



Quarterly Operating Review– March 2020

April 23rd, 2020

March 2020 Operating Review Meeting Agenda

④ **Consolidated**

Executive Summary

Financial Review

Full Year Financial Outlook

④ S&G

④ Delaney

④ Premier

④ Governance Reporting

④ Appendix

Consolidated Executive Summary | Overview

March revenues of \$7.1M, unfavorable to AOP (Budget) (\$1.1M)/(13%), unfavorable to Prior Year(PY) (\$1.2M)/(15%)

- Unfavorable performance at S&G (\$1.1M)
- Flat performance at Delaney
- Flat performance at Premier

YTD revenues of \$24.2M, unfavorable to AOP (Budget) (\$0.4M)/(2%), unfavorable to Prior Year(PY) (\$0.2M)/(1%)

- Unfavorable performance at S&G (\$1.1M)/(34%)
- Favorable performance at Delaney \$0.1M/1%
- Favorable performance at Premier \$0.3M/8%

Hits

- S&G
 - Backlog favorable \$2.9M compared to the Budget and favorable \$2.1M compared to PY
 - Current calendar year convertible runoff favorable \$3.4M compared to equivalent period in PY
 - March backlog contains current year 2020 runoff of \$10.1M compared to PY 2019 runoff of \$6.7M
 - YTD/Q1 bookings favorable to AOP by \$2.6M and favorable to PY by \$2.1M
 - Q1 bookings of \$13.8M exceeded budget and prior year by 23% and 23%, respectively
 - Arya 2020 blanket order of \$2.5M received in March 2020, for March 2020 through January 2021 releases
 - Q1 government bookings favorable \$0.7M compared to PY
- Delaney
 - To date, no measurable drop in shipments
 - LMC Annual Show resulted in record sales of \$305K.
 - Online growth in March up \$119k / 78% and YTD up \$278k / 67% vs PY.
 - Successful onboarding of Ecommerce & Digital Marketing Manager and Lead Generation Manager/Senior Graphic Designer
- Premier
 - The backlog is stable and up YOY
 - Up to date calls with customers reveal business is steady with only moderate reductions to date.
 - Raw inventory and supplies have not been impacted thus far, and a plan is in place to ensure the ability to operate without excessive burden on reserves. Low pricing has been locked in for steel through June and has been broadened for supply blending of foreign and domestic sources which further buttresses our raw availability and pricing position.

Consolidated Executive Summary | Overview

Misses

- S&G
 - Interruptions and deferments of booked customer shipments due to COVID-19 prompted industry shutdowns globally
 - Q1 revenue slippage of (\$0.7M) bound for India not shipped due to India national shutdown
 - (\$0.5M) Arya
 - (\$0.2M) NCR
 - Q1 revenue slippage in other regions total (\$0.6M)
 - Refresh brand delayed due to trademark search and subsequent government registry queue amidst COVID-19 interruptions
 - New Tier 1 keypad launch slightly delayed due to COVID-19
 - Introduce keypad in July to market and begin production shipments to customers in September
 - Focus on product rationalization and customer focused portfolio solutions
- Delaney
 - Five states with construction industry restricted activities, risk of further states
 - The impact of the Coronavirus on our supply chain has been relatively low. However, beginning to see extended lead times out of Philippines factory.
 - Multi-family Smartlock launch schedule is delayed to late Q4
- Premier
 - Steel mills experiencing COVID-19 cases and reduced demand from automotive, manufacturing, OTCG (Oil Country Tubular Goods), and construction. Blast furnaces being idled to support pricing and service centers are also laying off. Should the country open back up with a better than expected demand for construction products, there could be short term steel supply issues.
 - Current construction projects are increasingly being delayed, paused, or in some cases canceled. New starts are also being pushed back or potentially delayed into 2021. All could have a negative impact to top line and earnings on a go forward basis.

Consolidated Executive Summary | COVID-19 Response

Mitigate impact of the pandemic and market uncertainty creating revenue declines*

(\$000's) Stepped Changes	Apr-Dec 2020		Apr-Dec 2020		Apr-Dec 2020	
	Incremental	10%	Incremental	25%	Incremental	50%
Operating Expense Reductions	\$ 2,937	\$ 2,937	\$ 1,604	\$ 4,541	\$ 1,060	\$ 5,601
CAPEX Reductions	\$ 833	\$ 833	\$ -	\$ 833	\$ -	\$ 833
Working Capital	\$ 1,071	\$ 1,071	\$ 2,228	\$ 3,299	\$ 4,532	\$ 7,831
Expense Cash Conservation	\$ 4,841	\$ 4,841	\$ 3,832	\$ 8,673	\$ 5,592	\$ 14,265

Operating Triggers	10% Revenue	25% Revenue	50% Revenue
Hiring Freeze	Except for [S&G CRD, Software Eng., & Quality Mgr.][Prem. Estimator]		All positions
Wage Freeze	Delayed for Hourly and Salary		
Work Hours Reduction	Hourly OT reduced Premier RIF	Hourly OT reduced SG Hourly 1-week furlough per month Delaney warehouse RIF Premier RIF	Hourly OT eliminated SG Hourly positions RIF 25% SG Non-essential furlough D&P RIF
Incentive Program Decline	Reflect sales booking and EBITDA	Floor triggers not met – eliminated Delaney continue marketing incentive	
Wage Reductions			SG Essential Salary Positions
Engineering and Marketing Programs	Social media and promotions Curtail OGx for July through Dec. Curtail tradeshows remainder of year	All UL testing for product development moved to 2021. Scale brand refresh	Marketing materials provided in digital – no print pieces
Travel and Entertainment	Curtail April through June	50 percent cut for Q3 and Q4	

* Triggers carry forward unless otherwise noted | revenue declines and corresponding cash conservation for nine-month period April – December 2020

Consolidated Executive Summary | COVID-19 Response

Reported EBITDA Incremental Walk

(\$000's) Stepped Changes		Apr-Dec 2020				Apr-Dec 2020				Apr-Dec 2020	
		AOP	Incremental Itemize	Actions	10%	Incremental Itemize	Actions	25%	Incremental Itemize	Actions	50%
Based on revenue reductions											
Net Revenue	\$ 105,906	\$ (8,746)	10% Revenue Reduction	\$ 97,160	\$ (12,046)	17% Revenue Reduction	\$ 85,114	\$ (20,078)	33% Revenue Reduction	\$ 65,036	
Material	45,939	(3,933)	10% Production scaling	42,006	(5,078)	17% Production scaling	36,928	(8,463)	33% Production scaling	28,465	
			(450) Hiring freeze and reduce temps	-	-	-	-	-	-	-	
			(104) Delay merit increases	-	-	-	-	-	-	-	
			(298) Reduction in OT	(468) One week furlough per month	-	-	-	-	-	-	
			(108) RIF	(466) Reduction in OT	(157) RIF	(239) Reduction in OT	(1,189) RIF	-	-	-	
Labor	12,207	(991)		11,216	(1,069)		10,147	(1,480)		8,667	
Other COGS	5,108	67		5,175	(409)		4,766	(434)		4,332	
Total COGS	<u>\$ 25,520</u>	<u>\$ (4,857)</u>		<u>\$ 20,663</u>	<u>\$ (6,556)</u>		<u>\$ 14,107</u>	<u>\$ (10,377)</u>		<u>\$ 3,730</u>	
Gross Margin	<u>\$ 19,857</u>	<u>\$ (3,889)</u>		<u>\$ 15,968</u>	<u>\$ (5,490)</u>		<u>\$ 10,478</u>	<u>\$ (9,701)</u>		<u>\$ 777</u>	
<i>Gross Margin %</i>	<i>43.8%</i>	<i>44.5%</i>		<i>16.4%</i>	<i>45.6%</i>		<i>12.3%</i>	<i>48.3%</i>		<i>1.2%</i>	
Opex Overview											
			(569) Hiring freeze/Delayed Recruitment	-	-	-	-	-	-	-	
			(114) Delay merit increases	-	-	-	-	-	-	-	
			-	(58) RIF	-	-	(100) Hiring freeze CRD, Software Eng, and Quality Eng	-	-	-	
			(54) New hire timing	-	-	-	(122) RIF	-	-	-	
			(26) New hire timing	(45) Swiss Office Furloughs at 3 day weeks	-	-	(136) One week furlough per month salary	-	-	-	
Payroll	8,024	(698)		7,326	(112)		7,214	(616)		6,598	
Benefits	1,371	(122)		1,249	(43)		1,206	(56)		1,150	
			(134) Sales Incentives	(297) Sales Incentives	-	-	(317) Wage rate reductions for essential positions	-	-	-	
			(133) Management Incentives	(252) Management Incentives	-	-	-	-	-	-	
Bonus	1,489	(158)		1,331	(1,049)		282	-		282	
Marketing	1,366	(375)		991	(78)		913	-		913	
Commissions	2,615	(533)		2,082	(241)		1,841	(401)		1,440	
T & E	1,006	(386)		620	(155)		465	(39)		426	
Rent and Facilities	69	0		69	-		69	-		69	
Insurance	355	(43)		312	4		316	-		316	
			(186) R&D spend reductions	(240) R&D spend reductions - UL testing deferred							
			24 Marketing spend reductions off set by patent expenses	(197) Marketing spend reductions - ecom and print to digital							
			(19) Consulting								
Professional Fees	2,843	(9)		2,834	(435)		2,399	(146)		2,253	
Utl., Repair, & Maint.	172	(8)		164	-		164	-		164	
IT	776	43		819	(50)		769	(20)		749	
Bad Debt	36	90		126	210		336	225		561	
Supplies	160	(14)		146	(8)		138	(13)		125	
Other Expenses	871	(163)		708	(149)		559	-		559	
Total OPEX	<u>\$ 10,878</u>	<u>\$ (2,369)</u>		<u>\$ 8,509</u>	<u>\$ (2,120)</u>		<u>\$ 6,389</u>	<u>\$ (1,079)</u>		<u>\$ 5,310</u>	
Reported EBITDA	<u>\$ 8,979</u>	<u>\$ (1,520)</u>		<u>\$ 7,459</u>	<u>\$ (3,370)</u>		<u>\$ 4,089</u>	<u>\$ (8,622)</u>		<u>\$ (4,533)</u>	
<i>EBITDA Margin %</i>	<i>19.8%</i>	<i>17.4%</i>		<i>7.7%</i>	<i>28.0%</i>		<i>4.8%</i>	<i>42.9%</i>		<i>-7.0%</i>	

Consolidated Executive Summary | COVID-19 Current State



S&G's cash flow forecast as of 4/13 projects flat cash balance due to ~\$2.85M of operational cashflow offset by ~\$2.25M loan payment and \$0.50M OGC monitoring fee

Operations Update

Operational status:

- All divisions deemed essential businesses, and all facilities in operation despite shutdowns in all jurisdictions

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Status of infections:

- 1 infections (Delaney)
- 4 quarantined (1 S&G, 3Delaney)

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Commercial developments:

- S&G shipments have reduced approximately 35%; however, booking demand remains at par
- Limited signs of softening at Delaney and Premier

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Key developments:

- Due to an infection at Delaney, facility was shut down on Thu 4/16 at 1pm for sanitation and reopened the morning of Fri 4/17

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Liquidity update and action plan

Cash Action Plan:

- April cost levers:
 - \$132K Hiring Freeze
 - \$25K Salary Freeze
 - \$52K Furloughs
 - \$358K Purchasing Reduction
 - \$76K Travel Freeze
 - \$81K Marketing Spend
 - \$87K Professional Fees
 - \$155K CAPEX Deferral

New Loans/Financing:

- None

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Consolidated Financial Review | Summary P&L - MTD

\$'000	MTD		Variance		PY MTD		Variance		Management Discussion
	Act	Bud	\$	%	Act	\$	%		
Net Revenue	7,079	8,168	(1,089)	(13.3%)	8,299	(1,220)	(14.7%)		Budget
Material	3,067	3,514	(447)	(12.7%)	3,402	(335)	(9.8%)		
Labor	902	979	(77)	(7.8%)	906	(4)	(0.5%)		
Other COGS	611	456	155	33.9%	437	174	39.8%		
Total COGS	4,580	4,949	(369)	(7.5%)	4,746	(165)	(3.5%)		
Gross Margin	2,499	3,219	(720)	(22.4%)	3,554	(1,055)	(29.7%)		
<i>Gross Margin %</i>	35.3%	39.4%			42.8%				
R&D	79	210	(131)	(62.4%)	103	(24)	(23.3%)		
Sales & Marketing	707	850	(144)	(16.9%)	708	(2)	(0.3%)		
Administrative	753	788	(35)	(4.4%)	781	(28)	(3.6%)		
Other Opex	–	–	–	N/A	–	–	N/A		
Total Opex	1,538	1,848	(309)	(16.7%)	1,592	(54)	(3.4%)		
EBITDA	960	1,371	(411)	(30.0%)	1,961	(1,001)	(51.0%)		
<i>EBITDA %</i>	13.6%	16.8%			23.6%				
Adj. EBITDA	1,158	1,601	(444)	(27.7%)	1,961	(804)	(41.0%)		
<i>Adj. EBITDA %</i>	16.4%	19.6%			23.6%				
Net Income (Loss)	\$ (645)	\$ 82	\$ (727)	(884.8%)	\$ 1,411	\$ (2,056)	(145.7%)		
Unincurred Standalone Costs	30	–	30	N/A					
PF Adj EBITDA	\$ 1,127	\$ 1,601	\$ (474)	-29.6%					
<i>PF Adj. EBITDA %</i>	15.9%	19.6%							

