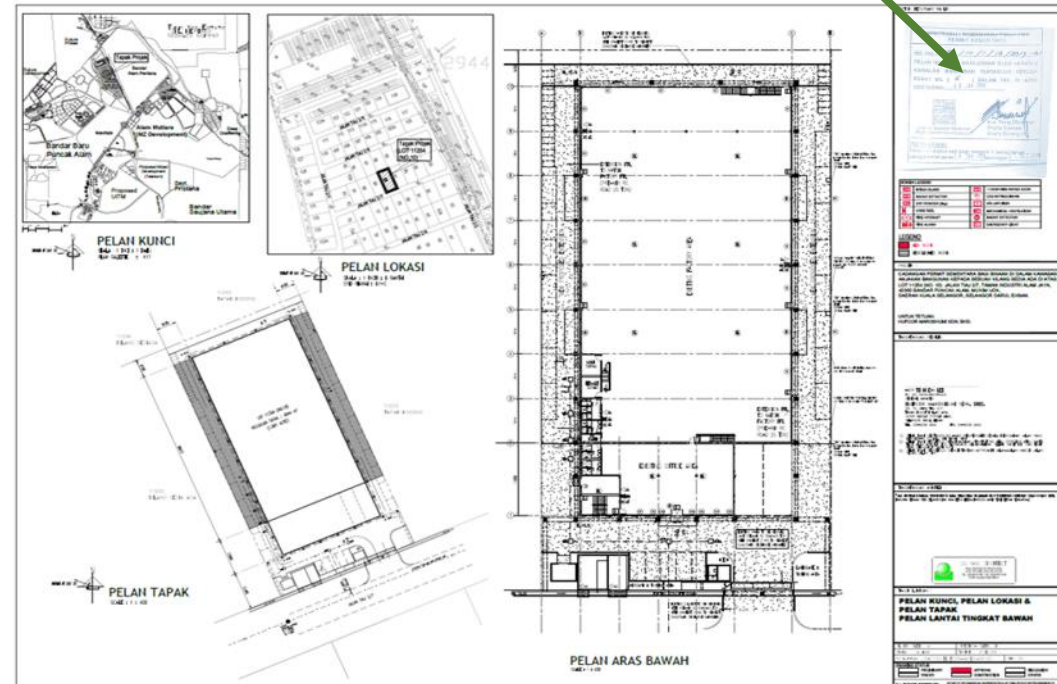
Month	Town Halls	Factory Town Halls	Field Office / Country Town Halls	Lunch & Learns	Other	Accountable	Comments
January			CA Field Office Hong Kong Malaysia China		Proactive Business Update with Key Distributors	K. Miceli / J. Smith K. Miceli / J. Smith K. Miceli / J. Smith K. Miceli / J. Smith K. Miceli / M. Kontranowski	
February				JVL - Marketing & Engineering JVL - Operations & Large Projects Dept JVL - Finance, IT & HR	Global LT Monthly Update	K. Miceli / J. Smith K. Miceli / J. Smith K. Miceli / J. Smith K. Miceli	Post MOR/BOD meetings cascading results Global TH includes all professional level employees
March	Global	Janesville Germany Australia Hong Kong China Malaysia		US - Regional Sales Reps & Key Distributors	Proactive Business Update with Key Distributors	K. Miceli K. Narczykiewicz R. Lehmann G. Sauer W. Chiang S. Wong A. Teoh K. Miceli K. Miceli / M. Kontranowski	
April			Germany	Germany - Key Employees	Global LT Monthly Update	K. Miceli / J. Smith K. Miceli / J. Smith K. Miceli	Post MOR/BOD meetings cascading results
May			FL Field Office	FL - Key Employees	Proactive Business Update with Key Distributors Global LT Monthly Update	K. Miceli / M. Kontranowski K. Miceli K. Miceli / M. Kontranowski K. Miceli	Post MOR/BOD meetings cascading results
June					Global LT Monthly Update	K. Miceli	Post MOR/BOD meetings cascading results
July			TX Field Office	TX - Key Employees	Proactive Business Update with Key Distributors Global LT Monthly Update	K. Miceli / M. Kontranowski K. Miceli K. Miceli / M. Kontranowski K. Miceli	Post MOR/BOD meetings cascading results Global TH includes all professional level employees
August	Global	Janesville Germany Australia Hong Kong China Malaysia				K. Miceli K. Narczykiewicz R. Lehmann G. Sauer W. Chiang S. Wong A. Teoh	
September			Chicago Field Office	MN/IL/IN - Key Employees	Proactive Business Update with Key Distributors Global LT Monthly Update	K. Miceli / M. Kontranowski K. Miceli / M. Kontranowski K. Miceli K. Miceli	Post MOR/BOD meetings cascading results
October			Australia China Malaysia	Australia, China, Malaysia - Key Employees	Global LT Monthly Update	J. Smith / K. Lawry J. Smith / K. Lawry J. Smith / K. Lawry J. Smith / K. Lawry K. Miceli	Post MOR/BOD meetings cascading results
November			Germany Cairo	Germany - Key Employees Advansys / Cairo - Key Employees	Global LT Monthly Update	K. Miceli / K. Lawry K. Miceli / K. Lawry K. Miceli / K. Lawry K. Miceli / K. Lawry K. Miceli	Post MOR/BOD meetings cascading results
December			Potomac Field Office	MD - Key Employees	Proactive Business Update with Key Distributors Global LT Monthly Update	K. Miceli / M. Kontranowski K. Miceli / M. Kontranowski K. Miceli / M. Kontranowski K. Miceli	Post MOR/BOD meetings cascading results

High Touch Communication Plan Across Multiple Levels...

Phase 1 - Timeline

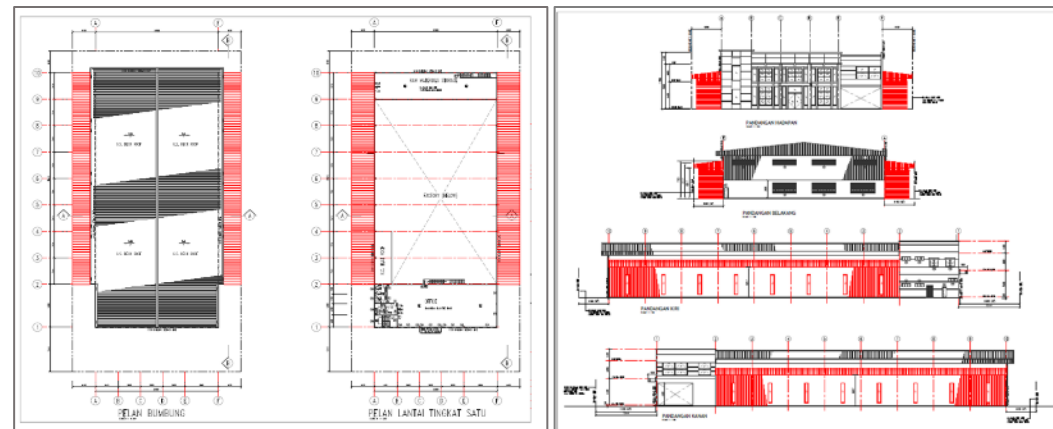
• Rooftop Extension – US\$190K

- Civil / Structural design submission - **Completed**
- Authority Filing – **Approved**
- Annual Extension Permit Fee US\$ 330
- Official Bill of Quantities Issued for final costing issued to contractor
- To firm up cost of construction by end February 2019.
- Ground breaking- target for March 2019
- Estimated completion end May 2019



• Rectify sinking ground - budgetary \$60K

- Site engineering studies in progress.
- Prelim - rectify underground drainage leakages prior ground compaction for roof top
- Mobilizing work by end February 2019 before resurfacing ground for roof extension
- Estimated completion - end March 2019

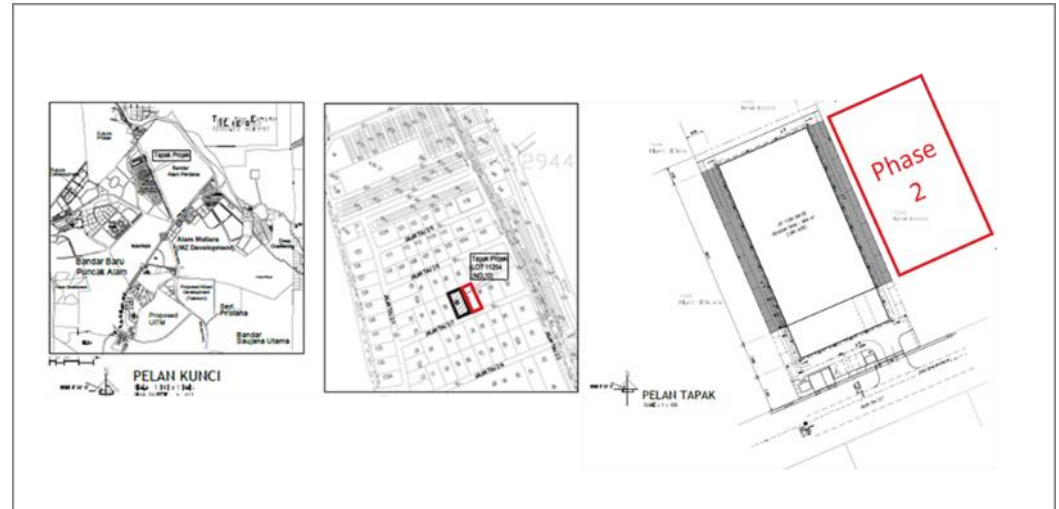


Phase 1 Roof Extension On Schedule, by June 2019 (\$250K), Ground Breaking March 2019...

Phase 2

- Built a new factory on vacant lot adjacent to existing building
- Decide on manufacturing platforms (700 only or with 600?)
- Conduct VSM by end March 2019
- Estimated additional floor space 2,000m
- Estimated construction cost US\$ 1.4Mil
- Construction Milestone
 - Civil / Structural Design - 2months
 - Authority Filing and Approval - 5- 6 months
 - Construction – 6-8 months
 - Certificate of Fitness - 2-3 months
 - Estimated completion end 2020

Phase 2



Phase 2: 2020 (\$1.4M), Decision on Manufacturing Platform(s) Needed Before VSM...

EU Recovery Road Map – Melle/Zach



	EU 2017 Actuals	%	EU 2018 Actuals	%	EU 2019 Revised Plan	%	EU 2020	%
Revenue Germany					\$ 8,040,000		\$ 10,320,000	
Revenue RoEU					\$ 6,120,000		\$ 6,500,000	
Total Revenue	\$ 8,584,288		\$ 11,752,058		\$ 14,160,000		\$ 16,820,000	
Direct Material	\$ 3,864,803		\$ 5,825,015		\$ 6,513,000		\$ 7,400,800	
Direct Labor	\$ 993,990		\$ 1,251,730		\$ 1,146,960		\$ 1,328,780	
Inside Install Labor	\$ 0		\$ 0		\$ 85,000		\$ 170,000	
Outside Install Labor	\$ 911,495		\$ 1,202,988		\$ 1,588,000		\$ 1,800,000	
Mfg/Install Overhead	\$ 1,707,878		\$ 1,682,116		\$ 1,872,000		\$ 2,186,600	
Total Cost Of Sales	\$ 7,478,166	87.1%	\$ 9,961,849	84.8%	\$ 11,204,960	79.1%	\$ 12,886,180	76.6%
Gross Margin	\$ 1,106,122		\$ 1,790,209		\$ 2,955,040		\$ 3,933,820	
% of Revenue	12.9%		15.2%		20.9%		23.4%	
Selling Expense	\$ 923,969		\$ 1,307,319		\$ 1,440,000		\$ 1,600,000	
Administrative Expense	\$ 646,832		\$ 799,804		\$ 840,000		\$ 870,000	
Misc (Income)/Expense	-\$ 191,002		-\$ 73,094		\$ 72,000		\$ 75,000	
Tot Selling/Admin/Misc	\$ 1,379,799	16.1%	\$ 2,034,029	17.3%	\$ 2,352,000	16.6%	\$ 2,545,000	15.1%
EBIT	-\$ 273,677		-\$ 243,820		\$ 603,040		\$ 1,388,820	
% of Revenue	-3.2%		-2.1%		4.3%		8.3%	
D&A	\$ 162,155		\$ 175,750		\$ 168,000		\$ 168,000	
Bank EBITDA	-\$ 111,522		-\$ 68,070		\$ 771,040		\$ 1,556,820	
% of Revenue	-1.3%		-0.6%		5.4%		9.3%	

Comments:

- The sales growth in EU has not produced material/labor productivity & SG&A has increased as a % of sales
- Legacy “agent” sales force in Germany is not driving required price or selling newer Hufcor glass products
- 2019/2020 requires a “shift” from non Hufcor selling agents to a mixed model of agents and Hufcor A&D sellers inside Germany
- Outside of Germany the focus will be the UK & France

EU Region Has Operated at Negative EBITDA for Multiple Years...

Distributor Name	Sales Territory	Market Potential \$	2018 Euros	2018 US\$
EOLESAS	France	3,000,000	1,463,283.47 €	\$ 1,650,583.75
Ezyglide Limited	United Kingdom	700,000	461,389.65 €	\$ 520,447.53
ArtSpace, Moscow	Russia	500,000	143,997.30 €	\$ 162,428.95
Credo Office Systems Ltd.	Israel	400,000	288,565.61 €	\$ 325,502.01
Albel, Josef B., AUSTRIA	Austria	400,000	186,170.82 €	\$ 210,000.68
Sager Mobile System-Wand AG	Switzerland	400,000	225,148.31 €	\$ 253,967.29
SPIKER B.V.	The Netherlands	400,000	178,433.86 €	\$ 201,273.39
GHV AS	Norway	400,000	199,814.50 €	\$ 225,390.76
PolySpace bvba-sprl	Belgium	300,000	241,077.11 €	\$ 271,934.98
Bjame Krag	Denmark	300,000	387,706.43 €	\$ 437,332.85
SIS. s.r.o.	Czech republic	300,000	247,322.80 €	\$ 278,980.12
Cord Contracts Ltd	Scotland	250,000	45,476.50 €	\$ 51,297.49
Flex Space 2011 Ltd.	Bulgaria	250,000	186,087.45 €	\$ 209,906.64

Comments, highest focus on France and UK markets for 2019:

- Going from 1 Distributor in France to a 2 Distributor model in 2019, allowing us to cover more of the market and grow sales.
- Looking at possibility of local panel assembly to reduce transport cost and reduce potential BREXIT impact

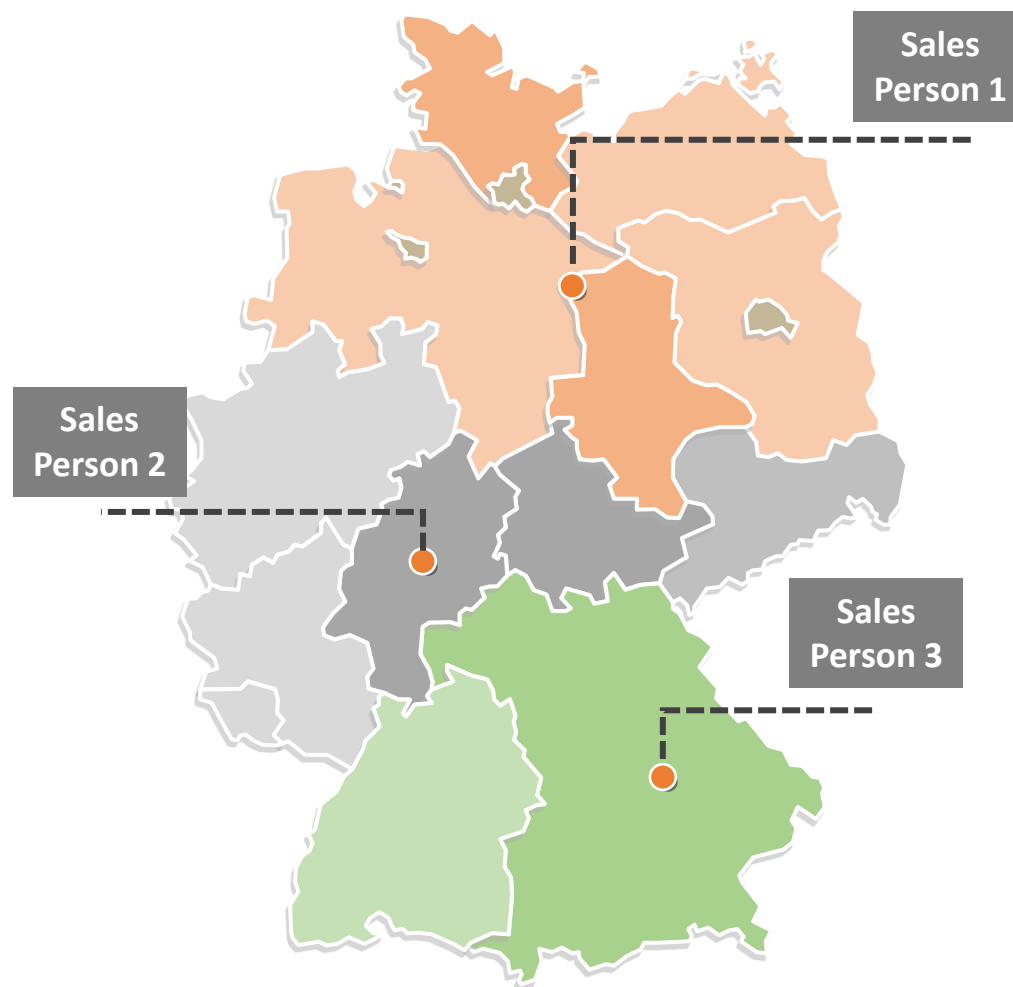
In the UK & France Only Realizing ~½ the Potential...

New German Model:

- Going from 19 independent agents to 6 and hiring 3 of our own, as well as Business Development function
- New German model enables us to grow the next 4 years
 - Legacy model sales remain flat
- Considering adding outside installation support in Germany in 2019
 - Increase revenue (service) & reduce warranty cost
- Strong 2019 Backlog supports the growth model

Timeline:

- Q1: BD in place and A&D focus increase
- Q2: Rep 1 onboard
- Q3: Rep 2 & 3 onboard & installation team in place
- Q4: All contracts with agents cancelled



Convert from 19 Independent Agents to 6, Hire 3 Hufcor A&D Focused Sales People...

Field Office Learning(s) – South West



Hufcor AP

	ID_Invoice_Count	\$s
2018 Total	2,514	\$10,695,900.01

Vendor_Name	ID_Invoice_Count	\$s	\$	Count
Hufcor Inc	846	\$6,383,062.23	59.7%	33.7%
Sunstate Installations Inc	325	\$1,673,185.45	15.6%	46.6%
Crown Incorporated	15	\$389,080.00	3.6%	47.2%
Litania Sports Group Inc	103	\$312,915.01	2.9%	51.3%
Interkal	19	\$172,089.62	1.6%	52.0%
Sports Equipment Installation Inc	50	\$162,909.42	1.5%	54.0%
DGJD Inc	7	\$162,672.64	1.5%	54.3%
Galura Vinyl Wall Covering	12	\$127,960.00	1.2%	54.8%

Overview:

- 53% of the \$s and 34% of the invoices that the SW FO manually processed last year are from Hufcor JVL
 - Need to automate the Hufcor to Hufcor transactions
 - Today a Hufcor JVL invoice is “manually” reentered back into QuickBooks at the FO
- Need to work on automating and streamlining how we are billed to reduce paperwork...

Hufcor AR

	2018 Debit	2018 Credit
2018 Total	\$337,379.73	\$13,509,175.66

Customer/Project Name	Debit	Credit	% of Total
MGM Resorts:170340 MGM Grand Convention Center	\$182,102.07	\$4,404,499.71	33%
Turner Construction Company-Anaheim:160238 Anaheim Conv Ctr Betterment	\$17,181.00	\$328,379.27	2%
Pasadena Center Operating Company:180111 Pasadena Convention Center	\$0.00	\$271,902.25	2%
TFW Construction Development:170291 Lot 23 - Lift	\$2,850.00	\$253,310.91	2%
Swinerton Builders Inc-LA:180126 Sycuan Casino	\$0.00	\$236,618.69	2%
Beaver County School District:180214 Milford HS- Bleachers	\$0.00	\$164,072.00	1%
Ed Grush General Contractor Inc:170176 YULA	\$0.00	\$155,804.03	1%
Bruns Belmont Construction:170103 Cottonwood Elementary STEAM	\$5,224.77	\$149,290.47	1%
Burke Construtction Group:170369 LTS-Phoenix	\$0.00	\$124,693.00	1%
Burke Construtction Group:170354 LTS-Cadence	\$0.00	\$122,983.90	1%
TFW Construction Development:170302 Lot 24 Carlsbad Oaks	\$6,018.00	\$102,568.76	1%
AZ Service:Hyatt Regency Scottsdale:18120	\$0.00	\$94,568.00	1%
AF Construction:180127 Coral Academy of Science	\$0.00	\$91,605.33	1%
Paul C Miller Construction:170347 Troy HS	\$0.00	\$91,558.85	1%
Tilden-Coil Constructors, Inc.:170146 CBU College of Engineering	\$0.00	\$91,397.88	1%
DPR Construction - San Diego CA:180176 Neurocrine	\$4,393.32	\$89,278.59	1%

	Count
Total in 2018	799
Projects Under \$2K	411
	51%

Overview:

- 51% of all projects in 2018 were under \$2K
- We should be using a credit card to receive payment real time vs. chasing hundreds of invoices

Majority of Transactions are Internally Driven & Manual, 50% of Customer Invoices Under \$2K...


Partition Studio (PS5):

- PS5 currently is now scheduled for a April 1st launch (vs. Original End of February Launch)
- Key Actions to Complete:
 - CAD blocks need to be developed & completed – Customer Service Team – increase hours of input
 - Skill Level of Advansys Resource – did not come up to speed as fast as anticipated, evaluating weekly on results.
- Other Priorities that interfered:
 - Code new HX(700) project into studio 4
 - Code new GF items into studio 4
 - PS4 corrections to help current day-to-day business
 - Freight decisions and new Athens factory

PartitionStudio™

Sign in to access your account

 Username

 Password

☐ Remember Me

[Reset Password](#)

SIGN IN

Partition Studio 5 Launch Pushed Out 30 Days, Aligning Resources to Push Across Finish Line...

Domestic Market (ABI > 50)

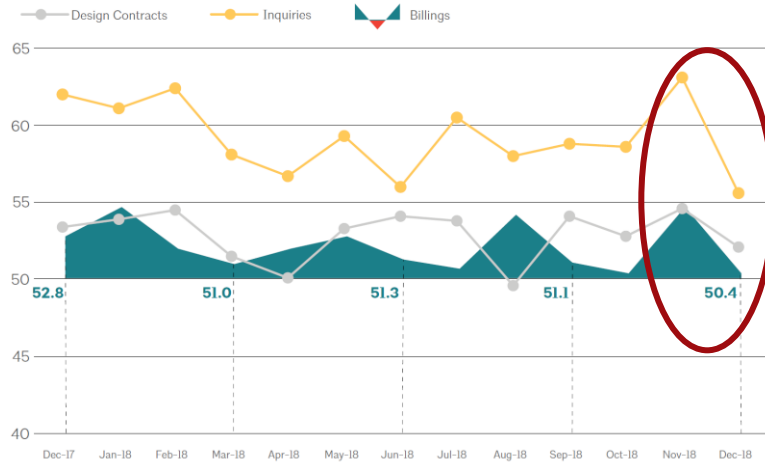
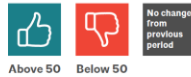
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National

Architecture firm billings growth slows modestly in December

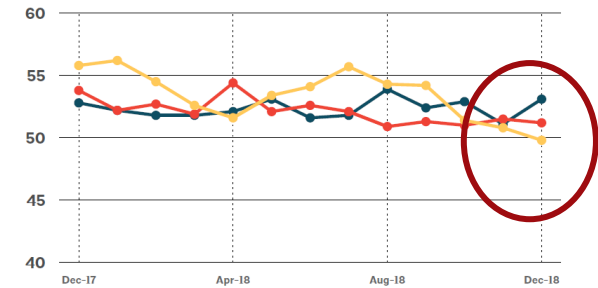
Graphs represent data from December 2017–December 2018.



Sector

Business conditions soften modestly at firms with a multifamily residential specialization

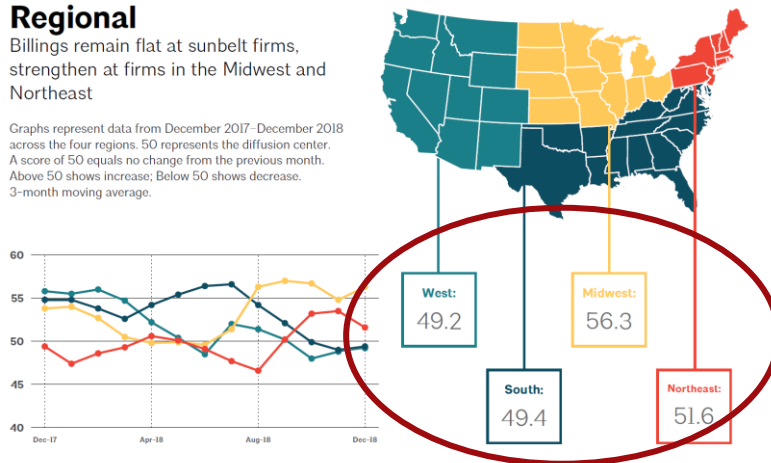
Graphs represent data from December 2017–December 2018 across the three sectors. 50 represents the diffusion center. A score of 50 equals no change from the previous month. Above 50 shows increase; Below 50 shows decrease. 3-month moving average.



Regional

Billings remain flat at sunbelt firms, strengthen at firms in the Midwest and Northeast

Graphs represent data from December 2017–December 2018 across the four regions. 50 represents the diffusion center. A score of 50 equals no change from the previous month. Above 50 shows increase; Below 50 shows decrease. 3-month moving average.



The pace of billings growth at architecture firms slowed modestly to end 2018, with AIA's Architecture Billings Index (ABI) score declining from 54.7 in November to 50.4 in December (any score over 50 indicates billings growth). But despite flat billings in December, firm billings increased every month of the year in 2018. And while concern about a potential economic slowdown looms for 2019, firms are not yet seeing any clear signs of it in their project workloads. Inquiries into new projects and the value of new design contracts both continued to grow steadily in December, while backlogs at firms continued to lengthen. In fact, they reached an average of 6.4 months, the strongest they have been since the collection of backlog data began on a quarterly basis in 2010.

Architecture firm billings also strengthened at firms located in the Northeast and Midwest in December, with firms in the Midwest reporting particularly strong conditions. Business conditions softened for the third consecutive month at firms located in both the South and the West, but the decline remained relatively minimal. Billings also flattened at firms with a residential specialization in December, but strengthened at firms with commercial/industrial and institutional specializations.

Market Continues to be Strong...

Executive Summary

Key Initiatives & 2019 Plan

Financial Review

Governance Reporting

Appendix:

- **Supplemental Financial Information**
- **Additional Back Up Slides**

P&L by Location - Domestic



Need comparison to Budget

	Janesville	RVTC	Chicago	Indiana	Minnesota	Potomac	Southeast	Southwest	Texas	Total Domestic
Net Revenue	5,341,668	367,103	474,170	115,214	429,123	574,507	1,131,205	891,985	558,086	7,097,872
Material	2,455,753	0	184,047	77,934	252,948	379,757	592,213	486,785	328,886	2,022,792
Labor	1,529,471	48,553	153,953	11,133	100,831	66,626	203,024	198,070	155,311	2,466,972
Other COGS	440,251	241,065	30,881	3,657	13,731	7,815	55,539	10,301	28,183	831,423
Total COGS	4,425,475	289,618	368,881	92,724	367,510	454,198	850,776	695,156	512,380	5,321,187
Gross Margin	916,193	77,485	105,289	22,490	61,613	120,309	280,429	196,829	45,706	1,776,685
<i>Gross Margin %</i>	17.15%	21.11%	22.20%	19.52%	14.36%	20.94%	24.79%	22.07%	8.19%	25.03%
R&D	0	0	0	0	0	0	0	0	0	0
Sales & marketing	227,206	0	68,692	12,418	36,344	53,058	136,318	81,720	93,298	709,054
Administrative	570,177	10,651	26,283	2,673	12,402	22,791	57,705	82,697	51,578	836,957
<i>Other Opex</i>	-3,550	-150	0	0	0	0	-2,176	22	-33	-5,887
Total OPEX (excl D&A)	793,833	10,501	94,975	15,091	48,746	75,849	191,847	164,439	144,843	1,540,124
EBITDA	122,360	66,984	10,314	7,399	12,867	44,460	88,582	32,390	-99,137	236,561
<i>EBITDA Margin %</i>	2.29%	18.25%	2.18%	6.42%	3.00%	7.74%	7.83%	3.63%	-17.76%	3.33%

P&L by Location – International & Consolidated



	HK/Macau	China/Shanghai	Malaysia/Singapore	Australia Consol	Europe	Total Int'l	CONSOLIDATED
Net Revenue	613,734	339,255	232,789	1,064,442	1,052,605	3,141,628	10,239,500
Material	144,703	128,434	89,051	384,338	654,481	1,243,963	3,266,755
Labor	221,966	94,138	35,641	351,100	290,242	993,087	3,460,059
Other COGS	61,572	46,138	30,592	94,870	54,028	287,200	1,118,623
Total COGS	428,241	268,710	155,284	830,308	998,751	2,524,250	7,845,437
Gross Margin	185,493	70,545	77,505	234,134	53,854	617,378	2,394,063
<i>Gross Margin %</i>	30.22%	20.79%	33.29%	22.00%	5.12%	19.65%	23.38%
R&D	0	0	0	0	0	0	0
Sales & marketing	51,577	26,942	23,818	154,205	102,316	358,858	1,067,912
Administrative	74,844	47,212	50,357	136,638	49,226	358,277	1,195,234
Other Opex	126	-2,367	-13,080	3,811	1,144	-10,366	-16,253
Total OPEX (excl D&A)	126,547	71,787	61,095	294,654	152,686	706,769	2,246,893
EBITDA	58,946	-1,242	16,410	-60,520	-98,832	-89,391	147,170
<i>EBITDA Margin %</i>	9.60%	-0.37%	7.05%	-5.69%	-9.39%	-2.85%	1.44%

Balance Sheet

Balance sheet forecast?