Consolidated Financial Review | Summary P&L - YTD

\$'000	YTD		Var		PY YTD		Variance		Management Discussion	
	Act	Bud	\$	%	Act	\$	%	Budget		
Net Revenue	24,191	24,569	(378)	(1.5%)	24,421	(230)	(0.9%)	YTD Revenue unfavorable (\$0.4M) vs AOP and favorable variance of (\$0.2M) vs PY <ul style="list-style-type: none"> Unfavorable performance at S&G (\$0.9M) Favorable performance at Delaney \$0.1M Favorable performance at Premier \$0.3M 		
Material	10,527	10,491	35	0.3%	10,260	267	2.6%			
Labor	2,920	3,024	(105)	(3.5%)	2,864	56	2.0%			
Other COGS	1,538	1,330	208	15.6%	1,316	222	16.9%			
Total COGS	14,984	14,846	138	0.9%	14,440	544	3.8%			
Gross Margin	9,207	9,723	(516)	(5.3%)	9,982	(775)	(7.8%)			
<i>Gross Margin %</i>	<i>38.1%</i>	<i>39.6%</i>			<i>40.9%</i>					
R&D	493	758	(266)	(35.0%)	348	144	41.4%			
Sales & Marketing	2,330	2,873	(543)	(18.9%)	2,113	216	10.2%			
Administrative	2,451	2,453	(1)	(0.1%)	2,429	22	0.9%			
Other Opex	–	–	–	N/A	–	–	N/A			
Total Opex	5,274	6,084	(810)	(13.3%)	4,891	383	7.8%			
EBITDA	3,933	3,639	294	8.1%	5,091	(1,158)	(22.7%)	Opex is favorable \$0.8M <ul style="list-style-type: none"> Favorable variance at S&G \$0.8M Flat to AOP at Delaney Flat to AOP at Premier 		
<i>EBITDA %</i>	<i>16.3%</i>	<i>14.8%</i>			<i>20.8%</i>					
Adj. EBITDA	4,617	4,694	(78)	(1.7%)	5,091	(474)	(9.3%)			
<i>Adj. EBITDA %</i>	<i>19.1%</i>	<i>19.1%</i>			<i>20.8%</i>					
Net Income (Loss)	\$ (435)	\$ (334)	\$ (101)	30.4%	\$ 3,411	\$ (3,846)	(112.8%)			
Unincurred Standalone Costs	90	20	70	350.0%						
PF Adj EBITDA	\$ 4,527	\$ 4,674	\$ (148)	-3.2%						
<i>PF Adj. EBITDA %</i>	<i>18.7%</i>	<i>19.0%</i>			<i>–</i>					
								PY <ul style="list-style-type: none"> YTD Adjusted EBITDA unfavorable (\$0.5M) vs PY. Unfavorable variance at S&G (\$1.3M) Favorable variance at Delaney \$0.4M Favorable variance at Premier \$0.4M 		

Consolidated Financial Review | CoGS by Component

\$'000	MTD		Var		YTD		Var	
	Act	Bud	\$	%	Act	Bud	\$	%
Material								
Material costs at standard	\$ 2,978	\$ 3,527	\$ (549)	(15.6%)	\$ 10,195	\$ 10,454	\$ (259)	(2.5%)
Materials FX loss / (gain)	0	–	0	N/A	0	–	0	N/A
Purchase price variance	4	(123)	127	(103.5%)	(47)	(265)	218	(82.3%)
Freight in	93	84	9	10.5%	265	225	40	17.9%
Cost revision	15	25	(10)	(40.0%)	47	75	(28)	(37.9%)
Scrap costs	3	(6)	9	(150.0%)	41	(21)	62	(294.2%)
Consumables	(26)	7	(34)	(457.2%)	26	24	2	8.5%
Total Material COGS	\$ 3,067	\$ 3,514	\$ (447)	(12.7%)	\$ 10,527	\$ 10,491	\$ 35	0.3%
Labor								
Direct labor	\$ 400	\$ 424	\$ (24)	(5.8%)	\$ 1,306	\$ 1,309	\$ (2)	(0.2%)
Direct labor - bonus	4	–	4	N/A	11	–	11	N/A
Direct labor - overtime	30	55	(25)	(45.2%)	132	182	(50)	(27.6%)
Direct labor - benefits	69	115	(47)	(40.4%)	219	359	(140)	(39.0%)
Indirect labor	298	251	47	18.8%	934	764	171	22.3%
Indirect labor – bonus	6	–	6	N/A	19	–	19	N/A
Indirect labor - overtime	11	11	0	0.0%	32	34	(2)	(5.9%)
Indirect labor – benefits	83	122	(38)	(31.3%)	267	378	(111)	(29.4%)
Total Labor COGS	\$ 902	\$ 979	\$ (77)	(7.8%)	\$ 2,920	\$ 3,024	\$ (105)	(3.5%)
Other								
Repairs and maintenance	\$ 26	\$ 28	\$ (2)	(7.4%)	\$ 129	\$ 87	\$ 43	49.2%
Absorption	(199)	(157)	(42)	27.1%	(618)	(470)	(148)	31.5%
Freight out	123	127	(4)	(3.1%)	340	346	(7)	(1.9%)
Rent / facilities	332	168	164	97.7%	772	520	252	48.4%
Utilities	46	49	(3)	(6.4%)	142	156	(14)	(9.1%)
Other cost of sales	283	241	42	17.6%	773	691	82	11.9%
Total Other COGS	\$ 611	\$ 456	\$ 155	33.9%	\$ 1,538	\$ 1,330	\$ 208	15.6%
Total COGS	\$ 4,580	\$ 4,949	\$ (369)	13.4%	\$ 14,984	\$ 14,846	\$ 138	12.5%

Consolidated Financial Review | Balance Sheet

\$'000	Dec-19	Dec-19	Jan-20	Feb-20	Mar-20		Variance	
	Act	Act	Act	Act	Act	Bud	\$	%
Current Assets								
Cash and cash equivalents	\$ 2,585	\$ 2,585	\$ 1,777	\$ 2,718	\$ 13,532	\$ 800	\$ 12,732	1590.6%
Accounts receivable, gross	10,675	10,675	12,292	13,268	12,007	12,663	(656)	(5.2%)
Accounts receivable, reserves	(234)	(234)	(237)	(240)	(243)	(129)	(114)	88.6%
Accounts receivable, net	10,441	10,441	12,055	13,028	11,764	12,534	(770)	(6.1%)
Inventory, gross	21,759	21,759	22,422	21,868	21,300	22,004	(704)	(3.2%)
Inventory, reserves	(2,029)	(2,029)	(2,720)	(2,283)	(2,270)	(2,626)	356	(13.6%)
Inventory, net	19,730	19,730	19,702	19,585	19,031	19,378	(348)	(1.8%)
Prepaid expenses and other current assets	213	213	187	155	49	204	(155)	(76.0%)
Other current assets	49,912	49,912	50,032	49,067	49,067	49,912	(846)	(1.7%)
Total Current Assets	82,881	82,881	83,753	84,553	93,442	82,830	10,613	12.8%
Non-Current Assets								
Property, plant & equipment, gross	14,326	14,326	14,380	14,451	14,464	14,844	(380)	(2.6%)
Accumulated depreciation	(1,779)	(1,779)	(1,920)	(2,059)	(2,313)	(2,298)	(15)	0.7%
Property, plant & equipment, net	12,548	12,548	12,460	12,392	12,151	12,546	(395)	(3.2%)
Goodwill	66,756	66,756	66,839	66,607	66,375	65,872	502	0.8%
Identifiable intangible assets, gross	15,100	15,100	15,100	15,100	15,100	15,100	–	0.0%
Accumulated amortization	(690)	(690)	(789)	(1,233)	(1,678)	(1,686)	8	(0.5%)
Identifiable intangible assets, net	14,410	14,410	14,311	13,867	13,422	13,414	8	0.1%
Deferred financing cost	2,759	2,759	2,759	2,759	2,759	2,678	81	3.0%
Deferred tax asset	644	644	644	644	644	672	(27)	(4.1%)
Other non-current assets	131	131	2	2	2	131	(129)	(98.2%)
Total Non-Current Assets	97,248	97,248	97,016	96,271	95,353	95,313	40	0.0%
Total Assets	\$ 180,129	\$ 180,129	\$ 180,769	\$ 180,824	\$ 188,796	\$ 178,143	\$ 10,653	6.0%
Current Liabilities								
Current portion of long-term debt	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	–	0.0%
Notes payable	–	–	1,250	1,250	10,000	–	10,000	N/A
Accounts payable	3,690	3,690	3,375	4,151	3,570	5,249	(1,679)	(32.0%)
Accrued liabilities	3,361	3,361	3,472	3,197	3,814	3,107	707	22.8%
Accrued compensation	81	81	(498)	(362)	(425)	638	(1,062)	(166.6%)
Income taxes payable	998	998	998	997	762	236	31.0%	
Short-term unearned revenue	45	45	33	30	34	45	(11)	(23.7%)
Other current liabilities	–	–	–	–	–	–	–	N/A
Total Current Liabilities	10,025	10,025	10,479	11,114	19,841	11,650	8,191	70.3%
Long-term liabilities								
Long-term debt less current maturities	90,658	90,658	90,658	90,658	90,658	90,435	223	0.2%
Capital lease	71	71	67	64	60	–	60	N/A
Deferred income taxes	(1,081)	(1,081)	(1,081)	(1,081)	(1,081)	(831)	(250)	30.1%
Other non-current liabilities	36,470	36,470	36,867	35,867	35,859	33,761	2,098	6.2%
Total Long-Term Liabilities	126,117	126,117	126,510	125,507	125,495	123,365	2,131	1.7%
Total Liabilities	136,143	136,143	136,990	136,621	145,336	135,015	10,321	7.6%
Shareholders' Equity								
Common stock	29,631	29,631	29,631	29,631	29,631	40,228	(10,597)	(26.3%)
Retained earnings	2,388	2,388	2,293	2,718	1,966	1,529	436	28.5%
Accumulated other comprehensive income	1,370	1,370	1,258	1,256	1,265	1,370	(105)	(7.6%)
Other equity transactions	10,598	10,598	10,598	10,598	10,598	1	10,597	1137400.1%
Total Shareholders' Equity	43,986	43,986	43,779	44,203	43,459	43,128	331	0.8%
Total Liabilities and Shareholders' Equity	\$ 180,129	\$ 180,129	\$ 180,769	\$ 180,824	\$ 188,796	\$ 178,143	\$ 10,653	6.0%

Consolidated Financial Review | Cash Flow Statement

\$'000	MTD		Variance		YTD		Variance	
	Act	Bud	\$	%	Act	Bud	\$	%
Cash flow from operations								
Net Income (Loss)	\$ (645)	\$ 82	\$ (727)	(884.8%)	\$ (435)	\$ (334)	\$ (101)	30.4%
Depreciation, amortization and other	931	802	129	16.1%	1,904	2,399	(495)	(20.6%)
<i>Change in operating assets and liabilities:</i>								
Accounts receivable	1,264	(408)	1,673	(409.6%)	(1,323)	(2,093)	770	(36.8%)
Inventory	554	(388)	942	(242.8%)	699	351	348	99.0%
Prepaid expenses and other current assets	106	–	106	N/A	164	8	155	1829.3%
Accounts payable	(581)	693	(1,274)	(183.9%)	(121)	1,559	(1,679)	(107.7%)
Accrued expenses	617	(389)	1,006	(258.7%)	453	(254)	707	(277.9%)
Accrued income taxes	(0)	–	(0)	N/A	(0)	(236)	236	(99.9%)
Other changes in operating assets and liabilities	(70)	(278)	208	(74.8%)	(164)	(2,000)	1,837	(91.8%)
Other cash flow from operations	–	–	–	N/A	–	–	–	N/A
Total Cash Flow from Operations	\$ 2,176	\$ 113	\$ 2,062	1819.3%	\$ 1,177	\$ (600)	\$ 1,777	(296.0%)
Cash flow from investing								
Additions to property, plant and equipment	\$ (13)	\$ (215)	\$ 202	(93.9%)	\$ (138)	\$ (518)	380	(73.3%)
Investment in intangibles	–	–	–	N/A	–	–	–	N/A
Total Cash Flow from Investing	\$ (13)	\$ (215)	\$ 202	(93.9%)	\$ (138)	\$ (518)	380	(73.3%)
Cash flow from financing								
Proceeds from the issuance (repayment) of short-term debt	\$ 8,750	\$ –	\$ 8,750	N/A	\$ 10,000	\$ –	\$ 10,000	N/A
Common stock issued (repurchased)	–	–	–	N/A	–	10,597	(10,597)	(100.0%)
Other cash flow from financing costs	(99)	27	(126)	N/A	(91)	(11,040)	10,949	(99.2%)
Total Cash Flow from Financing	\$ 8,651	\$ (196)	\$ 8,847	N/A	\$ 9,909	\$ (666)	\$ 10,575	(1587.1%)
	\$ –	\$ –	\$ –	N/A	\$ –	\$ –	\$ –	N/A
Net change in cash	\$ 10,814	\$ -298	\$ 11,112	<-1000%	\$ 10,947	\$ (1,785)	\$ 12,732	(713.4%)
Beginning cash	2,718	1,098	1,620	147.5%	2,585	2,585	–	0.0%
Change in cash	10,814	(298)	11,112	<-1000%	10,947	(1,785)	12,732	(713.4%)
Ending cash	\$ 13,532	\$ 800	\$ 12,732	1590.6%	\$ 13,532	\$ 800	\$ 12,732	1590.6%

Consolidated Financial Review | 13-Week Cash Flow Projection

In US\$	Forecast 4/20	Forecast 4/27	Forecast 5/4	Forecast 5/11	Forecast 5/18	Forecast 5/25	Forecast 6/1	Forecast 6/8	Forecast 6/15	Forecast 6/22	Forecast 6/29	Forecast 7/6	Forecast 7/13
Cash Inflows - Operational													
Collections from customers (Actual)	-	-	-	-	-	-	-	-	-	-	-	-	-
Collections from customers based on projected aging (Forecast)	1,479	1,443	1,479	2,057	601	772	528	307	291	133	149	152	106
Collections from new forecasted sales	-	-	-	369	1,041	843	1,161	761	1,619	1,696	1,540	788	1,058
Total AR Collections	1,479	1,443	1,479	2,425	1,642	1,615	1,689	1,067	1,910	1,829	1,689	940	1,164
Other non-AR inflows	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Inflows - Operational	1,479	1,443	1,479	2,425	1,642	1,615	1,689	1,067	1,910	1,829	1,689	940	1,164
Cash Outflows - Operational													
Product inventory	(1,670)	(855)	(1,104)	(674)	(636)	(708)	(762)	(965)	(886)	(410)	(598)	(720)	(877)
Payroll	(215)	(295)	(425)	(250)	(240)	(295)	(398)	(195)	(300)	(255)	(458)	(265)	(285)
Commissions	-	-	-	(155)	-	-	-	-	(215)	-	-	-	(155)
Bonus	-	-	-	-	-	-	-	-	-	-	-	-	-
Facilities & other (Freight)	(270)	(110)	(77)	(185)	(70)	(270)	(110)	(170)	(70)	(270)	(110)	(77)	(163)
Professional services	(41)	(125)	(38)	(38)	(158)	(78)	(45)	(65)	(103)	(78)	(78)	(78)	(108)
Marketing	-	-	-	-	-	-	-	-	-	-	-	-	-
Recruiter fees	-	-	-	-	(30)	-	-	-	-	-	-	-	-
Other expenses (Insurance, TSA, CC)	-	(82)	-	(62)	-	(98)	-	(32)	-	(210)	-	-	-
Total Cash Outflows - Operational	(2,195)	(1,467)	(1,644)	(1,364)	(1,134)	(1,449)	(1,315)	(1,427)	(1,574)	(1,223)	(1,244)	(1,140)	(1,587)
Cashflows - Financial and Other													
Revolving Loan Draw (Paydown)	-	-	-	-	-	-	-	-	-	-	-	-	-
Term Loan paydowns	-	-	-	-	-	-	-	-	-	(463)	-	-	-
Interest and financial amortization	-	-	-	-	-	-	-	-	-	(1,785)	-	-	-
Other financial income/expense (e.g. fx, hedging)	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial income/expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Estimated Tax Payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Monitoring fees (including travel expenses)	-	-	-	-	-	-	-	-	-	(500)	-	-	-
Non-recurring items	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Outflows - Financial and Other	-	-	-	-	-	-	-	-	-	(2,748)	-	-	-
TOTAL CASH FLOW	(716)	(23)	(165)	1,061	508	166	374	(359)	336	605	(2,303)	(200)	(423)
Cash Rollforward													
Beginning cash balance	11,804	11,088	11,064	10,899	11,961	12,468	12,634	13,008	12,649	12,985	13,590	11,287	11,087
Cash activity	(716)	(23)	(165)	1,061	508	166	374	(359)	336	605	(2,303)	(200)	(423)
ENDING CASH BALANCE	11,088	11,064	10,899	11,961	12,468	12,634	13,008	12,649	12,985	13,590	11,287	11,087	10,664
Debt Summary													
Rolled debt	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Credit facility	92,508	92,508	92,508	92,508	92,508	92,508	92,508	92,508	92,508	92,508	92,045	92,045	92,045
TOTAL DEBT	102,508	102,508	102,508	102,508	102,508	102,508	102,508	102,508	102,508	102,508	102,045	102,045	102,045
TOTAL NET DEBT	91,420	91,444	91,609	90,547	90,040	89,874	89,500	89,859	89,523	88,918	90,758	90,958	91,381
AVAILABILITY													

Consolidated Financial Review | Covenant Analysis

Fixed Charge Coverage Ratio

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Fixed Charges:												
Interest paid (net of interest received)	8,243	7,736	7,842	7,488	7,596	7,671	7,487	7,556	7,611	7,487	7,537	7,581
Plus:												
Principal payments with respect to all debt	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850
Fixed Charges	10,093	9,587	9,692	9,338	9,446	9,521	9,337	9,406	9,461	9,337	9,388	9,431
EBITDA for defined Period	22,358	22,172	21,368	21,572	21,600	20,633	20,851	20,919	21,495	21,609	21,912	22,938
Less:												
Unfinanced Capital Expenditures	1,133	1,159	1,178	1,336	1,376	1,605	1,705	2,152	2,149	2,063	2,339	2,181
Fees and expenses paid/incurred under the Management Agreement	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Any federal, state, local or other income and franchise taxes paid or payable in cash net of any cash tax credits or other cash tax benefits	200	200	200	313	449	324	490	713	810	1,161	1,269	1,464
Operating Cash Flow	19,025	18,813	17,990	17,923	17,776	16,703	16,655	16,054	16,536	16,385	16,304	17,293
Fixed Charge Coverage Ratio	1.88	1.96	1.86	1.92	1.88	1.75	1.78	1.71	1.75	1.75	1.74	1.83
Minimum Ratio	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
In Compliance	YES											
TTM Minimum Operating Cash Flow	11,102	10,545	10,661	10,272	10,390	10,474	10,271	10,347	10,408	10,271	10,326	10,374
TTM Operating Cash Flow Cushion	7,922	8,268	7,328	7,650	7,385	6,230	6,384	5,708	6,129	6,115	5,978	6,919

Amounts for January 2019 through October 2019 defined per credit agreement

Assumptions

- 2020 EBITDA reflects Q1 actuals + AOP for Q2-Q4

Consolidated Financial Review | Covenant Analysis

Total Debt to EBITDA												
000's	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Total Debt:												
Revolver Balance	1,250	1,250	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Plus: Term Loan Balance	92,508	92,508	92,045	92,045	92,045	91,583	91,583	91,583	91,120	91,120	91,120	90,658
Plus: Other Debt	-	-	-	-	-	-	-	-	-	-	-	-
Less: Qualified Cash	1,777	2,718	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Total Debt	91,981	91,040	97,045	97,045	97,045	96,583	96,583	96,583	96,120	96,120	96,120	95,658
EBITDA for the Defined Period (calculated in the manner required by Section 6.1 of the Compliance Certificate)	22,358	22,172	21,368	21,572	21,600	20,633	20,851	20,919	21,495	21,609	21,912	22,938
TTM Adjusted EBITDA	22,358	22,172	21,368	21,572	21,600	20,633	20,851	20,919	21,495	21,609	21,912	22,938
Total Debt to EBITDA Ratio (ratio of Total Debt to Adjusted EBITDA for the Defined Period)	4.11	4.11	4.54	4.50	4.49	4.68	4.63	4.62	4.47	4.45	4.39	4.17
Maximum Permitted Total Debt to EBITDA Ratio for the Defined Period	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.50
In Compliance	YES											
Minimum TTM EBITDA required	15,997	15,833	16,877	16,877	16,877	16,797	16,797	16,797	16,717	16,717	16,717	17,392
TTM EBITDA Cushion	6,361	6,339	4,491	4,694	4,723	3,836	4,054	4,122	4,779	4,893	5,196	5,545

Amounts for January 2019 through October 2019 defined per credit agreement

Assumptions

- 2020 EBITDA reflects Q1 actuals + AOP for Q2-Q4
- \$5.0 maximum qualified cash

March 2020 Operating Review Meeting Agenda

④ **Consolidated**

Executive Summary

Financial Review

Full Year Financial Outlook

④ S&G

④ Delaney

④ Premier

④ Governance Reporting

④ Appendix

Consolidated Full Year Financial Outlook | Summary P&L

\$'000	FY		Variance		PY		Variance	
	Fcst	Bud	\$	%	Act	\$	%	
Net Revenue	103,689	104,066	(378)	(0.4%)	95,854	7,834	8.2%	
Material	44,134	44,099	35	0.1%	41,644	2,490	6.0%	
Labor	12,103	12,207	(105)	(0.9%)	11,466	637	5.6%	
Other COGS	5,315	5,107	208	4.1%	4,928	386	7.8%	
Total COGS	61,552	61,414	138	0.2%	58,038	3,514	6.1%	
Gross Margin	42,136	42,653	(516)	(1.2%)	37,816	4,320	11.4%	
<i>Gross Margin %</i>	40.6%	41.0%			39.5%			
R&D	2,154	2,420	(266)	(11.0%)	1,495	659	44.1%	
Sales & Marketing	9,145	9,687	(543)	(5.6%)	7,774	1,370	17.6%	
Administrative	9,077	9,079	(1)	(0.0%)	13,894	(4,817)	(34.7%)	
Other Opex	–	–	–	N/A	–	–	N/A	
Total Opex	20,376	21,186	(810)	(3.8%)	23,164	(2,788)	(12.0%)	
EBITDA	21,760	21,466	294	1.4%	14,652	7,108	48.5%	
<i>EBITDA %</i>	21.0%	20.6%			15.3%			
Adj. EBITDA	22,938	23,015	(78)	(0.3%)	21,251	1,686	7.9%	
<i>Adj. EBITDA %</i>	22.1%	22.1%			22.2%			
Net Income (Loss)	\$ 5,497	\$ 5,599	\$ (101)	(1.8%)	\$ 2,707	\$ 2,791	103.1%	