	Dec-18	Nov-18	Dec-18	Jan-19		Variance	
\$'000	Act	Act	Act	Act	Bud	\$	%
Current Assets							
Cash and cash equivalents	\$ 2,668	\$ 3,271	\$ 2,668	\$ 2,929	\$ 3,500	\$ (571)	(16.3%)
Short term investments	—	—	—	—	—	—	N/A
Accounts receivable, gross	36,879	40,148	36,879	35,320	31,639	3,681	11.6%
Accounts receivable, reserves	(1,407)	(1,202)	(1,407)	(1,455)	—	(1,455)	N/A
Accounts receivable, net	35,472	38,946	35,472	33,865	31,639	2,226	7.0%
Inventory, gross	13,393	13,596	13,393	14,393	12,070	2,324	19.3%
Inventory, reserves	(298)	(334)	(298)	(243)	—	(243)	N/A
Inventory, net	13,095	13,263	13,095	14,150	12,070	2,081	17.2%
Prepaid expenses and other current assets	1,666	1,962	1,666	1,832	2,035	(203)	(10.0%)
Current portion of deferred taxes	5,559	5,767	5,559	5,612	5,797	(185)	(3.2%)
Other current assets	261	219	261	285	—	285	N/A
Total Current Assets	58,721	63,427	58,721	58,673	55,040	3,633	6.6%
Non-Current Assets							
Property, plant & equipment, gross	36,262	35,462	36,262	36,688	37,946	(1,258)	(3.3%)
Accumulated depreciation	(22,835)	(22,763)	(22,835)	(23,108)	(22,835)	(274)	1.2%
Property, plant & equipment, net	13,427	12,699	13,427	13,580	15,111	(1,532)	(10.1%)
Identifiable intangible assets, gross	15,231	15,249	15,231	15,247	9,385	5,862	62.5%
Accumulated amortization	(5,523)	(5,179)	(5,523)	(5,870)	—	(5,870)	N/A
Identifiable intangible assets, net	9,707	10,070	9,707	9,377	9,385	(8)	(0.1%)
Deferred financing cost	1,950	2,059	1,950	1,906	1,903	3	0.1%
Other non-current assets	3,719	4,556	3,719	3,723	2,696	1,028	38.1%
Total Non-Current Assets	28,804	29,384	28,804	28,585	29,095	(510)	(1.8%)
Total Assets	\$ 87,524	\$ 92,811	\$ 87,524	\$ 87,258	\$ 84,136	\$ 3,123	3.7%
Current Liabilities							
Current portion of long-term debt	\$ 835	\$ 835	\$ 835	\$ 1,250	\$ 835	\$ 415	49.7%
Line of Credit	7,832	13,184	7,832	10,203	8,026	2,177	27.1%
Accounts payable	13,527	12,491	13,527	12,301	9,263	3,038	32.8%
Accrued liabilities	6,224	6,315	6,224	6,134	6,175	(41)	(0.7%)
Accrued compensation	2,121	2,088	2,121	1,508	—	1,508	N/A
Income taxes payable	129	298	129	83	260	(177)	(68.2%)
Other current liabilities	2,721	2,203	2,721	2,630	2,011	619	30.8%
Total Current Liabilities	33,389	37,413	33,389	34,108	26,569	7,539	28.4%
Long-term liabilities							
Long-term debt less current maturities	31,730	31,730	31,730	31,521	31,521	0	0.0%
Deferred income taxes	46	46	46	47	45	2	4.7%
Other non-current liabilities	46	48	46	48	49	(1)	(2.4%)
Total Long-Term Liabilities	31,822	31,824	31,822	31,616	31,615	1	0.0%
Total Liabilities	65,211	69,237	65,211	65,724	58,184	7,540	13.0%
Shareholders' Equity							
Common stock	—	—	—	—	—	—	N/A
Capital in excess of stated value	36,350	36,350	36,350	36,350	36,350	—	0.0%
Retained earnings	(14,038)	(13,165)	(14,038)	(14,966)	(11,207)	(3,759)	33.5%
Accumulated other comprehensive income	47	47	47	512	47	465	989.5%
Other equity transactions	(46)	342	(46)	(361)	761	(1,123)	(147.5%)
Total Shareholders' Equity	22,313	23,574	22,313	21,535	25,952	(4,417)	(17.0%)
Total Liabilities and Shareholders' Equity	\$ 87,524	\$ 92,811	\$ 87,524	\$ 87,258	\$ 84,136	\$ 3,123	3.7%

Management Discussion

Working Capital:

- The situation is going backwards and new efforts have been started.
- A new program will be created once the new budget has been established.

A/R, Net:

- A/R collection efforts are still in effect and AR could be further reduced by \$1.6M.
- A new program of domestically special focus on top30 overdue has been started.

Inventory:

- As January revenue was behind plan inventory has been increased by \$1M

AP:

- Based on slowed down payments, a catch up happened in January, caused AP going down by \$1.2M. We will continue to watch payments carefully.

Total Debt:

- Based on the topics above working capital has been increased by 800k and the line of credit has been increased by \$2.6M.
- A positive impact came from the replacement of a rent deposit with a L/C in Australia..

OPEX Summary



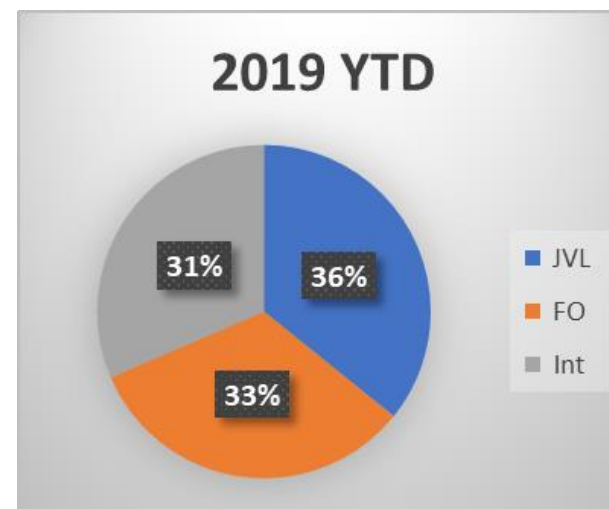
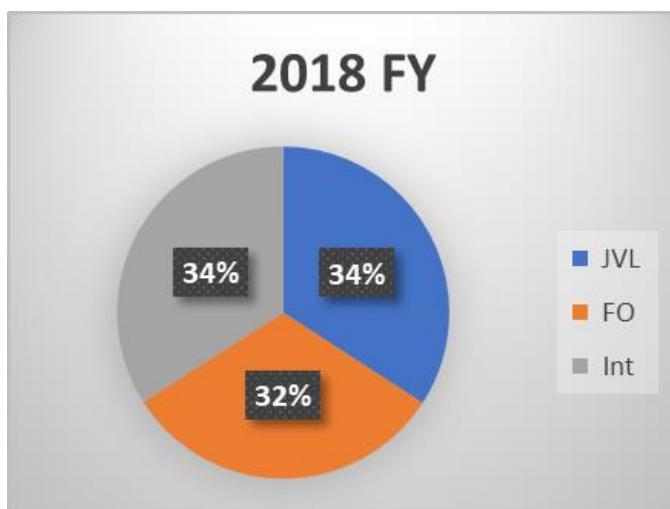
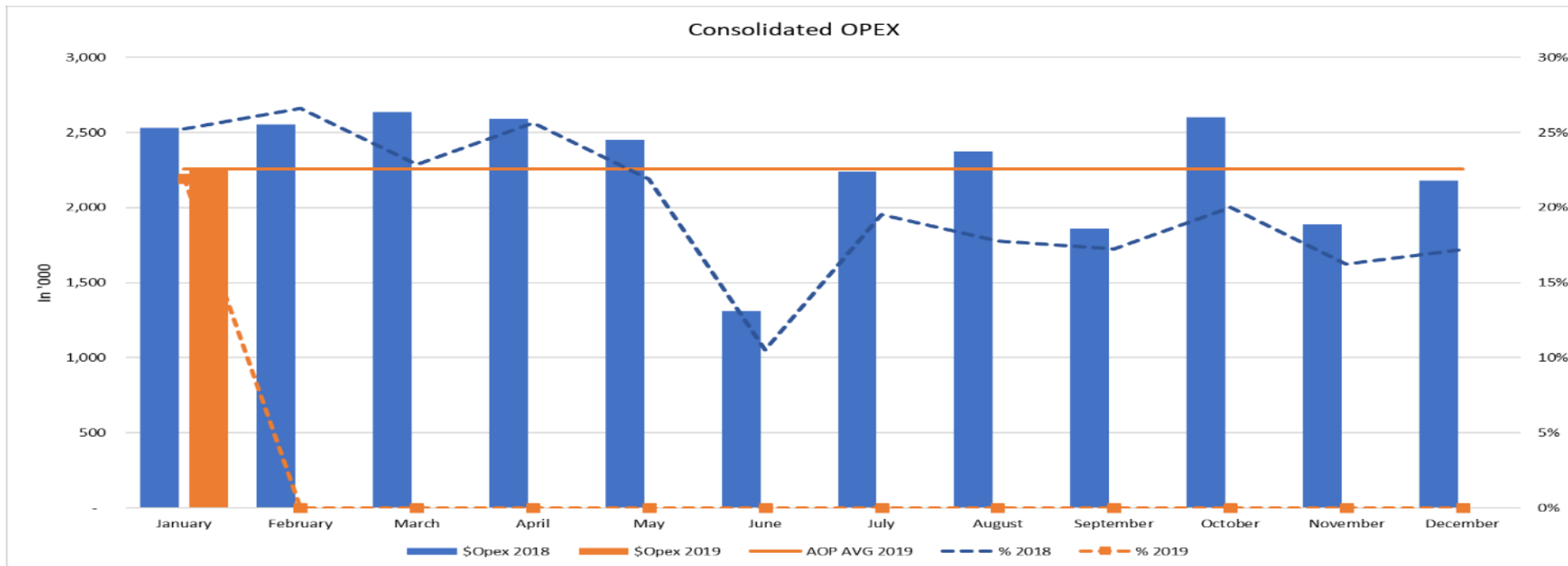
\$'000	MTD		Variance		PY MTD		Variance		YTD		Var		PY YTD	
	Act	Bud	\$	%	Act	\$	%		Act	Bud	\$	%	Act	%
Opex Overview:														
Payroll	\$ 1,057	\$ 1,194	\$ (137)	(11.5%)	\$ 1,254	\$ (197)	(15.7%)		\$ 1,057	\$ 1,194	\$ (137)	(11.5%)	\$ 1,254	(15.7%)
Benefits	239	250	(11)	(4.5%)	324	(85)	(26.2%)		239	250	(11)	(4.5%)	324	(26.2%)
Bonus	176	112	64	57.4%	134	42	31.0%		176	112	64	57.4%	134	31.0%
Marketing	15	28	(13)	(47.0%)	29	(14)	(49.5%)		15	28	(13)	(47.0%)	29	(49.5%)
Commissions	134	191	(57)	(30.1%)	140	(6)	(4.3%)		134	191	(57)	(30.1%)	140	(4.3%)
Travel and Entertainment	80	87	(6)	(7.4%)	97	(17)	(17.3%)		80	87	(6)	(7.4%)	97	(17.3%)
Rent and Facilities	68	65	4	5.4%	64	5	7.3%		68	65	4	5.4%	64	7.3%
Insurance	35	32	4	11.1%	31	4	12.8%		35	32	4	11.1%	31	12.8%
Professional Fees	78	69	9	12.8%	81	(4)	(4.3%)		78	69	9	12.8%	81	(4.3%)
Utl., Repair, Maint., & Sec.	28	34	(6)	(17.8%)	37	(9)	(24.2%)		28	34	(6)	(17.8%)	37	(24.2%)
Office Expenses	5	6	(1)	(18.6%)	5	(0)	(6.0%)		5	6	(1)	(18.6%)	5	(6.0%)
IT	55	48	8	16.3%	60	(5)	(8.4%)		55	48	8	16.3%	60	(8.4%)
Bad Debts	64	12	52	439.0%	22	42	187.4%		64	12	52	439.0%	22	187.4%
Supplies	25	18	7	41.8%	37	(13)	(33.5%)		25	18	7	41.8%	37	(33.5%)
FX	—	—	—	N/A	(45)	45	(100.0%)		—	—	—	N/A	(45)	(100.0%)
Other Expenses	188	114	74	65.1%	214	(27)	(12.4%)		188	114	74	65.1%	214	(12.4%)
Total Opex	\$ 2,247	\$ 2,258	\$ (11)	(0.5%)	\$ 2,485	\$ (238)	(9.6%)		\$ 2,247	\$ 2,258	\$ (11)	(0.5%)	\$ 2,485	(9.6%)

Management Discussion

- **Payroll/Benefits:** Compensation expense on track with Rfc especially considering actions taken at end of October
- **Bonus:** We started new bonus accruals for 2019 at 100%. In addition we are accruing 10k/month for sales push program for glass (accrued in other)
- **Marketing:** \$171k below FC mainly due to benefits insurance true up and (\$130k) and lower cost \$40K
- **Commissions:**
- **Travel and Entertainment:**
- **Bad Debt:** The \$64k bad debt is part of building up the standard accrual and some bad debt in Australia.
- **Professional Fees:** Legal \$31k, Audit and Tax \$45k, Recruitment \$2k
- **Other Expenses:** HR 40k, Temps 20k, Bank 12k, Sales 10k, AUS \$51k & GER 17k for misc topics

Start of the Year in Line with Expectations...