Q1 Actuals plus AOP – state assumptions

Consolidated Full Year Financial Outlook | Balance Sheet

\$'000	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	FY	FY	Var	
	Act	Act	Act	Fct	Bud	\$	%									
Current Assets																
Cash and cash equivalents	\$ 1,777	\$ 2,718	\$ 13,532	\$ 404	\$ 632	\$ 804	\$ 575	\$ 577	\$ 1,731	\$ 1,371	\$ 740	\$ 843	\$ 843	\$ 2,585	\$ (1,742)	(67.4%)
Accounts receivable, gross	12,292	13,268	12,007	6,627	6,697	6,808	6,837	7,071	7,217	7,261	6,930	7,164	7,164	10,675	(3,511)	(32.9%)
Accounts receivable, reserves	(237)	(240)	(243)	(133)	(134)	(136)	(137)	(141)	(144)	(145)	(139)	(143)	(143)	(234)	90	(38.7%)
Accounts receivable, net	12,055	13,028	11,764	12,706	12,544	12,554	12,979	13,359	13,301	13,437	13,344	13,274	13,274	10,441	2,833	27.1%
Inventory, gross	22,422	21,868	21,300	22,089	21,906	21,823	22,116	22,222	22,026	22,261	22,196	22,089	22,089	21,759	330	1.5%
Inventory, reserves	(2,720)	(2,283)	(2,270)	(2,631)	(2,636)	(2,651)	(2,672)	(2,682)	(2,691)	(2,709)	(2,718)	(2,590)	(2,590)	(2,029)	(560)	27.6%
Inventory, net	19,702	19,585	19,031	19,458	19,270	19,172	19,444	19,540	19,335	19,552	19,478	19,499	19,499	19,730	(230)	(1.2%)
Prepaid expenses and other current assets	187	155	49	204	204	204	204	204	204	204	204	204	204	213	(8)	(4.0%)
Other current assets	50,032	49,067	49,067	49,912	49,912	49,912	49,912	49,912	49,912	49,912	49,912	49,912	49,912	49,912	–	0.0%
Total Current Assets	83,753	84,553	93,442	82,685	82,562	82,647	83,114	83,594	84,484	84,477	83,679	83,733	83,733	82,881	852	1.0%
Non-Current Assets																
Property, plant & equipment, gross	14,380	14,451	14,464	15,092	15,210	15,595	15,772	16,274	16,326	16,353	16,725	16,752	16,752	14,326	2,425	16.9%
Accumulated depreciation	(1,920)	(2,059)	(2,313)	(2,427)	(2,607)	(2,749)	(2,892)	(3,040)	(3,191)	(3,344)	(3,501)	(3,658)	(3,658)	(1,779)	(1,879)	105.7%
Property, plant & equipment, net	12,460	12,392	12,151	12,665	12,602	12,845	12,880	13,234	13,135	13,009	13,224	13,094	13,094	12,548	546	4.4%
Goodwill	66,839	66,607	66,375	65,872	65,578	65,283	64,989	64,694	64,400	64,105	63,810	63,516	63,516	66,756	(3,240)	(4.9%)
Identifiable intangible assets, gross	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100	–	0.0%
Accumulated amortization	(789)	(1,233)	(1,678)	(2,018)	(2,350)	(2,682)	(3,014)	(3,346)	(3,678)	(4,010)	(4,342)	(4,674)	(4,674)	(690)	(3,984)	577.2%
Identifiable intangible assets, net	14,311	13,867	13,422	13,082	12,750	12,418	12,086	11,754	11,422	11,090	10,758	10,426	10,426	14,410	(3,984)	(27.6%)
Deferred financing cost	2,759	2,759	2,759	2,651	2,624	2,597	2,570	2,543	2,516	2,489	2,462	2,435	2,435	2,759	(324)	(11.7%)
Deferred tax asset	644	644	644	672	672	672	672	672	672	672	672	672	672	644	27	4.3%
Other non-current assets	2	2	2	131	131	131	131	131	131	131	131	131	131	131	–	0.0%
Total Non-Current Assets	97,016	96,271	95,353	95,073	94,357	93,946	93,328	93,028	92,275	91,496	91,057	90,273	90,273	97,248	(6,974)	(7.2%)
Total Assets	\$ 180,769	\$ 180,824	\$ 188,796	\$ 177,758	\$ 176,919	\$ 176,593	\$ 176,441	\$ 176,622	\$ 176,759	\$ 175,972	\$ 174,736	\$ 174,007	\$ 174,007	\$ 180,129	\$ (6,122)	(3.4%)
Current Liabilities																
Current portion of long-term debt	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ (514)	(27.8%)	
Notes payable	1,250	1,250	10,000	–	–	–	–	–	–	–	–	–	–	–	–	N/A
Accounts payable	3,375	4,151	3,570	5,289	4,970	5,465	5,256	5,239	5,788	5,925	5,760	5,646	5,646	3,690	1,956	53.0%
Accrued liabilities	3,472	3,197	3,814	3,107	3,179	3,253	3,337	3,417	3,495	3,573	3,657	3,727	3,727	3,361	366	10.9%
Accrued compensation	(498)	(362)	(425)	638	705	774	814	884	953	1,022	1,091	1,019	1,019	81	938	1163.4%
Income taxes payable	998	998	997	762	762	762	762	762	762	762	762	762	762	998	(236)	(23.7%)
Short-term unearned revenue	33	30	34	45	45	45	56	56	56	56	56	56	56	45	11	25.2%
Other current liabilities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	N/A	
Total Current Liabilities	10,479	11,114	19,841	11,690	11,511	12,149	12,075	12,207	12,390	12,674	12,662	12,545	12,545	10,025	2,520	25.1%
Long-term liabilities																
Long-term debt less current maturities	90,658	90,658	90,658	90,435	90,435	90,212	90,212	89,712	89,892	88,892	87,392	87,058	87,058	90,658	(3,600)	(4.0%)
Capital lease	67	64	60	–	–	–	–	–	–	–	–	–	–	71	(71)	(100.0%)
Deferred income taxes	(1,081)	(1,081)	(1,081)	(831)	(831)	(831)	(831)	(831)	(831)	(831)	(831)	(831)	(831)	(831)	250	(23.2%)
Other non-current liabilities	36,867	35,867	35,859	33,761	32,874	31,660	30,920	30,809	29,386	28,400	27,902	27,012	27,012	36,470	(9,458)	(25.9%)
Total Long-Term Liabilities	126,510	125,507	125,495	123,365	122,478	121,041	120,301	119,690	118,448	116,461	114,463	113,239	113,239	126,117	(12,878)	(10.2%)
Total Liabilities	136,990	136,621	145,336	135,055	133,989	133,190	132,376	131,897	130,837	129,136	127,125	125,785	125,785	136,143	(10,358)	(7.6%)
Shareholders' Equity																
Common stock	29,631	29,631	29,631	40,228	40,228	40,228	40,228	40,228	40,228	40,228	40,228	40,228	40,228	29,631	10,597	35.8%
Retained earnings	2,293	2,718	1,966	(85)	142	615	1,277	1,936	3,133	4,048	4,822	5,433	5,433	2,388	3,046	127.6%
Accumulated other comprehensive income	1,258	1,256	1,265	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	–	0.0%
Other equity transactions	10,598	10,598	10,598	1	1	1	1	1	1	1	1	1	1	10,598	(10,597)	(100.0%)
Total Shareholders' Equity	43,779	44,203	43,459	41,513	41,740	42,213	42,875	43,535	44,731	45,647	46,421	47,032	47,032	43,986	3,046	6.9%
Total Liabilities and Shareholders' Equity	\$ 180,769	\$ 180,824	\$ 188,796	\$ 176,568	\$ 175,729	\$ 175,403	\$ 175,251	\$ 175,432	\$ 175,569	\$ 174,783	\$ 173,546	\$ 172,817	\$ 172,817	\$ 180,129	\$ (7,312)	(4.1%)

Consolidated Full Year Financial Outlook | Cash Flow Summary

\$'000	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	FY	FY	Var	
	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	\$	%
Cash flow from operations																
Net Income (Loss)	\$ 308	\$ (98)	\$ (645)	\$ 168	\$ 383	\$ 523	\$ 645	\$ 738	\$ 1,119	\$ 1,038	\$ 490	\$ 828	\$ 5,497	\$ 5,599	\$ (101)	(1.8%)
Depreciation, amortization and other	157	816	931	956	807	768	769	775	778	779	784	784	9,103	9,461	(357)	(3.8%)
<i>Change in operating assets and liabilities:</i>																
Accounts receivable	(1,614)	(973)	1,264	(942)	162	(10)	(424)	(381)	59	(136)	93	70	(2,833)	(2,598)	(235)	9.0%
Inventory	27	118	554	(427)	188	98	(272)	(97)	205	(217)	74	(21)	230	11	219	1953.4%
Prepaid expenses and other current assets	26	33	106	(155)	—	—	—	—	—	—	—	—	8	8	—	0.0%
Accounts payable	(316)	776	(581)	1,719	(319)	495	(209)	(17)	549	137	(165)	(114)	1,956	2,033	(77)	(3.8%)
Accrued expenses	110	(275)	617	(707)	72	74	84	80	79	78	84	70	366	450	(84)	(18.7%)
Accrued income taxes	(0)	0	(0)	(236)	—	—	—	—	—	—	—	—	(236)	(236)	—	0.0%
Other changes in operating assets and liabilities	(188)	95	(70)	(1,972)	(820)	(1,367)	(689)	(542)	(1,687)	(1,917)	(1,929)	(1,296)	(12,383)	(9,511)	(2,872)	30.2%
Other cash flow from operations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A
Total Cash Flow from Operations	\$ (1,490)	\$ 491	\$ 2,176	\$ (1,597)	\$ 474	\$ 580	\$ (95)	\$ 556	\$ 1,101	\$ (238)	\$ (570)	\$ 320	\$ 1,709	\$ 5,217	\$ (3,508)	(67.2%)
Cash flow from investing																
Additions to property, plant and equipment	\$ (54)	\$ (71)	\$ (13)	\$ (627)	\$ (118)	\$ (385)	\$ (177)	\$ (502)	\$ (52)	\$ (27)	\$ (372)	\$ (27)	\$ (2,425)	\$ (2,450)	\$ 25	(1.0%)
Investment in intangibles	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A
Total Cash Flow from Investing	\$ (54)	\$ (71)	\$ (13)	\$ (627)	\$ (118)	\$ (385)	\$ (177)	\$ (502)	\$ (52)	\$ (27)	\$ (372)	\$ (27)	\$ (2,425)	\$ (2,450)	\$ 25	(1.0%)
Cash flow from financing																
Proceeds from the issuance (repayment) of short-term debt	\$ 1,250	\$ —	\$ 8,750	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 10,000	\$ —	\$ 10,000	N/A
Common stock issued (repurchased)	—	—	—	10,597	—	—	—	—	—	—	—	—	10,597	10,597	—	0.0%
Other cash flow from financing costs	(515)	522	(99)	(12,603)	(129)	(23)	44	(51)	105	(96)	311	(190)	(12,725)	(10,797)	(1,927)	17.8%
Total Cash Flow from Financing	\$ 735	\$ 522	\$ 8,651	\$ (2,007)	\$ (129)	\$ (23)	\$ 44	\$ (51)	\$ 105	\$ (96)	\$ 311	\$ (190)	\$ 7,872	\$ (4,314)	\$ 12,187	(282.5%)
Effect of FX rates on cash and cash equivalents																
Net change in cash	\$ (808)	\$ 942	\$ 10,814	\$ (4,230)	\$ 227	\$ 172	\$ (229)	\$ 3	\$ 1,154	\$ (360)	\$ (631)	\$ 103	\$ 7,156	\$ (1,548)	\$ 8,704	(562.3%)
Beginning cash	2,585	1,777	2,718	13,532	9,302	9,529	9,701	9,472	9,475	10,629	10,268	9,638	2,585	2,585	—	—
Change in cash	(808)	942	10,814	(4,230)	227	172	(229)	3	1,154	(360)	(631)	103	7,156	(1,548)	8,704	(562.3%)
Ending cash	\$ 1,777	\$ 2,718	\$ 13,532	\$ 9,302	\$ 9,529	\$ 9,701	\$ 9,472	\$ 9,475	\$ 10,629	\$ 10,268	\$ 9,638	\$ 9,741	\$ 9,741	\$ 1,037	\$ 8,703	839.0%



March 2020 Operating Review Meeting Agenda

④ Consolidated

④ **S&G**

Executive Summary

Financial Review

Full Year Financial Outlook

④ Delaney

④ Premier

④ Governance Reporting

④ Appendix



S&G Executive Summary | Overview

March revenues of \$2.1M, unfavorable to AOP (Budget) (\$1.1M)/(34%), unfavorable to Prior Year(PY) (\$1.8M)/(46%)

- Unfavorable performance to AOP in Government (\$0.6M)/(3%)
 - March shipment pulled ahead to February
- Unfavorable performance to AOP in India (\$0.3M)/(87%)
 - Nation-wide closing of India commerce due to COVID-19 outbreak deferred Arya and NCR shipments
- Unfavorable performance to AOP in LAG (\$0.2M)/(68%)
 - Component shortage outside of lead-time for supply chain for the customer American Locks(Argentina)
- Flat performance in North America, EMEA and APAC less India

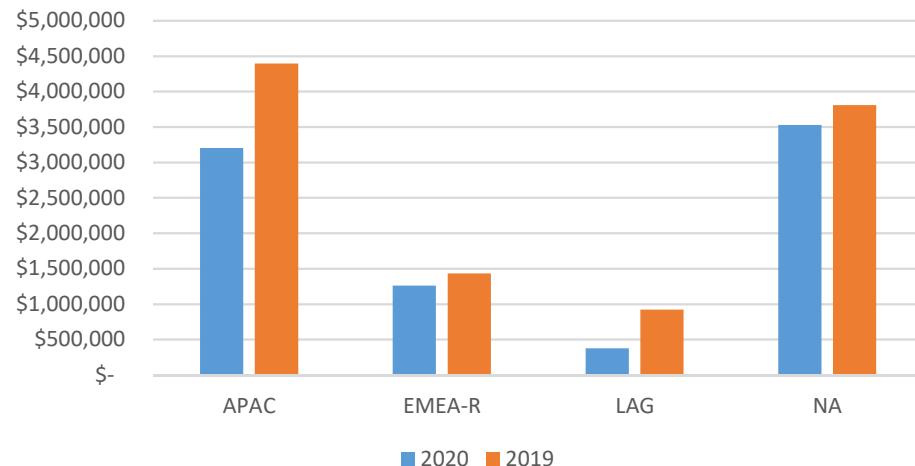
YTD revenues of \$10.0M, unfavorable to Budget (\$1.0M)/(9%), unfavorable to PY (\$1.8M)/(16%)

- Unfavorable performance to AOP in LAG (\$0.6M)/(50%)
 - Cash-in-Transit – Cogar(Mexico) shifted purchasing to the individual CIT OEMs
 - Supply Chain lead-time for American Locks booking
- Unfavorable performance to AOP in APAC less India (\$0.3M)/(17%)
 - Leading indicator of decline in commerce due to COVID-19 outbreak
- Unfavorable performance to AOP in EMEA (\$0.3M)/(18%)
 - Decline in commerce due to COVID-19 outbreak
- Favorable performance to AOP NA \$0.3M/9%
- Flat performance in Government and India

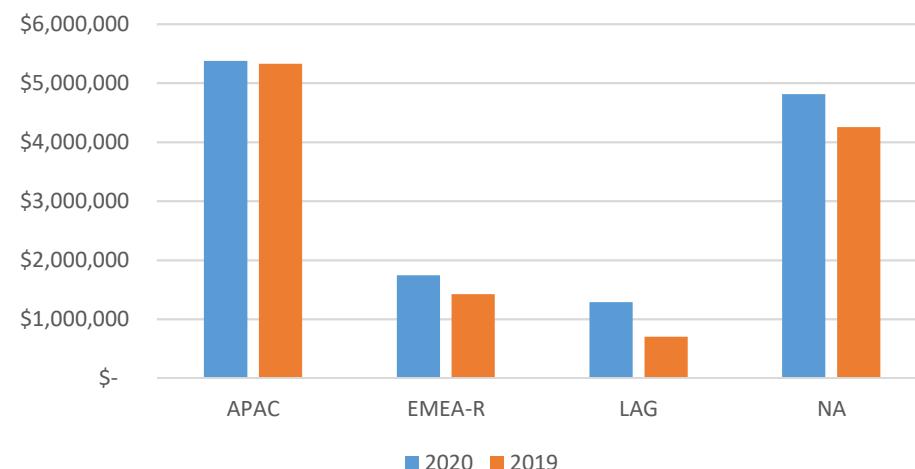


S&G Executive Summary | Overview

Q1 YOY Revenue Comparison - Regional



Q1 YOY Booking Comparison - Regional



Q1 YOY Revenue Trends - Regional

- Regional Revenue severely challenged by inability to ship product in late Q1 to closed countries
- Key Growth Customers (Revenue): Takachiho Koheki (APAC), Genmega (NA), Brinks Thailand (APAC), Timemaster (NA), AMN Waffa (EMEA)
- Key Declining Customers (Revenue): Arya (India), Cogar/GSI (LAG), Hanson (APAC), Lockmasters (NA), Qingdao (APAC), Badger (EMEA)
- APAC and LAG will see largest Revenue gains once countries open back up
- Healthy backlog and pending shipments, expect Revenue to see spike over late Q2 and into Q3

Q1 YOY Booking Trends - Regional

- Strong effort by all regions to obtain blanket orders in early Q1
- Key Growth Customers (Bookings): Timemaster (NA), American Locks (LAG), A Samuel (EMEA), NCR India (APAC), Takachiho Koheki (APAC)
- Key Declining Customers (Bookings): Cogar/GSI (LAG), Lockmasters (NA), Hanson (APAC), Anixter (NA), ASSA Abloy Opening Solutions (EMEA), Liberty (NA)
- NA saw the largest blanket order Bookings with \$550K growth from 2019
- LAG is up \$597K in Bookings versus prior year and this is without the Cogar/GSI orders for 2020, which are being pushed to mid-Q2 due to consolidation of business in late December 2019



S&G Executive Summary | Overview

Hits

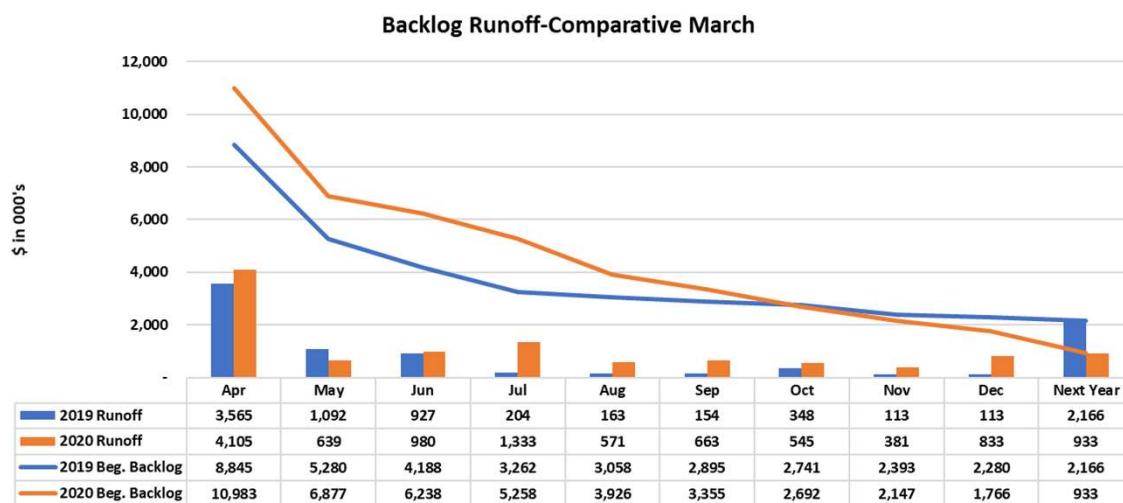
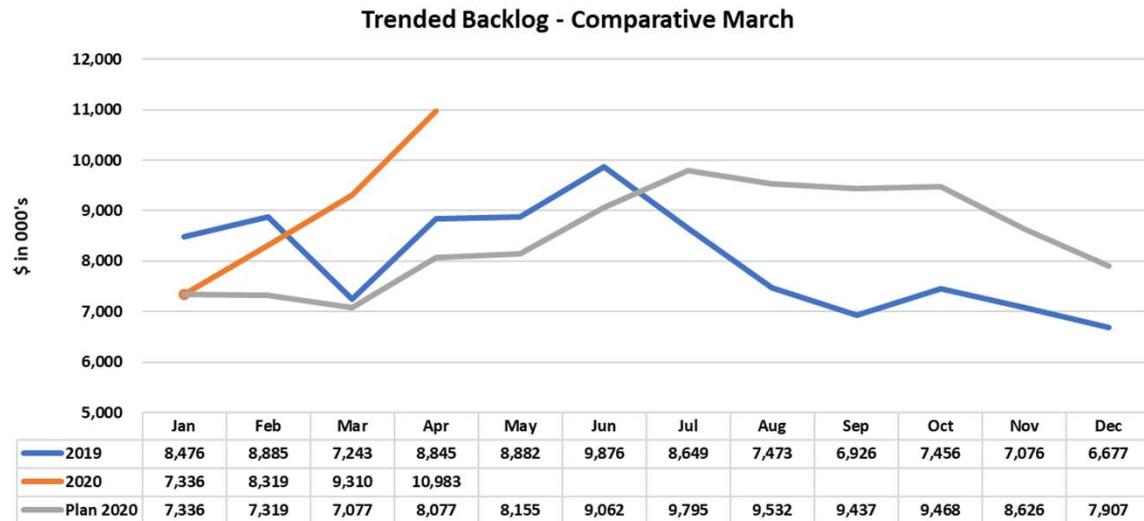
- Backlog favorable \$2.9M compared to the Budget and favorable \$2.1M compared to PY
 - Current calendar year convertible runoff favorable \$3.4M compared to equivalent period in PY
 - March backlog contains current year 2020 runoff of \$10.1M compared to PY 2019 runoff of \$6.7M
- YTD/Q1 bookings favorable to AOP by \$2.6M and favorable to PY by \$2.1M
 - Q1 bookings of \$13.8M exceeded budget and prior year by 23% and 23%, respectively
 - Arya 2020 blanket order of \$2.5M received in March 2020, for March 2020 through January 2021 releases
 - Q1 government bookings favorable \$0.7M compared to PY
- Director of Sales, Americas started 3/23/2020, all other position recruitment on-hold
- S&G fully operational due to designation by the U.S. GSA as an essential U.S. manufacturing supplier
 - Operating without any COVID-19 infection incidents
 - April booking fulfillment at 25% of budget necessitating a one-week furlough of manufacturing team members
 - COVID-19 responses and contingency plans, including office "Work from Home" requirements and other CDC recommended practices
- Partner, PQD, delivered Tier 1 working keypad prototypes

Misses

- Interruptions and deferments of booked customer shipments due to COVID-19 prompted industry shutdowns globally
 - Q1 revenue slippage of (\$0.7M) bound for India not shipped due to India national shutdown
 - (\$0.5M) Arya
 - (\$0.2M) NCR
 - Q1 revenue slippage in other regions total (\$0.6M)
- Refresh brand delayed due to trademark search and subsequent government registry queue amidst COVID-19 interruptions
- New Tier 1 keypad launch slightly delayed due to COVID-19
 - Introduce keypad in July to market and begin production shipments to customers in September
 - Focus on product rationalization and customer focused portfolio solutions



S&G Financial Summary | Backlog Trends

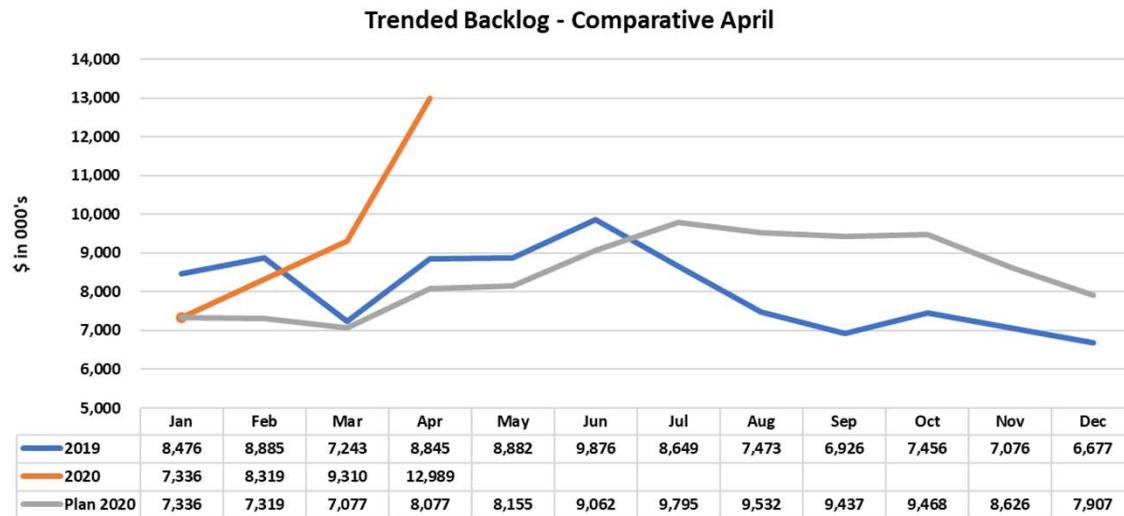


Management Discussion

- March backlog of \$11.0M contains:
 - ARYA blanket order of \$2.6M
 - Timemaster blanket order of \$1.5M
 - Government 951 orders of \$0.8M
 - American Locks orders of \$0.7M
 - Shanghai Qiahne orders of \$0.4M
- 2019 Backlog of \$8.9M contained:
 - Timemaster blanket order of \$1.6M
 - Government 951 orders of \$1.3M
 - ARYA of \$1.5M
 - Lockmasters of \$0.5M
 - NCR orders of \$0.4M



S&G Financial Summary | Backlog Current April 20th

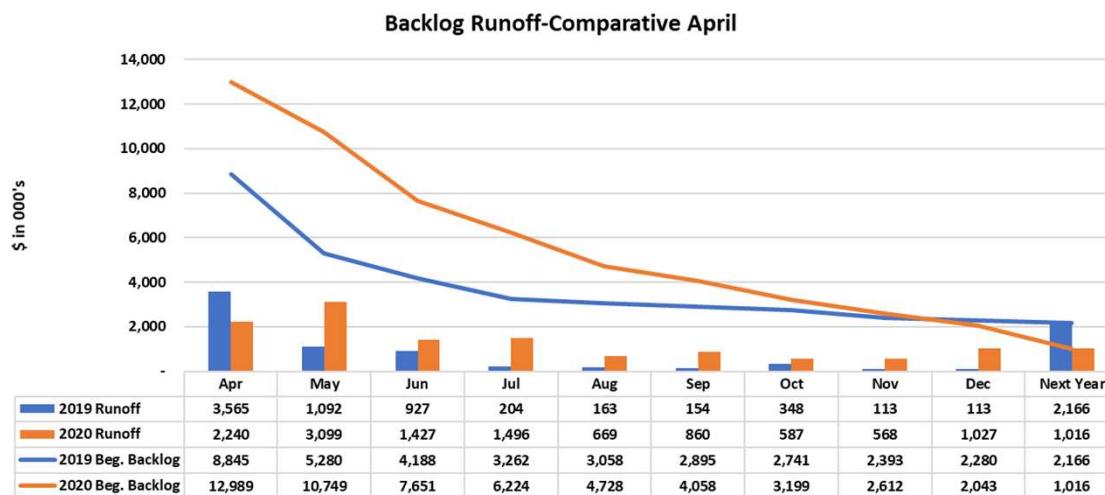


April bookings outlook:

- Current YTD through 4/21/2020 is 103% of budget
 - \$1.3M shortfall of 70% expected compared to April budget of \$4.5M
-

April revenue outlook:

- Expect \$2.6M or 63% compared to budget of \$4.1M
 - Shortfall attributable to COVID-19 deferred customer deliveries due to shutdown of commerce
-



May revenue outlook:

- May runoff from backlog is 75% of revenue budget
- 46% of May backlog is deferred customer deliveries from April
- Historical new booking conversion rate of 25% within a monthly period



S&G Executive Summary | Overview (continued)

Key Go-Forward Actions

- Proactive planning and response to COVID-19 pandemic – Business critical cost controls
- Sales - Align expectations and drive performance
 - Sales price change effective 04/01/2020, support provided by Wise Strategies
 - Price and discount analytics developed by Wise Strategies
 - Assess regional team and individual performances → Deploy on corrective actions → Assess outcome
 - Virtual Selling training approaches deployed in March/April to Sales Team
 - EMEA BDM performance improvement plan (PIP) complete – Termination Planned
 - New Director for NA working to quickly assess gaps in demonstrated strategy/success within the Government BDM role - results demonstrate improvement needed
 - Channel partnerships properly engaged during Covid-19 shutdown to address shipments and order engagement prior to late Q2/early Q3 bottleneck
 - OEM agreements (12, 6 or 3-month) in-process by region aligned with blanket orders for remainder of FY2020
 - Smart Ventures completing CRM dashboard builds, strategy and pipeline deployment for NetSuite launch in May
- Marketing - Refreshed brand and messaging rollout
 - Brand properties: S&G logo redesign, color(s), typography, refresh brand with new website in June 2020
 - Obtaining “Voice of Customer” feedback to evaluate features and aesthetic design of new keypad
- Engineering - Execute to the defined New Product Development Pipeline and Sustained Projects
 - Develop a modular and configurable (Base – Biometric – Network Enabled) digital product platform
- Operations - Improve capabilities
 - Execute supply chain, quality, and delivery of the new keypad
 - Launch QMS plan from buildout in NetSuite with Aaron Olmstead and Rick Melito



S&G Executive Summary | COVID-19 Response

Mitigate impact of the pandemic and market uncertainty creating revenue declines*

(\$000's) Stepped Changes	Apr-Dec 2020		Apr-Dec 2020		Apr-Dec 2020	
	Incremental	10%	Incremental	25%	Incremental	50%
Operating Expense Reductions	\$ 2,090	\$ 2,090	\$ 868	\$ 2,958	\$ 740	\$ 3,698
CAPEX Reductions	\$ 488	\$ 488	\$ -	\$ 488	\$ -	\$ 488
Working Capital	\$ 280	\$ 280	\$ 493	\$ 773	\$ 1,610	\$ 2,383
Expense Cash Conservation	\$ 2,858	\$ 2,858	\$ 1,361	\$ 4,219	\$ 2,350	\$ 6,569

Operating Triggers	10% Revenue	25% Revenue	50% Revenue
Hiring Freeze	All positions except for CRD, Software Eng., & Quality Mgr.		All positions
Wage Freeze	Delayed for Hourly and Salary		
Work Hours Reduction	Hourly OT from 26% to 20%	Hourly OT from 20% to 10% Hourly 1-week furlough per month	Hourly OT from 10% to 0% (17) Hourly positions RIF 25% (30) Non-essential 1-week furlough per month
Incentive Program Decline	Reflect sales booking and EBITDA	Floor triggers not met - eliminated	
Wage Reductions			(22) Essential Salary Positions
Engineering Program Postponement	Digital platform outside testing Curtail OGx for July through Dec.	All UL testing for product development moved to 2021	
Marketing Plan Curtailment	Cancel tradeshow events Bring social media and promotional pieces in-house	Scale down brand refresh, ecommerce, and photo activities Push trademark filings to 2021	Eliminate all print pieces and distribute via digital

* Triggers carry forward unless otherwise noted / revenue declines and corresponding cash conservation for nine-month period April – December 2020



S&G Executive Summary | COVID-19 Response

Reported EBITDA Incremental Walk

(\\$000's)	AOP	Incremental Itemize	Actions	Apr-Dec 2020 10%	Incremental Itemize	Actions	Apr-Dec 2020 25%	Incremental Itemize	Actions	Apr-Dec 2020 50%
Based on revenue reductions										
Net Revenue	\$ 45,377	\$ (4,412)	10% Revenue Reduction	\$ 40,965	\$ (5,236)	17% Revenue Reduction	\$ 35,730	\$ (8,726)	33% Revenue Reduction	\$ 27,004
Material	16,066	(1,391)	10% Production scaling	14,675	(1,829)	17% Production scaling	12,846	(3,049)	33% Production scaling	9,797
			(267) Hiring freeze and reduce temps	-	-	-	-	-	-	-
			(86) Delay merit increases	-	-	-	-	-	-	-
			(246) 23% reduction in OT from 26% to 20%	-	(468) One week furlough per month	-	-	(156) 100% reduction in OT from 10% to 0%	-	-
			-	-	(450) 50% reduction in OT from 20% to 10%	-	-	(904) RIFs - 25% hourly positions from 67 to 50	-	-
Labor	7,020	(599)	-	6,422	(918)	-	5,504	(1,060)	-	4,444
Other COGS	2,434	236	Production Scaling-Warranty Fixed	2,670	(239)	Production Scaling-Warranty Fixed	2,431	(152)	Production Scaling-Warranty Fixed	2,279
Total COGS	<u>\$ 25,520</u>	<u>\$ (1,753)</u>		<u>\$ 23,767</u>	<u>\$ (2,986)</u>		<u>\$ 20,781</u>	<u>\$ (4,261)</u>		<u>\$ 16,520</u>
Gross Margin	\$ 19,857	\$ (2,659)		\$ 17,198	\$ (2,249)		\$ 14,948	\$ (4,464)		\$ 10,484
<i>Gross Margin %</i>	43.8%	60.3%		42.0%	43.0%		41.8%	51.2%		38.8%
<u>Opex Overview</u>										
			(517) Hiring freeze/Delayed Recruitment	-	-	-	-	(100) Hiring freeze CRD, Software Eng, and Quality Eng	-	-
			(70) Delay merit increases	-	-	-	-	(114) One week furlough per month salary	-	-
			-	-	(45) Swiss Office Furloughs at 3 day weeks	-	-	(317) Wage rate reductions for essential positions	-	-
Payroll Benefits	3,928	(587)	-	3,340	(45)	-	3,295	(532)	-	2,763
	609	(109)	-	500	-	-	500	(27)	-	473
			-	-	-	-	-	-	-	-
			(20) Sales Incentive Program Bookings reduction	-	(297) Sales Incentive Program Bookings reduction	-	-	-	-	-
			(58) Management Incentive Program-2021 payout	-	(252) Management Incentive Program-2021 payout	-	-	-	-	-
Bonus	806	(78)	-	728	(549)	-	180	-	-	180
Marketing Commissions	394	(146)	-	248	(78)	-	170	-	-	170
T & E	481	(469)	-	12	-	-	12	-	-	12
Rent and Facilities	734	(280)	-	453	(61)	-	392	(22)	-	371
Insurance	17	-	-	17	-	-	17	-	-	17
	1	-	-	1	-	-	1	-	-	1
			-	-	-	-	-	-	-	-
			(362) R&D spend deferrals and reductions	-	(237) R&D spend reductions - UL testing deferred	-	-	R&D spend reductions	-	-
			24 Marketing spend reductions off set by patent expenses	-	(197) Marketing spend reductions - ecom and print to digital	-	-	(26) Marketing spend reductions	-	-
			(19) Consulting increases 12 months	-	0	-	-	(61) Contract global sales team wage reductions	-	-
Professional Fees	2,666	(357)	-	2,309	(434)	-	1,875	(87)	-	1,788
Utl., Repair, Maint.	42	-	-	42	-	-	42	-	-	42
IT	630	55	-	685	(50)	-	635	(20)	-	615
Bad Debt	-	96	-	96	45	-	141	135	-	276
Supplies	72	-	-	72	-	-	72	-	-	72
Other Expenses	499	(163)	-	337	(152)	-	184	-	-	184
Total OPEX	<u>\$ 10,878</u>	<u>\$ (1,642)</u>		<u>\$ 9,236</u>	<u>\$ (1,255)</u>		<u>\$ 7,981</u>	<u>\$ (591)</u>		<u>\$ 7,390</u>
Reported EBITDA	\$ 8,979	\$ (1,017)		\$ 7,962	\$ (994)		\$ 6,967	\$ (3,873)		\$ 3,094
<i>EBITDA Margin %</i>	19.8%	23.1%		19.4%	19.0%		19.5%	44.4%		11.5%
Cost Reductions	\$ 3,337	Includes Production Scaling to Volume	\$ 3,337	\$ 3,989	Includes Production Scaling to Volume	\$ 7,326	\$ 4,853	Includes Production Scaling to Volume	\$ 12,179	
CAPEX Reductions	\$ 488		\$ 488	\$ -		\$ 488	\$ -		\$ 488	
Expense Cash Conservation	\$ 3,825		\$ 3,825	\$ 3,989		\$ 7,814	\$ 4,853		\$ 12,667	



S&G Executive Summary | Overview (continued)



Opportunities

Description	Potential Impact	Plan to Address
<ul style="list-style-type: none"> NA: Navy FCU with NexusIP (Financial) is looking utilize a new approach with S&G in their branches due to issues with Cencon product 	<ul style="list-style-type: none"> Have installed 2 Nexus IP sample locks for evaluation 3006-502 Nexus PB IP Lock Kit and 3007-502 Nexus DD IP Lock Kit 2,000 units is expected need Total value potential: \$700K Q2-Q3 Timeline 	<ul style="list-style-type: none"> Cencon having major issues Their IT Dept is evaluating WI-FI process to address comfort with security Looking to provide security documentation on WIFI to make them comfortable Covid 19 is slowing this need down. Many branches under limited operations. Primary still evaluating samples
<ul style="list-style-type: none"> EMEA: Privat Bank Ukraine is retrofit ATM Project 	<ul style="list-style-type: none"> 2700 units of ASWD for retrofit Total Value: \$900K 	<ul style="list-style-type: none"> Servus (Dist) and Diebold Nixdorf (OEM) partners Lock development and firmware upgrade process addressed and positive Purchasing decision by mid-Q2 at latest <u>Slight delay due to Covid-19</u>
<ul style="list-style-type: none"> LAG: Initial orders for GSI (CIT) companies (Grumer and Cometra) in Mexico for integration into their new consolidated organization 	<ul style="list-style-type: none"> 1000 units of 6128's (500 each) Project for upgrading to S&G Total value potential: \$238K Q2 Timeline Total opportunity with GSI organization represents 5000 units and \$1.2M 	<ul style="list-style-type: none"> Quote has been provided. Working to get import permits for both organizations Finalizing collection of current outstanding invoice for prior purchases by GSI companies (consolidated debt) GSI purchasing contacted and informed of new requirement by partner companies.
<ul style="list-style-type: none"> EMEA: Cash Solutions (CIT) in Saudi Arabia project to install A-Series and LMS in units 	<ul style="list-style-type: none"> 1000 units potential of A-Series 3028 Total value: \$330K 	<ul style="list-style-type: none"> In direct competition with Securam and TMD for end-to-end solution Decision for initial orders by end of April First order will be for 400 units
<ul style="list-style-type: none"> NA: NCR Canada (OEM) 	<ul style="list-style-type: none"> Larger expansion opportunities 600 units of ASWD pending Organic growth beyond NA is open into Total value potential: \$450K 	<ul style="list-style-type: none"> Initial 30 lock order placed and in pilot Pilot of 30 locks for up to 3 months to begin upon full return of staff (Covid-19) Successful pilot would end with purchase of remaining 570 units for NA and expand to other areas. Certification testing to be complete by NCR global by 5/2020
<ul style="list-style-type: none"> APAC: NCR (OEM) and Takachiho Koheki – TK (Dist) looking at direct orders for 6128 locks for India business 	<ul style="list-style-type: none"> 10000 units of 6128-247 Total value: \$2.0M 	<ul style="list-style-type: none"> Quotes provided and pricing is higher than price to Arya (revenue gain for S&G) Looking at direct from S&G to maintain production runs in China Will work with Arya to understand adjustments to expectations on their end