OPEX Summary



Start of the Year in Line with Expectations...

AR & AP Aging Detail



\$'000

AR Aging

Days	Dec-18	%	Nov-18	Dec-18	Jan-19	%
0-30	\$ 16,376	44.4%	\$19,905	\$16,376	\$17,425	49.3%
30-60	5,342	14.5%	3,957	5,342	3,956	11.2%
60-90	3,176	8.6%	3,290	3,176	2,707	7.7%
>90	11,985	32.5%	12,996	11,985	11,232	31.8%
Total Gross AR	\$ 36,879	100.0%	\$40,148	\$36,879	\$35,320	100.0%
Reserves	(1,407)		(1,202)	(1,407)	(1,455)	
Total Net AR	\$ 35,472		\$38,946	\$35,472	\$33,865	
Change in AR Reserve			(8)	(205)	(48)	
Actual Bad Debt P&L Charge			42	295	64	
LTM Bad Debt P&L Charge			\$ 318	\$ 287	\$ 260	

Retainage

Days	Dec-18	%	Nov-18	Dec-18	Jan-19	%
0-30	\$ 1,182	3.2%	\$ 1,197	\$ 1,182	\$ 910	2.6%
% of AR	7.2%		6.0%	7.2%	5.2%	
30-60	325	0.9%	318	325	642	1.8%
% of AR	6.1%		8.0%	6.1%	16.2%	
60-90	337	0.9%	522	337	347	1.0%
% of AR	10.6%		15.9%	10.6%	12.8%	
>90	3,037	8.2%	3,717	3,037	3,259	9.2%
% of AR	25.3%		28.6%	25.3%	29.0%	
Total Retainage	\$ 4,881	13.2%	\$ 5,754	\$ 4,881	\$ 5,158	14.6%
% of AR	13.2%		14.3%	13.2%	14.6%	

AP Aging

Days	Dec-18	Nov-18	Dec-18	Jan-19	%
0-30	\$10,682	\$ 9,581	\$10,682	\$ 9,608	78.1%
30-60	1,234	971	1,234	555	4.5%
60-90	343	669	343	640	5.2%
>90	1,268	1,269	1,268	1,498	12.2%
Total	\$13,526	\$12,491	\$13,526	\$ 12,301	100.0%

Accrued Liabilities – Current (Excluding Debt)



\$'000

Accrued Liabilities - Current (Excluding Debt)

Account Name	Dec-18	Nov-18	Dec-18	Jan-19	%
Accrued Compensation	\$ 2,121	\$ 2,088	\$ 2,121	\$ 1,508	14.6%
Income Taxes Payable	129	298	129	83	0.8%
Customer Deposits	545	540	545	817	7.9%
Accrued Bonuses	307	103	307	487	4.7%
Accrued Insurance	800	1,064	800	1,034	10.0%
Accrued Commission	330	319	330	265	2.6%
Accrued Interest	799	512	799	260	2.5%
Accrued Professional Fees	278	359	278	202	2.0%
Accrued Supplier Invoices	302	346	302	163	1.6%
Transaction Cost Accrual	-	-	-	-	—
Accrued Other Non-Income Taxes	1,005	1,123	1,005	1,039	10.0%
Curr Portion Emp Retirement Plans	1,039	1,143	1,039	995	9.6%
Accrued Warranty	1,549	845	1,549	1,572	15.2%
All Other	1,992	2,163	1,992	1,930	18.6%
Total Accrued Liabilities	\$ 11,195	\$ 10,904	\$ 11,195	\$ 10,354	100.0%

Cash Flow Statement



\$'000	MTD		Variance		PY-MTD		Variance		YTD		Variance		PY YTD		Variance	
	Act	Bud	\$	%	Act	\$	%		Act	Bud	\$	%	Act	\$	%	
Cash flow from operations																
Net Income (Loss)	\$ (928)	\$ (759)	\$ (168)	22.2%	\$ (1,467)	\$ 540	(36.8%)		\$ (928)	\$ (759)	\$ (168)	22.2%	\$ (1,467)	\$ 540	(36.8%)	
Depreciation, amortization and other	494	577	(83)	(14.5%)	329	164	49.9%		494	577	(83)	(14.5%)	329	164	49.9%	
Capitalized fees & expenses	44	32	13	40.2%	32	13	40.2%		44	32	13	40.2%	32	13	40.2%	
Gain (loss) on sale of fixed assets	—	—	—	N/A	—	—	N/A		—	—	—	N/A	—	—	N/A	
Non-cash interest expense	—	—	—	N/A	—	—	N/A		—	—	—	N/A	—	—	N/A	
Non-cash dividends	—	—	—	N/A	—	—	N/A		—	—	—	N/A	—	—	N/A	
Deferred income tax	—	—	—	N/A	—	—	N/A		—	—	—	N/A	—	—	N/A	
Change in operating assets and liabilities:																
Accounts receivable	1,584	642	942	146.9%	989	596	60.2%		1,584	642	942	146.9%	989	596	60.2%	
Inventory	(1,056)	(437)	(619)	141.7%	(864)	(191)	22.2%		(1,056)	(437)	(619)	141.7%	(864)	(191)	22.2%	
Prepaid expenses and other current assets	(123)	(190)	66	(34.9%)	75	(198)	(264.4%)		(123)	(190)	66	(34.9%)	75	(198)	(264.4%)	
Accounts payable	(1,297)	883	(2,180)	(246.9%)	267	(1,564)	(585.2%)		(1,297)	883	(2,180)	(246.9%)	267	(1,564)	(585.2%)	
Accrued expenses	(726)	274	(1,001)	(364.8%)	(1,143)	417	(36.5%)		(726)	274	(1,001)	(364.8%)	(1,143)	417	(36.5%)	
Accrued income taxes	—	—	—	N/A	—	—	N/A		—	—	—	N/A	—	—	N/A	
Other changes in operating assets and liabilities	(142)	—	(142)	N/A	8	(150)	(1936.0%)		(142)	—	(142)	N/A	8	(150)	(1936.0%)	
Other cash flow from operations	—	—	—	N/A	—	—	N/A		—	—	—	N/A	—	—	N/A	
Total Cash Flow from Operations	\$ (2,150)	\$ 1,022	\$ (3,172)	(310.3%)	\$ (1,775)	\$ (375)	21.1%		\$ (2,150)	\$ 1,022	\$ (3,172)	(310.3%)	\$ (1,775)	\$ (375)	21.1%	
Cash flow from investing																
Additions to property, plant and equipment	\$ (245)	\$ —	\$ (245)		\$ (77)	\$ (168)	218.2%		\$ (245)	\$ —	\$ (245)	N/A	\$ (77)	\$ (168)	218.2%	
Acquisitions of companies, net of cash acquired	—	—	—	N/A	—	—	N/A		—	—	—	N/A	—	—	N/A	
Investment in intangibles	—	—	—	N/A	—	—	N/A		—	—	—	N/A	—	—	N/A	
Earnout payments	—	—	—	N/A	—	—	N/A		—	—	—	N/A	—	—	N/A	
Other cash flow from investing (goodwill)	—	—	—	N/A	—	—	N/A		—	—	—	N/A	—	—	N/A	
Total Cash Flow from Investing	\$ (245)	\$ —	\$ (245)		\$ (77)	\$ (168)	218.2%		\$ (245)	\$ —	\$ (245)	N/A	\$ (77)	\$ (168)	218.2%	
Cash flow from financing																
Proceeds from the issuance (repayment) of ST	\$ 2,786	\$ (276)	\$ 3,062	(1109.3%)	\$ 2,710	\$ 76	2.8%		\$ 2,786	\$ (276)	\$ 3,062	(1109.3%)	\$ 2,710	\$ 76	2.8%	
Proceeds from the issuance of debt	—	—	—	N/A	—	—	N/A		—	—	—	N/A	—	—	N/A	
Repayment of debt	(209)	(209)	0	(0.1%)	(209)	—	0.0%		(209)	(209)	0	(0.1%)	(209)	—	0.0%	
Capital lease	—	—	—	N/A	—	—	N/A		—	—	—	N/A	—	—	N/A	
Common stock issued (repurchased)	—	—	—	N/A	—	—	N/A		—	—	—	N/A	—	—	N/A	
Common stock cash dividends paid	—	—	—	N/A	—	—	N/A		—	—	—	N/A	—	—	N/A	
Preferred stock issued (repurchased)	—	—	—	N/A	—	—	N/A		—	—	—	N/A	—	—	N/A	
Other cash flow from financing costs	—	—	—	N/A	(0)	0	(100.0%)		—	—	—	N/A	(0)	0	(100.0%)	
Total Cash Flow from Financing	\$ 2,577	\$ (485)	\$ 3,062	(631.4%)	\$ 2,501	\$ 76	3.1%		\$ 2,577	\$ (485)	\$ 3,062	(631.4%)	\$ 2,501	\$ 76	3.1%	
Effect of FX rates on cash and cash equivalents	\$ 80	\$ 295	\$ (215)	(73.0%)	\$ (313)	\$ 392	(125.4%)		\$ 80	\$ 295	\$ (215)	(73.0%)	\$ (313)	\$ 392	(125.4%)	
Net change in cash	\$ 262	\$ 832	\$ (571)	(68.6%)	\$ 336	\$ (74)	(22.1%)		\$ 262	\$ 832	\$ (571)	(68.6%)	\$ 336	\$ (74)	(22.1%)	
Beginning cash	2,668	2,668	—	0.0%	4,335	(1,667)	(38.5%)		2,668	2,668	—	0.0%	4,335	(1,667)	(38.5%)	
Change in cash	262	832	(571)	(68.6%)	336	(74)	(22.1%)		262	832	(571)	(68.6%)	336	(74)	(22.1%)	
Ending cash	\$ 2,929	\$ 3,500	\$ (571)	(16.3%)	\$ 4,671	\$ (1,741)	(37.3%)		\$ 2,929	\$ 3,500	\$ (571)	(16.3%)	\$ 4,671	\$ (1,741)	(37.3%)	

Management Discussion

Working Capital: Further focus on collections led to lower AR by \$1.6M unfortunately overcompensated by increase in inventory of \$1.1M and reduction of AR/Accrued Expenses of \$2M led to an increase of working capital of \$800k

Cash Management: From Hongkong \$150k could be repatriated to the US. Furthermore Australia replaced A\$220k of cash deposit with an L/C and could reduce the local line of credit accordingly. From the Capex \$139k will be drawn from restricted cash in February.

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Appendix:

- **Supplemental Financial Information**
- **Additional Back Up Slides**

Red flags:

- No governance concerns identified to date

Ongoing Governance Activities:

- Updated Internal Control Authority Matrix

Action:

- None

Governance Matter	January 2019 Update
a) Requests for waivers or out-of-the-ordinary course approvals under the Internal Control and Corporate Governance Matrix, Code of Ethics or any internal control	Yes, updated Internal Control Matrix
b) Any conflicts of interest or the appearance of any such conflict or potential conflict	None
c) Any actual or apparent weakness or inadequacy in the Company's policies of internal controls and financial reporting	None
d) Any reports or complaints regarding accounting, internal accounting controls or auditing matters	None

Internal Control Matrix (1/3)



Hufcor, Inc.

A
I

Denotes that Signed Approval is required
Inform: Must be informed of the decision taken and may be consulted for input

Internal Control Policies

Effective Date: January 15, 2019

	Approvals Required By:								
	Manager	Director or Dept Head	GM/Vice President	Field BA/ Controller	CFO	CHRO	COO	CEO	OGC Operations
Financial									
All non-inventory purchases (Requisitioned or invoiced)									
\$0-\$20,000	A	A	A	I			A		
\$20,001-\$50,000	A	A	A	I	A		A		
\$50,001-\$150,000	A	A	A	I	A		A	A	
>\$150,000	A	A	A	I	A		A	A	
Inventory Purchases									
\$1-\$25,000	A	A	A	A					
\$25,001-\$350,000	A	A	A	A			A		
>\$350,000	A	A	A	A	I		A		
*Approval limits assume inventory is purchased according to a forecast approved by Sales and Operations.									
Vendor Payments									
Check Runs				A	I				
Individual payments, non-recurring, outside ordinary business <\$50,000				A	A				
Individual payments, non-recurring, outside ordinary business >\$50,000				A	A		A	I	
Individual payments >\$500,000				A	A		A	A	A
Capital Expenditures									
Budgeted \$1-\$25,000	A	A	A	I	I		A		
Budgeted \$25,001-\$100,000	A	A	A	I	I		A	I	
Budgeted > \$100,000	A	A	A	I	A		A	A	A - > \$250K
Unbudgeted Cap Ex. < \$50K		A	A	I	A		A	I	
Unbudgeted Cap Ex. > \$50K <\$250K		A	A	I	A		A	I	I
Unbudgeted Cap Ex. > \$250K		A	A	I	A		A	A	A
NOTE: non-budgeted Expenditures require minimum Director/Dept Head Approval									
Sales Orders									
Product Sales Quote (inc line items on combined quote)									
Set pricing policy and price list		A	A	I	I		I		
Discount to standard price <10%		A	A	I	I		I	I	
Discount to standard price >10%		A	A	I	A		A	A	
Credit Terms									
New			A	A	I		I/A > \$100K		
Special Terms (I.e > 45 days<60)			A	A	A		I		
Special Terms (I.e > 60 days)			A	A	A		A		

Internal Control Matrix (2/3)



Hufcor, Inc.

A
I

Denotes that Signed Approval is required
Inform: Must be informed of the decision taken and may be consulted for input

Internal Control Policies

Effective Date: January 15, 2019

	Approvals Required By:								
	Manager	Director or Dept Head	GM/Vice President	Field BA/ Controller	CFO	CHRO	COO	CEO	OGC Operations
Marketing									
Public Announcements (Press Releases-General)							A	I	All referencing OGC
Public Announcements (Press Releases-New Products)							A	I	All referencing OGC
Use of Company Names/Logos			A				A	I	
Interviews with media			A				A	I	
Trade Shows (annual exhibition plan)			A				A	I	
Advertising (campaign)							A	I	
Product Management									
Warranty Terms (Product Liability - Non Standard)		A	A	A	A		A		
Patents & Trademarks (filing)			A				A		
Patents & Trademarks (maintenance)			A				A		
Human Resources									
Policies and Procedures (Manual)		A	A		A	A	A	I	
Replacements <\$100,000 & within 5% of incumbent			A		I	A	A	A	
Replacements >\$100,000			A		I	A	A	A	
New Hires Budgeted <\$75,000			A		I	A	A	A	
New Hires Not Budgeted >\$1			A		A	A	A	A	I - > \$100k
New Hires if operating below planned EBITDA target (contractors follow same process)			A		A	A	A	A	
Other HR Related Expenditures (relocation, recruitment, etc.)			A		A	A	A	I	
Employee Terminations		A	A		I	A	I	I	
All Severance Payments >1 Week Per Year (policy)					I	A	I	A	I
Compensation:									
Sales Commission Agreements		I	A	I	I	A		A	
Sales Commission Targets		I	A	I	I	A		A	
Special Bonuses, all		I	A	I	A	A	I	A	
All CxO Employment Matters						A		A	A
All Employment Contracts			A			A		A	
All Union/Labor Related Matters			A			A	A	I	
All MIP-related Matters					A	A	I	A	A
All matters involving equity or change of control					I	A	I	A	A
Travel									
Travel policy Implementation/Changes			A		A	A	A	I	
Travel Advances			A	A	I/A > \$5K	A			

Internal Control Matrix (3/3)



Hufcor, Inc.

A
I

Denotes that Signed Approval is required
Inform: Must be informed of the decision taken and may be consulted for input

Internal Control Policies

Effective Date: January 15, 2019

	Approvals Required By:								
	Manager	Director or Dept Head	GM/Vice President	Field BA/ Controller	CFO	CHRO	COO	CEO	OGC Operations
Contracts (incl. third party suppliers)									
General operating contracts:									
Customer		A	A				A	I	
Lease (facility or equipment)		A			A		A	I	I > \$250K
Agent/Distributor Agreements			A		A		A	A	A
Consultant / Professional Services		A	A		I	I	I	A	Note 1
All other contracts		A	A		A		A	I	
All other contracts > 2 yrs in duration		A	A		A		A	A	
Loan Agreements or any incurrence of indebtedness or guarantee					A			A	A
Purchase and Sale Agreements (Acquisitions/Divestitures)					A	I	A	A	A
IP License or Cross License (exc. software and hardware)					A	I	A	I	I
Software and hardware					A	I	A	I	
Contracts containing non-compete					A	A	A	I	A
Agreements relating to the potential issuance of securities					A	I	I	A	A
Investment banking or similar engagement agreements					A	I	I	A	A
Agreement requiring consent for change in control, unless immaterial					A	I	I	A	A
Agreement relating to insurance outside OGC program					A	I	I	A	A
Any agreement not terminable at will on 90 days notice					A	I	I	A	
Reserves									
Accounts Receivable				A	A		I > \$100k	I > \$250	
Inventory				A	A		I > \$100k	I > \$250	
Other				A	A		I > \$100k	I > \$250	
Tax									
Letter of Engagement for Outside Tax Counsel				I	A				
Filing of Income tax returns – federal, state, local and foreign				I	A				
Notice of Tax Examinations				I	A				
(Customs)				I	A				
(income, payroll, sales / VAT, and property)				I	A				
Settlement of Tax Examinations - for all tax examinations				I	A				
Tax Provision for Audited Financial Statements				I	A				
Material Tax Elections				I	A			I	
Transfer and Cross-Charge Agreements					A		A	I	
Tax Sharing Agreements					A			I	
Penalty or tax payments (excluding Sales and Use Taxes, and Payroll Taxes)					A				
Treasury									
Signatory on Bank Accounts				I	A			A	A
LOC, Bank Guarantees, Bank Fees				I	A				A
Overdrafts on Current Accounts				A	A				
Other									
Initiate or settle litigation or gov't or regulatory actions					A	I	A	A	A
Charitable contributions					A	I	A	A	
Political contributions					Not allowed				
Accounting & controllers manual (policies)				A	A				

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- Supplemental Financial Information
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Squeeze Report



	Net Revenue					Adj. EBITDA					Net Debt		
	Act	Bud	Variance	PY	Variance	Act	Bud	Variance	PY	Variance	Act	Bud	PY
This Month	\$ 10,240	\$ 10,898	-6.0%	\$ 10,025	2.1%	\$ 147	\$ (62)	-338.7%	\$ (821)	-117.9%	\$ 40,045	\$ 36,882	\$ 37,192
Quarter to Date	\$ 10,240	\$ 10,898	-6.0%	\$ 10,025	2.1%	\$ 147	\$ (62)	-338.7%	\$ (821)	-117.9%			
Year to Date	\$ 10,240	\$ 10,898	-6.0%	\$ 10,025	2.1%	\$ 147	\$ (62)	-338.7%	\$ (821)	-117.9%			
LTM Trends (\$'000s)	2/28/18	3/31/18	4/30/18	5/31/18	6/30/18	7/31/18	8/31/18	9/30/18	10/31/18	11/30/18	12/31/18	1/31/19	LTM
Net Revenue	\$ 9,597	\$ 11,532	\$ 10,099	\$ 11,197	\$ 12,431	\$ 11,494	\$ 13,343	\$ 10,780	\$ 12,994	\$ 11,633	\$ 12,673	\$ 10,240	\$ 138,010
Gross Margin	1,976	2,941	2,367	2,449	3,954	2,679	3,600	2,908	3,818	2,553	2,862	2,394	34,500
Gross Margin %	20.6%	25.5%	23.4%	21.9%	31.8%	23.3%	27.0%	27.0%	29.4%	21.9%	22.6%	23.4%	25.0%
SG&A	2,584	2,649	2,624	2,524	1,332	2,248	2,375	1,855	2,635	1,893	2,018	2,247	26,984
EBITDA	(608)	292	(257)	(74)	2,621	431	1,224	1,053	1,183	660	845	147	7,516
Rep. EBITDA %	(6.3%)	2.5%	(2.5%)	(0.7%)	21.1%	3.7%	9.2%	9.8%	9.1%	5.7%	6.7%	1.4%	5.4%
Capex	\$ 256	\$ 106	\$ 57	\$ 76	\$ 40	\$ 30	\$ 71	\$ 17	\$ 323	\$ 323	\$ 905	\$ 245	\$ 2,447
Accounts Receivable, Net	\$ 32,123	\$ 34,044	\$ 31,181	\$ 32,153	\$ 33,740	\$ 34,289	\$ 36,303	\$ 37,623	\$ 38,232	\$ 38,946	\$ 35,472	\$ 33,865	\$ 33,865
Inventory, Net	12,430	11,785	12,085	11,954	11,349	11,761	11,833	12,067	12,167	13,263	13,095	14,150	14,150
Accounts Payable	9,990	11,357	10,298	11,065	11,344	11,124	10,762	12,498	11,581	12,491	13,527	12,301	12,301
CCC	\$ 28,373	\$ 34,472	\$ 32,967	\$ 33,043	\$ 33,745	\$ 34,926	\$ 37,374	\$ 37,192	\$ 38,818	\$ 39,718	\$ 35,040	\$ 35,714	\$ 35,714
DSO	98.8	103.7	94.9	92.4	93.6	91.3	90.2	96.4	94.2	101.8	89.7	93.1	89.6
DSI	47.1	45.7	45.5	42.9	42.5	40.4	38.8	40.5	40.4	43.1	41.5	45.8	37.4
DPO	36.2	38.5	39.6	39.2	39.3	38.6	36.9	39.0	39.0	42.0	40.5	43.3	43.4
C2C	109.8	111.0	100.7	96.1	96.9	93.1	92.1	97.9	95.5	102.9	90.7	95.6	83.6
Bank revolver	\$ 9,363	\$ 7,022	\$ 8,420	\$ 9,202	\$ 7,826	\$ 9,659	\$ 10,568	\$ 9,847	\$ 11,456	\$ 13,184	\$ 7,832	\$ 10,203	\$ 10,203
Unclassified external debt / OID	33,211	33,207	32,995	32,992	32,989	32,777	32,774	32,774	32,565	32,565	32,565	32,771	32,771
OpenGate debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Debt Outstanding	42,574	40,229	41,415	42,195	40,815	42,436	43,342	42,620	44,021	45,749	40,397	42,975	42,975
Cash and equivalents	5,877	3,507	2,836	4,012	3,331	3,596	2,725	3,422	2,953	3,271	2,668	2,929	2,929
Total Net Debt	\$ 36,696	\$ 36,722	\$ 38,579	\$ 38,182	\$ 37,484	\$ 38,840	\$ 40,617	\$ 39,198	\$ 41,068	\$ 42,478	\$ 37,729	\$ 40,045	\$ 40,045
Beginning Cash Balance	\$ 4,671	\$ 5,877	\$ 3,507	\$ 2,836	\$ 4,012	\$ 3,331	\$ 3,596	\$ 2,725	\$ 3,422	\$ 2,953	\$ 3,271	\$ 2,668	\$ 4,671
Add / (Less): Operating Cash Flow	736	430	(1,806)	193	720	(1,346)	(1,645)	1,423	(1,524)	(1,039)	5,209	(2,150)	(799)
Add / (Less): Investing Cash Flow	(256)	(106)	(57)	(76)	(40)	(30)	(71)	(17)	(323)	(323)	(905)	(245)	(2,447)
Add / (Less): Financing Cash Flow	711	(2,345)	1,207	811	(1,358)	1,639	936	(690)	1,431	1,593	(5,432)	2,577	1,082
Effect of FX rates / Other	16	(350)	(16)	248	(4)	3	(92)	(19)	(54)	87	524	80	422
Ending Cash Balance	\$ 5,877	\$ 3,507	\$ 2,835	\$ 4,012	\$ 3,330	\$ 3,597	\$ 2,726	\$ 3,423	\$ 2,953	\$ 3,272	\$ 2,667	\$ 2,929	\$ 2,929

Long-term trend					
Calendar year ending				LTM Actual	
Summary Financials	12/31/2016	12/31/2017	12/31/2018	1/31/2019	1/31/2019
Total Net Revenue	\$ 129,057	\$ 137,907	\$ 137,796	\$ 142,455	\$ 138,010
EBITDA, Reported	9,865	11,351	6,797	13,290	7,516
EBITDA, Reported %	7.6%	8.2%	4.9%	9.3%	5.4%
Accounts Receivable, Net	29,845	34,196	35,472	33,865	33,865
Inventory, Net	8,768	11,979	13,095	14,150	14,150
Accounts Payable	8,819	8,748	13,527	12,301	12,301
CCC	29,794	29,794	35,040	35,714	35,714
Net Debt	\$ 15,803	\$ 35,027	\$ 37,729	\$ 40,045	\$ 40,045

Monthly P&L



\$'000	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	FY	FY	Var		PY	Var	
	Act	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	\$	%	Act	\$	%
Gross Revenue	\$ 10,240	\$ 10,898	\$ 10,898	\$ 12,954	\$ 12,954	\$ 12,954	\$ 12,954	\$ 12,954	\$ 12,954	\$ 10,898	\$ 10,898	\$ 10,898	\$ 142,455	\$ 143,114	\$ (659)	(0.5%)	\$ 137,796	\$ 4,659	3.4%
Net Revenue	10,240	10,898	10,898	12,954	12,954	12,954	12,954	12,954	12,954	10,898	10,898	10,898	142,455	143,114	(659)	(0.5%)	137,796	4,659	3.4%
Material	3,267	3,924	3,674	4,535	4,535	4,185	4,535	4,535	4,535	3,617	3,617	3,617	48,576	49,734	(1,157)	(2.3%)	48,075	501	1.0%
Labor	3,460	3,322	3,322	3,586	3,586	3,586	3,586	3,586	3,586	3,322	3,322	3,322	41,587	41,449	138	0.3%	42,598	(1,012)	(2.4%)
Other COGS	1,119	955	955	1,003	1,003	1,003	1,003	1,003	1,003	955	955	955	11,915	11,752	163	1.4%	13,102	(1,187)	(9.1%)
Total COGS	7,845	8,201	7,951	9,124	9,124	8,774	9,124	9,124	9,124	7,895	7,895	7,895	102,078	102,934	(856)	(0.8%)	103,776	(1,698)	(1.6%)
Gross Margin	2,394	2,697	2,947	3,830	3,830	4,180	3,830	3,830	3,830	3,003	3,003	3,003	40,377	40,180	197	0.5%	34,020	6,357	18.7%
Gross Margin %	23.4%	24.7%	27.0%	29.6%	29.6%	32.3%	29.6%	29.6%	29.6%	27.6%	27.6%	27.6%	28.3%	28.1%			24.7%		
R&D	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Sales & Marketing	1,068	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	15,002	15,201	(199)	(1.3%)	14,603	399	2.7%
Administrative	1,195	995	995	995	995	995	995	995	995	995	995	995	12,140	11,939	200	1.7%	12,941	(802)	(6.2%)
Other Opex	(16)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(54)	(41)	(13)	31.0%	(322)	267	(83.2%)
Total Opex	2,247	2,258	2,258	2,258	2,258	2,258	2,258	2,258	2,258	2,258	2,258	2,258	27,088	27,099	(11)	(0.0%)	27,223	(135)	(0.5%)
EBITDA	147	438	688	1,572	1,572	1,922	1,572	1,572	1,572	745	745	745	13,290	13,081	209	1.6%	6,797	6,492	95.5%
EBITDA %	1.4%	4.0%	6.3%	12.1%	12.1%	14.8%	12.1%	12.1%	12.1%	6.8%	6.8%	6.8%	9.3%	9.1%			4.9%		
Net Income (Loss)	\$ (928)	\$ (383)	\$ (194)	\$ 469	\$ 469	\$ 731	\$ 467	\$ 474	\$ 484	\$ (137)	\$ (143)	\$ (140)	\$ 1,170	\$ 1,339	\$ (168)	(12.6%)	\$ (7,771)	\$ 8,941	(115.1%)
Capex	\$ 245	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 245	\$ —	\$ 245	N/A	\$ 2,279	\$ (2,033)	(89.2%)