S&G Executive Summary | Overview (continued)

Risks	Description	Potential Impact	Plan to Address
	<ul style="list-style-type: none">EMEA: Deichmann Project via Gunnebo (OEM) working with Cash Logistik (CIT) in Germany	<ul style="list-style-type: none">1000 units of ASWDRisk - \$385K	<ul style="list-style-type: none">Had 2 keypads fail of the first 16 machinesQuality check being conducted internallyStrong performance needed as customer will be looking to use ASWD for future project offeringsExpected to have results and feedback to customer by mid-April
	<ul style="list-style-type: none">ALL REGIONS: Customers in EMEA, APAC/INDIA, LAG, and North America still highly impacted by Covid-19 situation. Various levels of shutdown until end of April (TBD)	<ul style="list-style-type: none">Delay in order intake / risk to customer demandArya (Dist) in India delayed on \$590K in shipmentsNCR (OEM) in India delayed on \$219K in shipmentsAGS (Dist) in India delayed on \$100K in shipmentsMAI Bank E. Europe delayed on \$100K in shipmentsDelay in order/shipping opportunities into Mexico with GSI companies for April estimated at \$210KRhino Metal (OEM) in North America delayed on supply chain from Asia and \$75K in shipments	<ul style="list-style-type: none">Close follow up with all customers – reviewing potential impact to Q2 order intake and trying to promote blanket order to get ahead of future bottle-neck once back onlineGovernments are indicating May 3 opening in India
	<ul style="list-style-type: none">LAG: Casper (OEM) in Mexico returning 700 Spartan units due to quality issues	<ul style="list-style-type: none">\$50K in product impact and replacement of 6120's	<ul style="list-style-type: none">RGA generated and shipping labels sentQuality is aware of issues and to review problems upon receiptNew 6120's to be shipped upon receipt of faulty units
	<ul style="list-style-type: none">APAC: TSI/Dutech (OEM) having supply challenges from S&G	<ul style="list-style-type: none">Failed to deliver 1500 units of Spartans in timely manner (on-time and as expected)Risk of \$55K in product swap	<ul style="list-style-type: none">Threats to look at other suppliers (Securam) if we cannot stay on track for delivery timelines in the future



S&G Executive Summary | Key Wins and Losses

Key Wins	Key Losses
APAC <ul style="list-style-type: none">Protection Technology (Dist) – 150 units of 3028 - \$83KArya (Dist) – 15,000 units of 6128 (blanket order) - \$2.25MTakachiho Kohiki – Various product orders of 2500 units - \$200K	APAC <ul style="list-style-type: none">Hyosung China (OEM) – 5K to 7K units of 6128 delayed due to Covid-19 virus issues – potential loss \$1.0MPT Fokus (Dist) – Mandiri Project still delayed and negotiating volumes on 6128 – 1000 units - \$199K
EMEA <ul style="list-style-type: none">Format (OEM) – 1000 units of 2006 Spartan - \$50KCaradonna (OEM) – 500 units of various product - \$70KAMN & Waffa (CIT) – Saudi Arabia business added 200 ASWD - \$75K	EMEA <ul style="list-style-type: none">NCR Hungary (OEM) – Cancelled part of larger order of 6128 due to forecasting issue and Covid-19. Created loss of \$180K in expected revenue. Working to get reissue after Covid situation slowsUniversal ATM (CIT) – lock down of South Africa due to Covid-19 resulted in 50K delivery loss. Could see reissued after close-down is lifted
LAG <ul style="list-style-type: none">Bash Chile (Dist) – 200 units of 6129 for Loomis and positions us for further orders in the year - \$55KPerto (OEM) in Brazil – 100 units of 6824 key op locks for a service project. While this is worth \$10K only, positive sign Perto will partner with us on their ATM projects.	LAG <ul style="list-style-type: none">GSI family of companies delays in ordering due to restructuring still leading to bookings miss. Original estimate of orders was \$1.2M for 2020. While business is expected to yield \$500K in annual growth, we may see up to \$250K more realistic in growth. Loss of \$250K expected for the year.
NA <ul style="list-style-type: none">Genmega (OEM) – 5000 units of 2006 and 200 units of 6128 - \$219K project winIndustry Railway Supply (Dist) – Opened new client and placed \$170K load-in order in first week of various productsGlobal File (OEM) – 1000 units of 8550 - \$79K	NA <ul style="list-style-type: none">No major Losses outside of delayed shipments due to Covid-19



S&G Executive Summary | 2020 Key Initiatives

Initiative	Status	Recent Progress	Next Steps	Risks
Establish globally consistent pricing strategy	●	<ul style="list-style-type: none"> Low-churn SKU analysis completed and identified for April 1 price increase Further data evaluation being conducted to identify next range of SKU adjustments for pricing and to be considered for quarterly updates 	<ul style="list-style-type: none"> Weekly meetings continue and internal data analysis to be moved to next stage by 2/19/2020 Begin identification of average sales pricing by SKU and list price generation Evaluate incorporation of price increase plan 	<ul style="list-style-type: none"> Potential for instances of margin loss when applying a unified pricing model ➤ Anticipate aggregate upside ➤ Offset with premium list price and targeted discount ➤ Timeline getting narrowed and implementation into NetSuite still needed at completion
Launch refreshed brand and digital marketing presence (i.e. website)	●	<ul style="list-style-type: none"> First trademark application submitted for new logo mid-Feb. COVID-19 impact delaying review process with trademark office. May not have response until mid-late May. Change in new keypad architecture strategy and delay in trademark approval process shifting brand refresh launch date from May to June Phased launch approach elements defined 	<ul style="list-style-type: none"> Work with cross-functional team to update/finalize NPD timeline and scope for each rollout phase Review existing keypad copy and modify/update based on new keypad architecture Continue to update marketing materials with new branding Determine optimal timing to announce new keypad 	<ul style="list-style-type: none"> If keypad experiences any delays, could impact brand refresh timing • Achieve objective while managing potential for scope creep and diminishing returns ➤ Prioritize on core and growth Market, Product & Region
Develop new industrial design aesthetic for existing and new products	●	<ul style="list-style-type: none"> Engineering Samples (ES1) received on Mar-23 Firmware and electronic improvements to be incorporated in ES2 samples (April 24th) Mechanical design complete. Samples being fabricated internally for testing Financials updated based on a three tier keypad product platform offering Extended validation test plan developed with assistance from Rick Melito. Weekly review of validation checklist scheduled with S&G and PQD 	<ul style="list-style-type: none"> Supplier agreement between S&G and PQD Continued testing of ES1 Samples Receive updated ES2 samples Finalize validation test plan (APQP Checklist being used as framework) Sample fabrication for testing and marketing photography Kick-off tooling Complete 3D modeling/rendering for remote VOC Certification testing 	<ul style="list-style-type: none"> Bandwidth to apply new design across new product pipeline and core product (i.e. Titan, Spartan) ➤ Consider contractor for application across core product

Complete

On-Schedule

At Risk

Behind



S&G Executive Summary | 2020 Key Initiatives (continued)

Initiative	Status	Recent Progress	Next Steps	Risks
Improve instructions for electronic lock products	●	<ul style="list-style-type: none"> Explore outside resources for instruction creation until Trainer/Tech Writer position is filled Draft for Quick Start Guide completed for electronic locks Instruction template being created with new branding to leverage across all products 	<ul style="list-style-type: none"> Develop Process Map and identify areas for improvement for instruction creation Work with factory to get preliminary instructions for the new keypad Develop plan for improving existing instructions 	<ul style="list-style-type: none"> Instructions are still hardcopies <ul style="list-style-type: none"> If lost, QR codes also lost
Modularize core product lines	●	<ul style="list-style-type: none"> Financials updated based on a three tier keypad product platform offering Modular locking mechanism in Stage 1 Development. PCBA under development. One-Time-Code (OTC) functionality being developed as part of current Software Project (developed by OGx) 	<ul style="list-style-type: none"> Consolidation of Tier-2 keypad SKU's/features Define phase-out plan for historical keypad and locking mechanism SKU's Finalize requirements for Digital Platform integration with new keypad (build-your-own keypad concept) 	<ul style="list-style-type: none"> Ensure modular design does not compromise performance and quality <ul style="list-style-type: none"> Leverage core product (Titan / Spartan) for modular platform
Develop new core products	●	<ul style="list-style-type: none"> Reviewing emerging technology trends and RMR opportunities with input from OGx Sales Directors providing input/prioritization on current project backlog Industry Market Managers identified to help generate 2021 and beyond product development pipeline content 	<ul style="list-style-type: none"> Generate 2021 and beyond NPD Pipeline with ROC's and establish priorities Concept selection for Tier 2 and Tier 3 product offering to complement new keypad 	<ul style="list-style-type: none"> Effectual deployment of design resources including contract (i.e. biometric & network connect) <ul style="list-style-type: none"> Leverage OGx to identify firmware/software design partner(s)
Develop SIOP process using historical data analytics	●	<ul style="list-style-type: none"> First meetings held in December Minor changes to be made to the report/presentation 	<ul style="list-style-type: none"> Minor (running changes) are being reviewed by OGx 	<ul style="list-style-type: none"> Low risk compared to previous SIOP tool.

● Complete

● On-Schedule

● At Risk

● Behind



S&G Executive Summary | NPD Update

Project	Description	Market Segment	Schedule										Financial Outlook (\$'000)						
			Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Realized	Basis	Units	Revenue	GM %	Gross Margin	ASP
ASWD (No Key Authentication) Badger-S. Africa	Custom Solution to provide "One Time Code" openings without use of Touch Key	ATM / Cash Management						Orderable, wk 9					2020 Ramp-up	Incremental	868	\$266		\$154	
ASWD (1 Keypad/2 Locks) Gunnebo-EU	"One Time Code" lock with the ability to operate 2 locks with 1 keypad.	ATM / Cash Management					Prototype, wk 45	Prototype, wk 6	Orderable, wk 9				2020 Ramp-up	Total	868	\$266		\$154	
Spring Bolt Fireking	New Lock Body for both digital and analog locks - Auto locks when door is closed "Package Lockers"	Commercial					Pilot Run, wk 6		Marketing Launch, wk 16				2022 Full	Incremental	1,000	\$307		\$178	
Pedestrian Door Lock US Government	New Specification to C for 2890 Pedestrian Door Lock (PDL)	Government			Government Submission (Complete)		Pilot Run, wk 50		Orderable, wk 9		Marketing Launch, wk 25		2020 Ramp-up	Total	772	\$425		\$190	
Keypad App for electronic controls* / Web-based code generator SBER Bank-Russia	New App and AWS software. Thin client Lock Management Software (LMS) - generate swap codes for service and bank modes	ATM / Cash Management/ Residential Safe						Prototype, wk 19		Pilot Run, 4 wks Post Gov Approval		2022 Full	Incremental	1,500	\$825		\$370		
Multi-function / platform Keypad/Display* OEM, Distributor,	Modular keypad, display, wi-fi & biometrics - Common HW with SW differentiation and app design	ATM / Cash Management / Residential Safe w/ pivot locks						Pilot Run, wk 27		PQD Launch, wk 32		2022 Full	Total	1,500	\$825	45%	\$370	\$ 550.17	
<small>* Financial outcome based on weighted average products and does not include revenue generating opportunities for retrofits; ATM direct drive products; or recurring subscription based network enabling features.</small>																			
Realized	Basis	Units	Revenue	GM %	Gross Margin	ASP	Realized	Basis	Units	Revenue	GM %	Gross Margin	2020 Ramp-up	Incremental	2,403	\$821	30%	\$242	
2020 Ramp-up	Total	7,389	\$2,364	45%	\$1,066		2020 Ramp-up	Total	8,020	\$2,511		\$1,320							
2022 Full	Incremental	14,344	\$4,319	52%	\$2,233		2022 Full	Total	12,749	\$3,732	50%	\$1,857							
2022 Full	Total	20,336	\$7,207	44%	\$3,192														