Monthly EBITDA & Net Income (Loss) Bridge



\$'000	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY	FY	Var		PY	Var	
	Act	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	\$	%	Act	\$	%
EBITDA - as reported	\$ 147	\$ 438	\$ 688	\$ 1,572	\$ 1,572	\$ 1,922	\$ 1,572	\$ 1,572	\$ 1,572	\$ 745	\$ 745	\$ 745	\$13,290	\$13,081	\$ 209	1.6%	\$ 6,797	\$ 6,492	95.5%
Depreciation and amortization	(494)	(577)	(577)	(577)	(577)	(577)	(577)	(577)	(577)	(577)	(577)	(577)	(6,841)	(6,924)	83	(1.2%)	(6,032)	(809)	13.4%
Interest and amortization	(344)	(276)	(273)	(274)	(273)	(274)	(275)	(266)	(254)	(254)	(262)	(258)	(3,283)	(3,216)	(67)	2.1%	(3,962)	679	(17.1%)
Other financial income/expense	6	—	—	—	—	—	—	—	—	—	—	—	6	—	6	N/A	(216)	222	(102.8%)
Non-financial income/expense	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Monitoring fees (including expenses)	(250)	(96)	(96)	(96)	(96)	(96)	(96)	(96)	(96)	(96)	(96)	(96)	(1,306)	(1,152)	(154)	13.4%	(1,100)	(206)	18.7%
Restructuring costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	(1,387)	1,387	(100.0%)
Non-recurring items	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	(1,403)	1,403	(100.0%)
Taxes	7	127	64	(156)	(157)	(244)	(156)	(158)	(161)	45	47	46	(696)	(450)	(246)	54.7%	(469)	(227)	48.5%
GAAP Net Income (Loss)	\$ (928)	\$ (383)	\$ (194)	\$ 469	\$ 469	\$ 731	\$ 467	\$ 474	\$ 484	\$ (137)	\$ (143)	\$ (140)	\$ 1,170	\$ 1,339	\$ (168)	(12.6%)	\$ (7,771)	\$ 8,941	(115.1%)

Monthly Cost of Goods Sold by Component



\$'000	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY	FY	Var		PY	Var	
	Act	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	\$	%	Act	\$	%
Material																			
Material costs at standard	\$ 3,235	\$ 3,350	\$ 3,350	\$ 4,149	\$ 4,149	\$ 4,149	\$ 4,149	\$ 4,149	\$ 4,149	\$ 3,510	\$ 3,510	\$ 3,510	\$ 45,358	\$ 45,473	\$ (115)	(0.3%)	\$ 46,555	\$ (1,197)	(2.6%)
Materials FX loss / (gain)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Purchase price variance	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Freight in	32	574	324	386	386	36	386	386	386	108	108	108	3,218	4,261	(1,042)	(24.5%)	1,520	1,698	111.7%
Cost revision	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Scrap costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Consumables	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Total Material COGS	\$ 3,267	\$ 3,924	\$ 3,674	\$ 4,535	\$ 4,535	\$ 4,185	\$ 4,535	\$ 4,535	\$ 4,535	\$ 3,617	\$ 3,617	\$ 3,617	\$ 48,576	\$ 49,734	\$ (1,157)	(2.3%)	\$ 48,075	\$ 501	1.0%
Labor																			
Direct labor	\$ 1,087	\$ 930	\$ 930	\$ 1,106	\$ 1,106	\$ 1,106	\$ 1,106	\$ 1,106	\$ 1,106	\$ 930	\$ 930	\$ 930	\$ 12,372	\$ 12,215	\$ 157	1.3%	\$ 12,047	\$ 325	2.7%
Direct labor - bonus	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Direct labor - overtime	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Direct labor - benefits	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Direct labor - overtime	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Direct labor - other	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Indirect labor	734	719	719	735	735	735	735	735	735	719	719	719	8,738	8,723	14	0.2%	8,888	(151)	(1.7%)
Indirect labor – bonus	9	2	2	2	2	2	2	2	2	2	2	2	27	20	7	35.5%	37	(10)	(25.8%)
Indirect labor - overtime	59	36	36	43	43	43	43	43	43	36	36	36	498	475	23	4.9%	568	(70)	(12.4%)
Indirect labor – benefits	599	576	576	605	605	605	605	605	605	576	576	576	7,109	7,086	23	0.3%	6,893	216	3.1%
Indirect labor – other	143	38	38	(56)	(56)	(56)	(56)	(56)	(56)	38	38	38	(3)	(107)	105	(97.6%)	1,289	(1,291)	(100.2%)
Sub-contractor costs	829	1,021	1,021	1,152	1,152	1,152	1,152	1,152	1,152	1,021	1,021	1,021	12,845	13,036	(192)	(1.5%)	12,876	(32)	(0.2%)
Total Labor COGS	\$ 3,460	\$ 3,322	\$ 3,322	\$ 3,586	\$ 3,586	\$ 3,586	\$ 3,586	\$ 3,586	\$ 3,586	\$ 3,322	\$ 3,322	\$ 3,322	\$ 41,587	\$ 41,449	\$ 138	0.3%	\$ 42,598	\$ (1,012)	(2.4%)
Other																			
Repairs and maintenance	\$ 40	\$ 35	\$ 35	\$ 42	\$ 42	\$ 42	\$ 42	\$ 42	\$ 42	\$ 35	\$ 35	\$ 35	\$ 466	\$ 461	\$ 5	1.1%	\$ 474	\$ (8)	(1.6%)
Absorption	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Freight out	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Rent / facilities	140	122	122	122	122	122	122	122	122	122	122	122	1,480	1,463	18	1.2%	1,501	(20)	(1.4%)
Utilities	54	32	32	38	38	38	38	38	38	32	32	32	445	423	22	5.3%	521	(76)	(14.6%)
Other cost of sales	884	766	766	801	801	801	801	801	801	766	766	766	9,523	9,405	118	1.3%	10,606	(1,083)	(10.2%)
Total Other COGS	\$ 1,119	\$ 955	\$ 955	\$ 1,003	\$ 1,003	\$ 1,003	\$ 1,003	\$ 1,003	\$ 1,003	\$ 955	\$ 955	\$ 955	\$ 11,915	\$ 11,752	\$ 163	1.4%	\$ 13,102	\$ (1,187)	(9.1%)
Total COGS	\$ 7,845	\$ 8,201	\$ 7,951	\$ 9,124	\$ 9,124	\$ 8,774	\$ 9,124	\$ 9,124	\$ 9,124	\$ 7,895	\$ 7,895	\$ 7,895	\$ 102,078	\$ 102,934	\$ (856)	(0.6%)	\$ 103,776	\$ (1,698)	(10.4%)

Monthly Cashflow



\$'000	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	FY	FY	Variance		PY	Variance	
	Act	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	\$	%	Act	\$	%
Cash flow from operations																			
Net Income (Loss)	\$ (928)	\$ (383)	\$ (194)	\$ 469	\$ 469	\$ 731	\$ 467	\$ 474	\$ 484	\$ (137)	\$ (143)	\$ (140)	\$ 1,170	\$ 1,339	\$ (168)	(12.6%)	\$ (7,771)	\$ 8,941	(115.1%)
Depreciation, amortization and other	494	577	577	577	577	577	577	577	577	577	577	577	6,841	6,924	(83)	(1.2%)	6,032	809	13.4%
Capitalized fees & expenses	44	32	32	32	32	32	32	32	32	32	32	32	392	379	13	3.3%	457	(65)	(14.2%)
Gain (loss) on sale of fixed assets	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	14	(14)	(100.0%)
Non-cash interest expense	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Non-cash dividends	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Deferred income tax	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Change in operating assets and liabilities:																	\$ -		
Accounts receivable	1,584	(276)	979	(1,449)	(209)	(1,518)	(153)	(418)	(293)	525	(785)	785	(1,228)	(2,171)	942	(43.4%)	(1,266)	38	(3.0%)
Inventory	(1,056)	(232)	503	(1,887)	441	84	(84)	294	(128)	1,109	(136)	136	(956)	(337)	(619)	183.8%	(1,112)	157	(14.1%)
Prepaid expenses and other current assets	(123)	7	310	(520)	117	588	(126)	(239)	(365)	859	(137)	(54)	316	250	66	26.4%	246	71	28.8%
Accounts payable	(1,297)	403	(1,458)	916	(294)	(56)	350	294	(294)	(211)	297	(297)	(1,646)	534	(2,180)	(408.4%)	3,670	(5,316)	(144.9%)
Accrued expenses	(726)	159	159	1,294	159	(1,655)	295	733	2,463	(4,901)	734	133	(1,153)	(152)	(1,001)	656.9%	(832)	(322)	38.7%
Accrued income taxes	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Other changes in operating assets and liabilities	(142)	—	—	—	—	—	—	—	—	—	—	—	(142)	—	(142)	N/A	139	(281)	(201.9%)
Other cash flow from operations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Total Cash Flow from Operations	\$ (2,150)	\$ 286	\$ 908	\$ (569)	\$ 1,291	\$ (1,218)	\$ 1,358	\$ 1,748	\$ 2,477	\$ (2,148)	\$ 439	\$ 1,172	\$ 3,594	\$ 6,766	\$ (3,172)	(46.9%)	\$ (424)	\$ 4,018	(947.6%)
Cash flow from investing																			
Additions to property, plant and equipment	\$ (245)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (245)	\$ —	\$ (245)	N/A	\$ (2,279)	\$ 2,033	(89.2%)
Acquisitions of companies, net of cash acquired	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Investment in intangibles	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Earnout payments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Other cash flow from investing (goodwill)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Total Cash Flow from Investing	\$ (245)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (245)	\$ —	\$ (245)	N/A	\$ (2,279)	\$ 2,033	(89.2%)
Cash flow from financing																			
Proceeds from the issuance (repayment) of ST	\$ 2,786	\$ (47)	\$ (668)	\$ 1,018	\$ (1,052)	\$ 1,458	\$ (910)	\$ (1,508)	\$ (2,237)	\$ 2,596	\$ (200)	\$ (932)	\$ 304	\$ (2,758)	\$ 3,062	(111.0%)	\$ 1,758	\$ (1,454)	(82.7%)
Proceeds from the issuance of debt	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Repayment of debt	(209)	—	—	(209)	—	—	(209)	—	—	(209)	—	—	(836)	(836)	0	(0.0%)	(753)	(83)	11.0%
Capital lease	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Common stock issued (repurchased)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Common stock cash dividends paid	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Preferred stock issued (repurchased)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A
Other cash flow from financing costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	(0)	0	(100.0%)
Total Cash Flow from Financing	\$ 2,577	\$ (47)	\$ (668)	\$ 809	\$ (1,052)	\$ 1,458	\$ (1,119)	\$ (1,508)	\$ (2,237)	\$ 2,387	\$ (200)	\$ (932)	\$ (531)	\$ (3,594)	\$ 3,062	(85.2%)	\$ 1,005	\$ (1,537)	(152.9%)
Effect of FX rates on cash and cash equivalents	\$ 80	\$ 332	\$ (240)	\$ (240)	\$ (240)	\$ (240)	\$ (240)	\$ (240)	\$ (240)	\$ (240)	\$ (240)	\$ (240)	\$ (1,988)	\$ (1,773)	\$ (215)	12.2%	\$ 30	\$ (2,018)	(6766.1%)
Net change in cash	\$ 262	\$ 571	\$ (1)	\$ (0)	\$ (1)	\$ (0)	\$ (1)	\$ (0)	\$ 0	\$ (1)	\$ (1)	\$ (1)	\$ 829	\$ 1,399	\$ (571)	(40.8%)	\$ (1,667)	\$ 2,496	(149.7%)
Beginning cash	2,668	2,929	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	2,668	2,668	—	—	4,335	\$ (1,667)	(38.5%)
Change in cash	262	571	(1)	(0)	(1)	(0)	(1)	(0)	0	(1)	(1)	(1)	829	1,399	(571)	(40.8%)	(1,667)	2,496	(149.7%)
Ending cash	\$ 2,929	\$ 3,501	\$ 3,499	\$ 3,500	\$ 3,499	\$ 3,500	\$ 3,499	\$ 3,500	\$ 3,500	\$ 3,499	\$ 3,499	\$ 3,499	\$ 3,499	\$ 3,499	\$ —	\$ —	\$ 2,667	\$ 832	31.2%

13 Week Cash Forecast



Hufcor Inc. Global Consolidated 13 Week Cash Flow Forecast

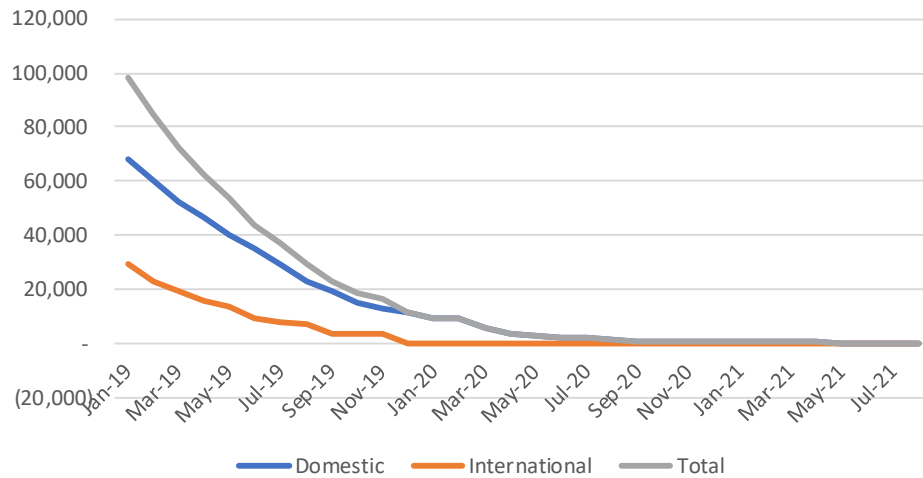
\$ 000's

Week Ending:	8-Feb	15-Feb	22-Feb	1-Mar	8-Mar	15-Mar	22-Mar	29-Mar	5-Apr	12-Apr	19-Apr	26-Apr	3-May	Total
Total Inflows	3,475	2,715	2,569	3,660	2,756	2,779	2,775	3,107	2,666	2,564	2,591	2,806	3,159	37,622
Total Operating Disbursements	(2,518)	(3,099)	(2,125)	(3,364)	(2,511)	(3,106)	(2,081)	(3,184)	(2,446)	(2,536)	(2,192)	(2,521)	(2,788)	(34,474)
Net Operating Cash Flow	957	(385)	443	296	245	(327)	694	(77)	220	28	398	285	371	3,148
Interest Expense	-	-	-	49	-	-	-	-	1,049	-	-	-	48	1,147
Taxes	20	53	224	-	54	18	225	-	54	-	116	142	33	938
CapEx	20	20	20	20	20	20	20	20	20	20	20	20	20	260
Other Non-Op	5	12	5	5	7	5	5	7	5	12	7	5	5	85
Total Non-Operating Disbursements	45	85	249	74	81	43	250	27	1,128	32	143	167	106	2,430
Total Net Cash Flow	912	(470)	195	221	163	(370)	444	(104)	(908)	(4)	255	118	265	718
Beginning Bank Cash	1,599	2,107	1,897	1,678	1,871	1,853	1,939	1,952	1,624	1,701	1,918	1,966	2,115	1,599
Net Global Cash Flow	912	(470)	195	221	163	(370)	444	(104)	(908)	(4)	255	118	265	718
Transfers In / (Out)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Draw / Sweep	(404)	261	(414)	(29)	(181)	457	(432)	(223)	984	221	(207)	31	(544)	(481)
Ending Bank Cash	2,107	1,897	1,678	1,871	1,853	1,939	1,952	1,624	1,701	1,918	1,966	2,115	1,836	1,836
Term Loan Balance	32,774	32,774	32,774	32,774	32,774	32,774	32,774	32,774	32,774	32,774	32,774	32,564	32,564	32,564
Beginning Revolver Balance	10,160	9,761	10,021	9,607	9,598	9,417	9,874	9,442	9,219	10,234	10,456	10,249	10,280	10,160
Domestic PIK Interest	5	-	-	19	-	-	-	-	32	-	-	-	27	83
Draw / Sweep	(404)	261	(414)	(29)	(181)	457	(432)	(223)	984	221	(207)	31	(544)	(481)
Ending Revolver Balance	9,761	10,021	9,607	9,598	9,417	9,874	9,442	9,219	10,234	10,456	10,249	10,280	9,763	9,763
Borrowing Base	17,323	17,002	17,965	17,876	17,440	17,105	17,196	17,588	17,188	16,897	16,911	16,877	17,033	17,033
Availability	7,562	6,981	8,358	8,279	8,024	7,232	7,755	8,369	6,953	6,441	6,663	6,598	7,270	7,270
Liquidity	9,669	8,878	10,036	10,149	9,877	9,171	9,706	9,994	8,654	8,359	8,629	8,713	9,106	9,106
Total Debt	42,535	42,795	42,381	42,372	42,191	42,648	42,216	41,993	43,008	43,230	43,023	42,844	42,327	42,327

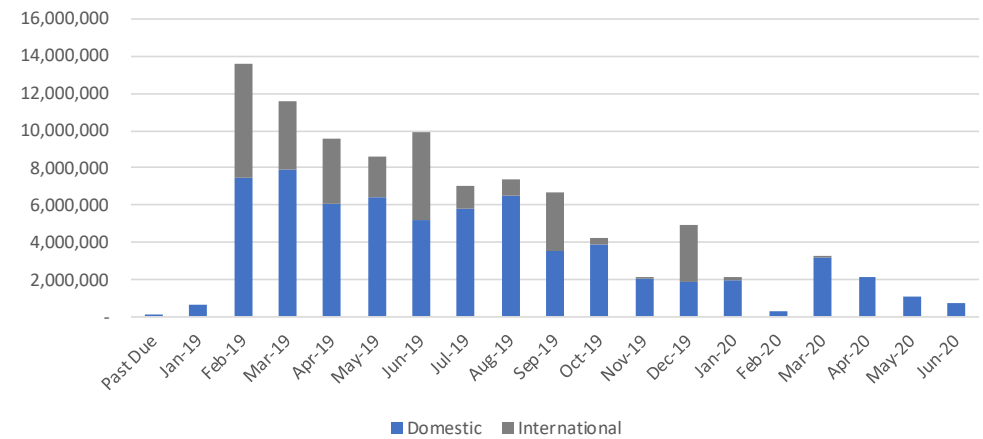
Backlog Depletion – Product Only



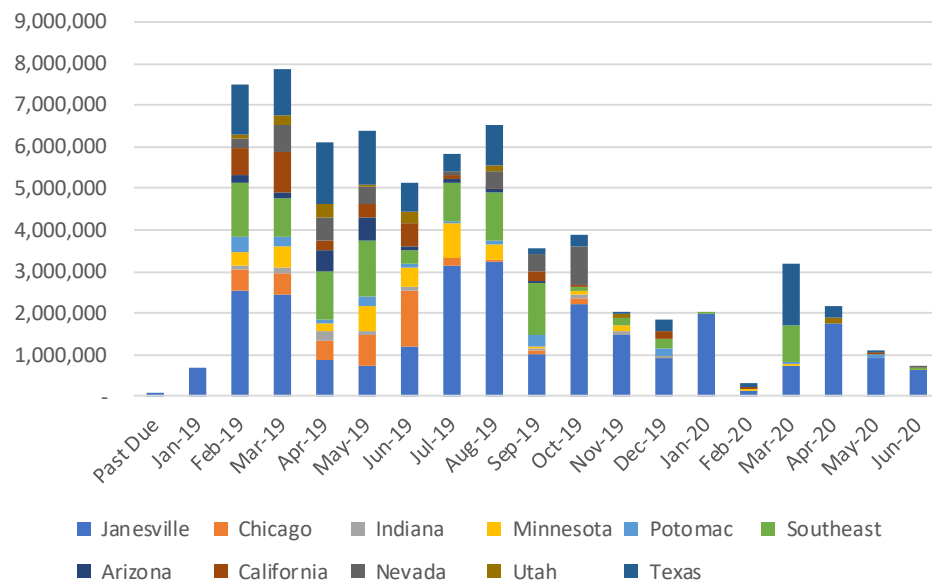
Backlog Depletion



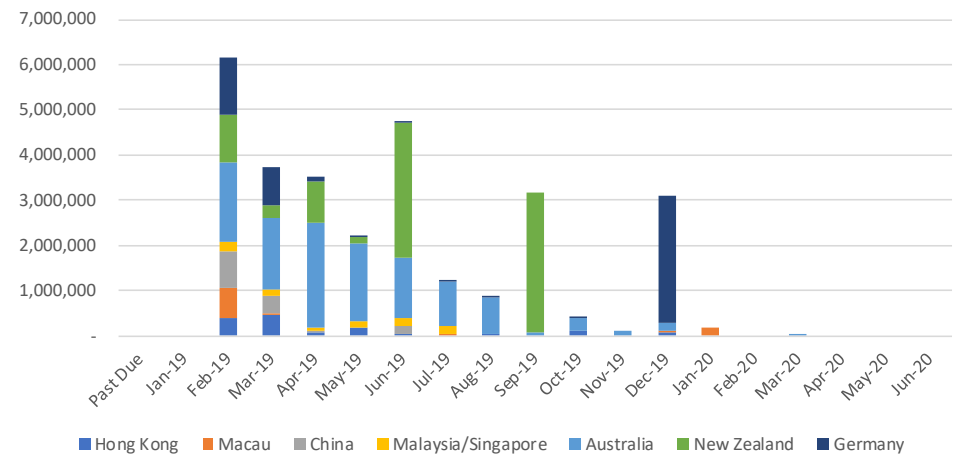
Total Backlog Depletion



Domestic Backlog Depletion



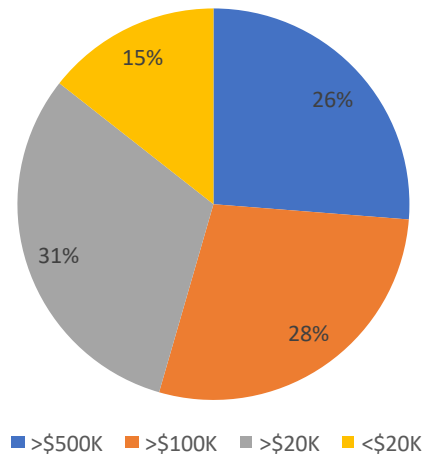
International Backlog Depletion



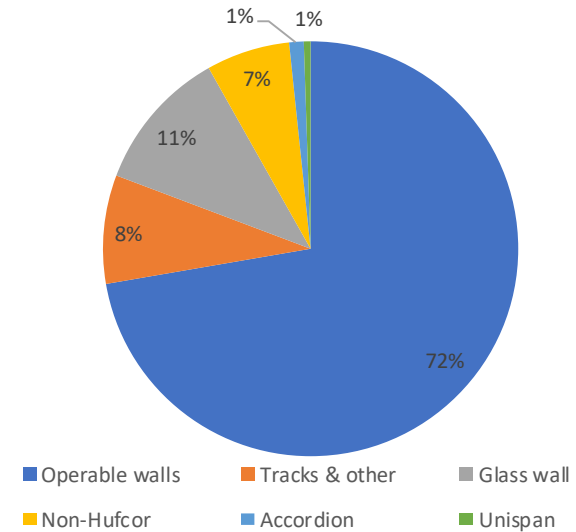
Backlog Composition – Product Only



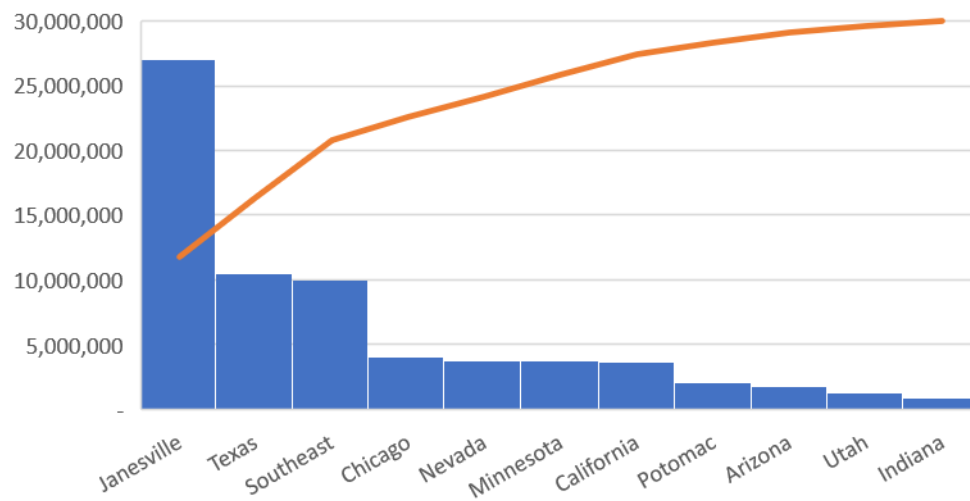
Global Backlog by Project Size



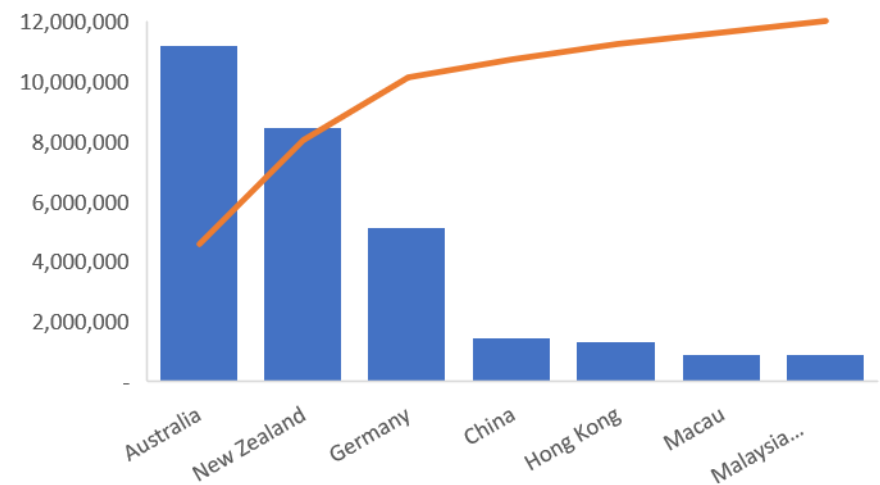
Domestic Backlog by Product



Domestic Backlog by Sales Office



International Backlog by Country



Headcount by Month



Month	Direct Labor	Indirect Labor - Hourly	Indirect Labor - Salary	Indirect Labor - Delivery & Dist.	Research & Development	Sales & Marketing	Administrative	Other	Total Permanent	Agency FTE & Temps	Total Headcount	Bud Headcount	Difference to Bud
2019 January (A)	271	104	94	7	1	106	61	–	644	47	691	712	(21)
2019 February (B)	278	110	103	9	2	113	60	–	675	37	712	712	–
2019 March (B)	281	110	104	9	2	113	60	–	679	37	716	716	–
2019 April (B)	281	113	104	9	2	113	60	–	682	37	719	719	–
2019 May (B)	281	113	104	9	2	114	60	–	683	37	720	720	–
2019 June (B)	281	113	104	9	2	114	60	–	683	37	720	720	–
2019 July (B)	281	113	104	9	2	114	60	–	683	37	720	720	–
2019 August (B)	281	113	104	9	2	114	60	–	683	37	720	720	–
2019 September (B)	281	113	104	9	2	115	60	–	684	37	721	721	–
2019 October (B)	281	113	104	9	2	115	60	–	684	37	721	721	–
2019 November (B)	281	113	104	9	2	115	60	–	684	37	721	721	–
2019 December (B)	281	113	104	9	2	115	60	–	684	37	721	721	–
Final Headcount	281	113	104	9	2	115	60	–	684	37	721	721	–

Management Discussion

- Headcount during January 2019 consists of the following the following: Domestic (373) and International (318)

2019 Focus on 5



	1 - Team Centric	2 - Safety	3 - Quality	4 - Delivery	5 - Cost/Growth
Macro	<ul style="list-style-type: none"> High "Say Do" Ratio "One Hufcor" 	<ul style="list-style-type: none"> Safety First 5S Maturity 	<ul style="list-style-type: none"> Right "First" Time Bias for Action 	<ul style="list-style-type: none"> World Class Lead Times "Perfect Order" 	<ul style="list-style-type: none"> Focus on GM% New Products & Globalization
Detail Focus Areas	<ul style="list-style-type: none"> a. Performance Management Process b. Development Plans c. X-Training d. Organizational Design e. Goal Alignment f. Global Standard Work Development g. Town Halls h. Quarterly Lunch & Learns (L&L) 	<ul style="list-style-type: none"> a. RIR / First Aid Pareto & Action Plan b. 5S c. Consistent Policies d. Management System: <ul style="list-style-type: none"> a. High Hazard b. LOTO c. Job Site d. Confined Space e. Environmental Compliance 	<ul style="list-style-type: none"> a. Standard Work Adherence b. ISO Certifications c. Poka-Yoke d. Scrap e. Correct Tools/Equipment f. Right First Time Delivery to Jobsite 	<ul style="list-style-type: none"> a. PFEP <ul style="list-style-type: none"> a. SKU Rationalization b. Level Load c. Lean Mgmt System d. Global Standard BOM <ul style="list-style-type: none"> a. Part "reuse" b. SKU naming convention e. Warm Start Focus f. Customer Service Excellence g. Project Management Excellence h. NA Growth Readiness 	<ul style="list-style-type: none"> a. Strategic Procurement (PPV) & Dual Sourcing b. Gross Margin reporting at: SKU / Project c. Product Line Expansion <ul style="list-style-type: none"> a. Alu Frame, Glass, Demountable b. Optimize Vertical Wall d. Global PS5 & Price e. APAC Optimization f. Advansys Partnership
Reactive KPI(s)	<ul style="list-style-type: none"> Absenteeism < 15% Staffing Cycle Time, < 60 days for prof., < 30 days for union G&O 100% Completion Mid Year/End of Year 100% Completion L&L Quarterly and Town Hall 2x/year 100% Complete 	<ul style="list-style-type: none"> RIR: 50% Reduction to 4.9 Lost Time: 0 	<ul style="list-style-type: none"> TCAR Reduction 24 Hour Response Time (Calls and E mails) Customer Feedback In field Service Warranty \$ Reduction 	<ul style="list-style-type: none"> +90% OTD Past Due \$s below \$100K (average) Past Due Aging – Below 30 Days 24 Hour Response Time (Calls and E mails) Project Schedule Fidelity Increase Output X% at each location 	<ul style="list-style-type: none"> EBITDA - \$16M (12.9% of sales) Direct Mat'l: 33.4% of Sales Manf. O/H: 18.5% of Sales Opex: 17.5% of Sales GM% - +31% Launch Standard Glass in NA, GER & AUS Q1 Launch AL Frame NA & GER Q1 Launch PS5 & Price Book Q12019
Proactive KPI(s)	<ul style="list-style-type: none"> 100% Completion of Cross Training Plan for critical roles within each function High "Say - Do" Ratio 	<ul style="list-style-type: none"> Safety Concern(s) Closed: +1,000 globally Global 5S Score Maturity by YE: 3 	<ul style="list-style-type: none"> Warranty Trending 	<ul style="list-style-type: none"> S&OP Launch Inventory +90% "Green" per PFEP Inventory Accuracy: +98% SQDC Operating Mechanisms Weekly Sales & Securement Op Mech (Internal + Distributors) 	<ul style="list-style-type: none"> PPV: +\$3M Dual Source +50% of Critical Spend OT - Below \$350K
Stretch Goal(s)					<ul style="list-style-type: none"> Revenue \$150M+ Glass Sales: +\$20M Globally

Goals Aligned Cross Functionally & Globally = "One Hufcor"...

2019 Risks & Opportunities



Risks

Description	Potential Impact	Plan to Address
<ul style="list-style-type: none"> Infrastructure & Financial Planning (Facilities, Equipment & IT/Network) <ul style="list-style-type: none"> Equipment decades old IT fragmented and out of date Facility condition (HQ, Malaysia sinking etc.) Supplier Tooling Excess Capacity (too many facilities) Financial Reporting Tools 	<ul style="list-style-type: none"> Operational Performance Challenges including: Increased OT, Potential Scrap/Rework Potential Delay to Strategic Initiatives (i.e. APAC Consolidation) Increased R&M Spend Cash Drain on the business Forecast Inaccuracy 	<ul style="list-style-type: none"> Developing CAPEX plan to address and balancing with Cash/EBITDA performance but level of accuracy will vary as we start to “dig in” (example JVL Deferred Maint.) Rooftop consolidation plan created – on hold pending Malaysia facility readiness (sinking) Deep diving financial tool kit and creating plan
<ul style="list-style-type: none"> Domestic (USA) Regional Sales Office Execution Readiness <ul style="list-style-type: none"> Lack of Trained People Lack of Basic Process/SS Unknown Actual vs. Estimate Project Financial Impact Lack of Daily Tools (aka ability to invoice) 	<ul style="list-style-type: none"> Variability to Monthly Performance at regional level (P&L Impact) Inability to forecast accurately month to month Q1/Q2 People Onboarding Variability 	<ul style="list-style-type: none"> Pricing Updates Contract Review Implement SQDC & Std Work Review Financial System Root Cause Project Variances and Measure Project Schedule Fidelity Look at Field Sales Compensation Plan and Staffing Levels
<ul style="list-style-type: none"> Product Line Gaps <ul style="list-style-type: none"> Glass Global Standard Product Vertical Lift Partition Studio 4 (not global or cloud based) 	<ul style="list-style-type: none"> Unable to shift capacity globally Material PPV a challenge Sales “misses” due to not having full product offerings 	<ul style="list-style-type: none"> Global Aluminum Frame (700 Series) Completion of base Glass catalog & Globalization Partition Studio 5
<ul style="list-style-type: none"> Market Upside: <ul style="list-style-type: none"> Glass Aluminum Standard Product (700 Series) Tennent Fit Out Market 	<ul style="list-style-type: none"> Significant market upside at very solid margin (35%+) 	<ul style="list-style-type: none"> Reallocate engineering resources to shop floor to drive line design improvements & “real time” issue resolution Driving price conversations with supply base Implement Lean Management System
<ul style="list-style-type: none"> Growth/Operating Cash/Working Capital 	<ul style="list-style-type: none"> Market Upside Increased Operating Cash Flow 	<ul style="list-style-type: none"> Daily/Weekly Focus on AR/AP Deep Dive Raw Material and Finished Good Levels and Materials Management
<ul style="list-style-type: none"> Organization Depth (Globally) <ul style="list-style-type: none"> Organization Maturity Skill Set not capable of transformational level execution 	<ul style="list-style-type: none"> Operational Execution issues (SQDC) globally driving customer satisfaction challenges Leadership Churn Market concerns (customer feedback) 	<ul style="list-style-type: none"> Implementing Performance Management Process: G&O's, Organization Capability Review, Performance Management of team

Opportunities

Field Office Key Issues



No.	Issue	Plan to Address
1	Many projects are being priced with insufficient margin above estimated cost	<ul style="list-style-type: none"> • Communicate pricing “cultural shift” to sales organization • Implement reduced, standard Negotiated Allowance levels across the sales organization • Implement centralized contract review process for >\$100K projects • Implement standardized local contract review process and ensure local sales leadership adherence through centralized spot checking of <\$100K projects • [Adjust sales incentive compensation to reward achieving margin – TO BE VERIFIED BY MIKE]
2	Some project estimates have missing or insufficient cost components (e.g., understated labor)	<ul style="list-style-type: none"> • Implement standard work for estimators • Implement project manager review process for newer estimators • Implement formal estimator training program for newer estimators • Implement financial system that facilitates comparison of actual vs. estimated project costs by line item • Establish process to perform root cause analysis on projects where actual costs exceed estimated costs, and institute weekly review call with ops and sales leaders from each region
3	Some actual project costs are exceeding appropriately estimated projects costs	<ul style="list-style-type: none"> • Implement financial system that facilitates comparison of actual vs. estimated project costs by line item • Establish process to perform root cause analysis on projects where actual costs exceed estimated costs, and institute weekly review call with ops and sales leaders from each region
4	Field offices do not have consistent or optimized operational processes	<ul style="list-style-type: none"> • Implement SQDC (Safety, Quality, Delivery, Cost) culture / process • Implement standard work for all new installation projects (project coordinators and project managers) and service sales projects (service techs and service managers)
5	Some field offices have vacant positions and/or otherwise non-optimized staffing	<ul style="list-style-type: none"> • Fill vacant positions • Assess staffing at each office (after standard work is completed) and make adjustments, as needed
6	Field office financial and project tracking are error-prone, cumbersome, and non-transparent due to ineffective systems (QuickBooks and Excel)	<ul style="list-style-type: none"> • Select appropriate financial system • Deploy new financial system across offices • Update standard work, as needed, to reflect new financial system

Field Office Key Initiatives (1/2)

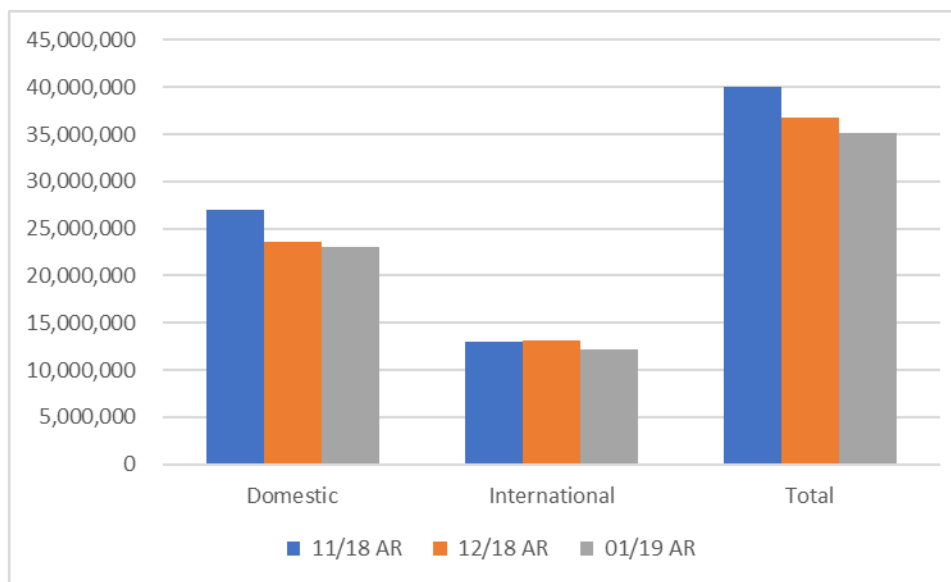


No.	Initiative	Issue	Lead	Progress To-Date	Next Steps	Progress
1	Communicate new pricing policy	1	Mike	<ul style="list-style-type: none"> Communicated pricing “cultural shift” to sales organization on 8/29/18 Implemented new lower standard NAs (with 35% GM target) on 8/29/18 	<ul style="list-style-type: none"> N/A (complete) 	
2	Implement contract review processes	1	Neal	<ul style="list-style-type: none"> Established contract review committee for >\$500K projects in July 2018 (Mike Kontranowski, Neal Berens, Scott Staeder, Deb Dunkin) Implemented contract review process by Deb Dunkin for \$100K-\$500K projects in Oct 2018 (after observing issues with smaller projects) 	<ul style="list-style-type: none"> Implement standardized local contract review process across all offices by Jan 2019 Add spot contract review for <\$100K projects by Deb Dunkin in Jan 2019 	<ul style="list-style-type: none"> Contact review process has been implemented. Still seeing examples of not following process Audit process is being pushed back to Feb/Mar 19. Retraining on contract review to be held end of Feb ‘19.
3	Implement SQDC	4	Neal	<ul style="list-style-type: none"> Implemented SQDC boards in Florida, Potomac, Chicago, and Dallas in Jul-Sep 2018 Implemented SQDC culture in LA in Sep 2018 Implemented weekly 15-minute SQDC call with each field offices starting Sep 2018 	<ul style="list-style-type: none"> Implement SQDC boards in LA by Dec 2018 	<ul style="list-style-type: none"> Complete
4	Implement standard work	2,3,4	Neal	<ul style="list-style-type: none"> Reviewed processes across all field offices in Jun-Sep 2018 Developed standard work procedures for new installation and service sales projects in Oct 2018 Conducted standard work training in LA office on 11/13/18 	<ul style="list-style-type: none"> Conduct standard work training for NV and AZ offices on 11/16/18 Refine standard work and ensure appropriate adoption in Southwest region through Jan 2019 Roll out standard work in Chicago and Potomac office in Feb-Apr 2019 Roll out standard work in Dallas and Florida office in May-Jul 2019 	<ul style="list-style-type: none"> Standard work training complete although it will continuously improve

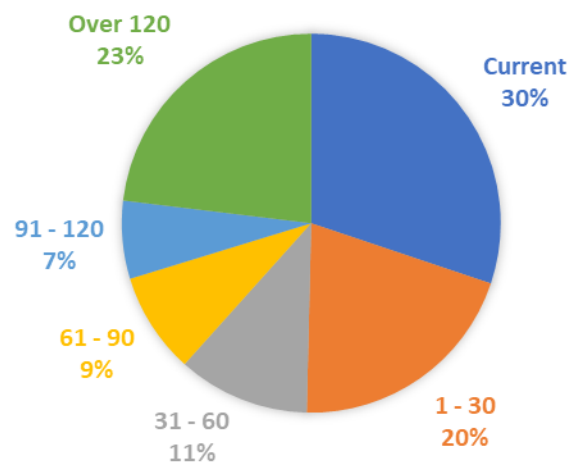
Field Office Key Initiatives (2/2)



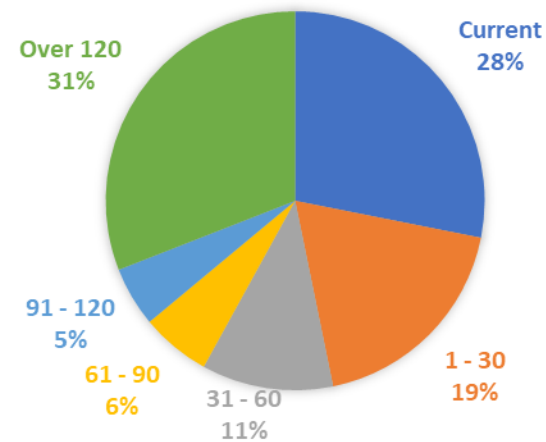
No.	Initiative	Issue	Lead	Progress To-Date	Next Steps	Progress
5	Ensure appropriate staffing	5	Neal	<ul style="list-style-type: none"> Initiated search for CA and NV service sales managers in Nov 2018 (Kelly driving process) 	<ul style="list-style-type: none"> Hire CA and NV service sales managers by Feb 2019 Assess Southwest staffing needs/changes by Jan 2019 (after standard work deployed) Assess staffing needs/changes at remaining offices in Feb-Jul 2019 (after standard work deployed in each office) 	<ul style="list-style-type: none"> Hired new PM with CA contractors license Staffing assessment completed in SW. Present to leadership Feb '19
6	Implement new financial system	2,3,6	Mirko	<ul style="list-style-type: none"> Began reviewing options in Sep 2018 Potential Solution presented in January 2019 – Decision not to implement yet due to risks and cost 	<ul style="list-style-type: none"> Gradual improvements of existing systems (e.g. AR, upload of AP) 	
7	Implement root cause analysis process for project cost overages	2,3	Neal		<ul style="list-style-type: none"> After new financial system deployed, establish process to perform root cause analysis on projects where actual costs exceed estimated costs, and institute weekly review call with ops and sales leaders from each region 	
8	Ensure estimator accuracy	2	Mike		<ul style="list-style-type: none"> Deploy project manager review process for new estimators by Dec 2018 (driven by Neal) Develop estimator training program by [Month 2019 – MIKE TO CONFIRM] 	<ul style="list-style-type: none"> In progress. Working with 1 estimator and PM's on implementing
9	Adjust sales incentive compensation	1	Mike		<ul style="list-style-type: none"> [TBD] 	



DOMESTIC



INTERNATIONAL



AR Reduced, Need Focus on International Overdue >120 Days