S&G Executive Summary | NPD Update

Initiative	Status	Recent Progress	Next Steps	Launch Plan
ASWD (No Key Authentication)	●	<ul style="list-style-type: none"> Target customer identified in Saudi (Cash Solutions) 	<ul style="list-style-type: none"> Provide Samples 	<ul style="list-style-type: none"> Marketing support will occur with "No Key" Launch in Q4
ASWD (1 Keypad/2 Locks)	●	<ul style="list-style-type: none"> Target Customers – Format and Prosegur Collaborating with marketing team at Delaney to improve instructions 	<ul style="list-style-type: none"> Update instructions with new format / template 	<ul style="list-style-type: none"> Update existing material Email/Social Media/PowerPoint
Spring Bolt	●	<ul style="list-style-type: none"> New Beta test plan developed (includes survey for feedback) Target customers identified Beta samples shipping week of 4/20 	<ul style="list-style-type: none"> Feedback from target customers Integrate AxisBlu firmware 	<ul style="list-style-type: none"> Beta Testing (possible case study) Photography Sample PowerPoint (part #s, \$\$)
Pedestrian Door Lock (2890C Specification)	●	<ul style="list-style-type: none"> Samples submitted to Government for approval Approval expected in May 	<ul style="list-style-type: none"> Pilot run after receiving approval 	<ul style="list-style-type: none"> New 2890 Brochure / FAQs Email Photography Media/Public Relations
New Software and App Platform	●	<ul style="list-style-type: none"> Keypad App functionality complete LMS development underway (4-sprints) 	<ul style="list-style-type: none"> Keypad app aesthetics Define upgrade process 	<ul style="list-style-type: none"> Photography (lifestyle, product) Print / Digital Campaign Public Relations (key influencer) Press Release Beta Testing (possible case study) Email Campaign Customer Presentation Social Media Campaign Thought Leadership / Blog Customer Launch Kits w/ sample Promotional Video How To Videos Landing Page Sell Sheet / Brochure FAQs Tradeshows
Residential Lock/ Keypad	●	<ul style="list-style-type: none"> Engineering Samples (ES1) received on Mar-23 Firmware and electronic improvements to be incorporated in ES2 samples (May 8th) Mechanical design complete. Samples being fabricated internally for testing Financials updated based on a three tier keypad product platform offering Extended validation test plan developed with assistance from Rick Melito. Weekly review of validation checklist scheduled with S&G and PQD 	<ul style="list-style-type: none"> Supplier agreement between S&G and PQD Continued testing of ES1 Samples Receive updated ES2 samples Finalize validation test plan (APQP Checklist being used as framework) Sample fabrication for testing and marketing photography Kick-off tooling Complete 3D modeling/rendering for remote VOC Certification testing 	<ul style="list-style-type: none"> Photography (lifestyle, product) Print / Digital Campaign Public Relations (key influencer) Press Release Beta Testing (possible case study) Email Campaign Customer Presentation Social Media Campaign Thought Leadership / Blog Customer Launch Kits w/ sample Promotional Video How To Videos Landing Page Sell Sheet / Brochure FAQs Tradeshows

● Complete

● On-Schedule

● At Risk

● Behind



S&G Executive Summary | NPD Update

Project	Description	Market Segment	Schedule												Financial Outlook (\$'000)																																
			Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Realized	Basis	Units	Revenue	GM %	Gross Margin	ASP:																										
Consolidated Lock Body	Consolidation of Analog and Digital Platform Lock Bodies. Payback 1.0 years - Financial outlook for component cost reductions(GM enhancement) excluded from ROC	All Verticals							Prototype, wk 22			Launch, wk 40			2020 Ramp-up	Incremental	194	\$68		\$44																											
											Pilot Run, wk 35				2020 Ramp-up	Total	194	\$68		\$44																											
										Prototype, wk 35				2022 Full	Incremental	775	\$275		\$184																												
														2022 Full	Total	775	\$275	67%	\$184	\$ 355.23																											
Core Product Line Modularization	Integration of Digital Platform features / funtions (Audit Trail & Timelock Functionality) to new keypad and lock bodies - ROC not complete at this time(Dec)	B2B										Pilot Run, wk 44			2020 Ramp-up	Incremental	97	\$23		\$10																											
														2020 Ramp-up	Total	97	\$23		\$10																												
									Prototype, wk 29			Launch, wk 44			2022 Full	Incremental	385	\$93		\$45																											
														2022 Full	Total	385	\$93	48%	\$45	\$ 242.34																											
Tier 4(Low Cost) Electric Keypad Lock Offering	Low cost keypad and lock offering to complement launch of the new modular keypad	All Verticals									Pilot Run, wk 38				2020 Ramp-up	Incremental	1,000	\$12		\$3																											
														2020 Ramp-up	Total	1,000	\$12		\$3																												
									Prototype, wk 38					2022 Full	Incremental	6,000	\$72		\$18																												
														2022 Full	Total	6,000	\$72	25%	\$18	\$ 12.00																											
One Time Code Lock	New One Time Code functionality that leverages the new keypad design features and eliminates the need for key authentication. Payback 1.5 years	ATM / Cash Management												2020 Ramp-up	Incremental	100	\$33		\$17																												
														2020 Ramp-up	Total	100	\$33		\$17																												
														2022 Full	Incremental	3,000	\$996		\$565																												
														2022 Full	Total	3,000	\$996	56%	\$565	\$ 332.17																											
																																															
<table border="1"> <thead> <tr> <th>Realized</th> <th>Basis</th> <th>Units</th> <th>Revenue</th> <th>GM %</th> <th>Gross Margin</th> </tr> </thead> <tbody> <tr> <td>2020 Ramp-up</td> <td>Incremental</td> <td>1,391</td> <td>\$136</td> <td>55%</td> <td>\$74</td> </tr> <tr> <td>2020 Ramp-up</td> <td>Total</td> <td>1,391</td> <td>\$136</td> <td>55%</td> <td>\$74</td> </tr> <tr> <td>2022 Full</td> <td>Incremental</td> <td>10,160</td> <td>\$1,436</td> <td>57%</td> <td>\$812</td> </tr> <tr> <td>2022 Full</td> <td>Total</td> <td>10,160</td> <td>\$1,436</td> <td>57%</td> <td>\$812</td> </tr> </tbody> </table>																		Realized	Basis	Units	Revenue	GM %	Gross Margin	2020 Ramp-up	Incremental	1,391	\$136	55%	\$74	2020 Ramp-up	Total	1,391	\$136	55%	\$74	2022 Full	Incremental	10,160	\$1,436	57%	\$812	2022 Full	Total	10,160	\$1,436	57%	\$812
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S&G Executive Summary | NPD Update Modular Keypad

Milestone	Status	Owner	Date(s)	Status Update
Validation Checklist	Green	Devon/Craig	3/12-6/5	PQD/Futaba meeting scheduled for 4/21. Patrick managing S&G APQP
Supplier Agreement	Green	Michael	3/23-4/17	PQD provided proposal to S&G. Currently in negotiation
ES1 Sample Delivery	Blue	Devon	3/23	Complete
ES1 Sample Testing	Green	Devon	3/23-4/24	Testing underway. PCBA and firmware issues communicated to PQD
3D Rendering Model	Green	Kelly	4/6-4/24	Design work underway. First samples received.
Instructions	Yellow	Kelly/Devon	4/6-6/1	First pass instructions complete. Style/content template being developed
S&G Mfg. Setup	Green	Craig	4/6-7/1	S&G production evaluation underway. Tester architecture meeting 4/17
Finish Evaluation	Green	Kelly/Matt	4/8-4/17	Parts machined for final finish evaluation
Packaging Design		Michael	4/22-6/15	Finalizing packaging specification and graphics
Tooling Kickoff		Devon	4/27-6/5	Testing of push button release prior to tool release
Remote VOC		Kelly/Matt	5/4-5/8	Customers to be defined by Marketing/Sales. Meeting on 4/9 to discuss
ES2 Sample Delivery		Devon	5/8	ES2 samples will include updates from feedback of ES1 sample testing
ES2 Sample Testing		Devon	5/8-6/8	Weekly firmware updates expected
Functioning prototype		Devon	5/8	Will utilize ES2 samples and machined housings
Validation Test Samples		Devon	6/8	Targeting 50 to 100 keypads. PQD providing quote and schedule
Validation Testing		Devon	6/8-7/31	Product test plans being developed
UL Testing		Devon	6/15-8/15	Need to prioritize testing schedule for products
Sales Samples		Devon/Kelly	6/22-6/26	
Launch Kits		Kelly	7/6-7/10	
Product Announce		Kelly	June/July	COVID-19 impact on announce schedule to be monitored weekly
Production Start (PQD)		Devon	7/31	
Production Start (S&G)		Craig	8/17	

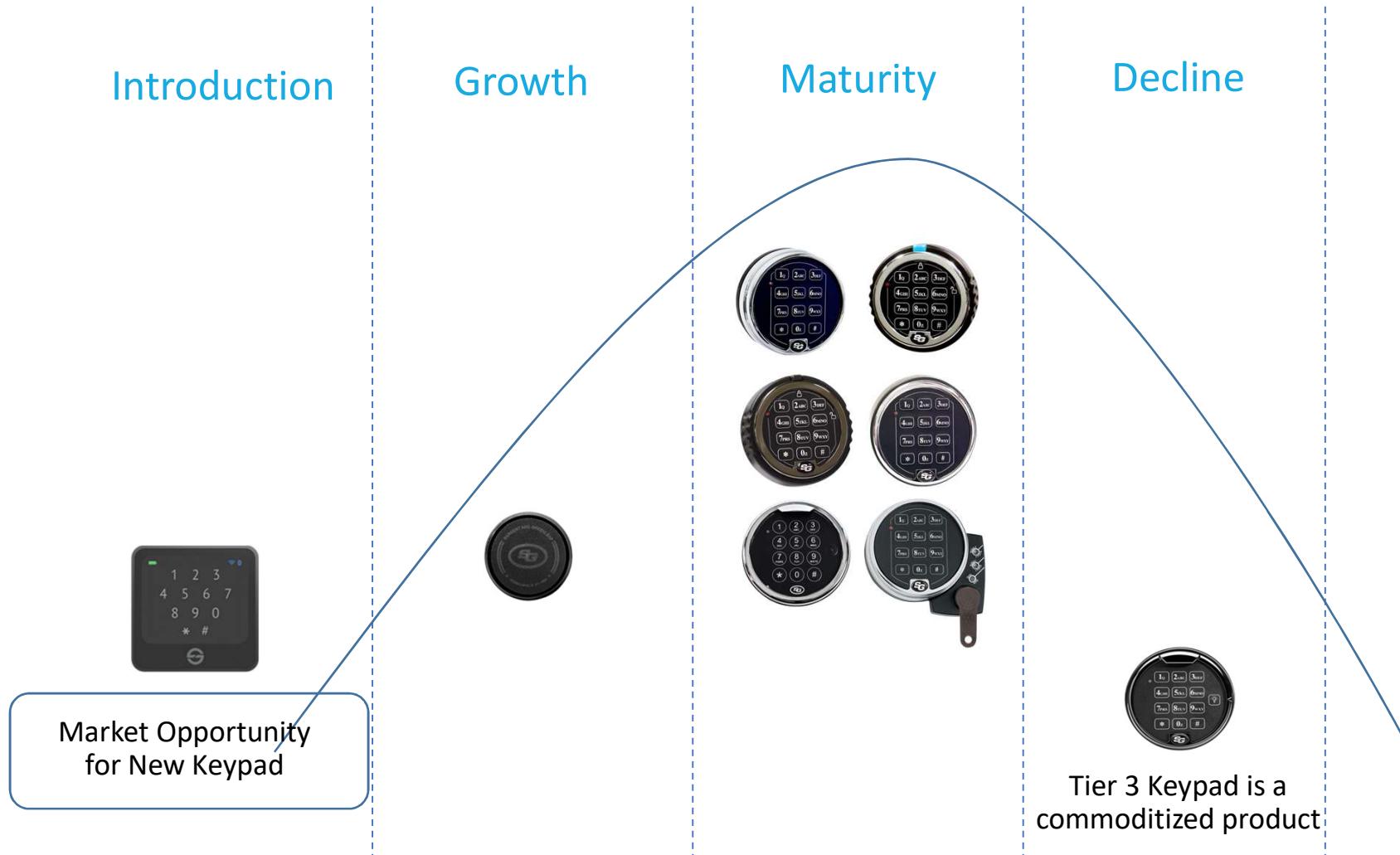
S&G Executive Summary | Current Product Mix



- Large number of SKUs creating customer confusion
- Increased levels of inventory
- Inconsistency in cost/pricing structure of analog and digital platform products
- Does not meet market parity (holes in offering)
- Increased demand on sustaining engineering support
- Dated look and feel
- End of product lifecycle

	Keypads			Locks			Total					
	Key Pad SKUs	Sold SKUs	Units Sold Key Pads	Revenue Key Pads	Margin (\$) Key Pads	Margin % Key Pads	Revenue Locks	Margin (\$) Locks	Margin % Locks	Revenue Electronics	Margin (\$) Electronics	Margin % Electronics
Analog	115	54	182,939	\$ 5,825,311	\$ 3,374,728	57.9%	\$ 12,264,865	\$ 7,270,387	59.3%	\$ 18,090,176	\$ 10,645,115	58.8%
Digital	16	5	4,383	\$ 373,221	\$ 200,955	53.8%	\$ 617,125	\$ 331,126	53.7%	\$ 990,346	\$ 532,082	53.7%
Total	131	59	187,322	6,198,532	3,575,683	57.7%	12,881,990	7,601,513	59.0%	19,080,522	11,177,196	58.6%

S&G Executive Summary | Keypad Life Cycle



S&G Executive Summary | Future Product Mix

Keypad Consolidation (Phase 1)

Tier 1 Keypad
(Best)



Metal Construction
LCD Touchscreen

Tier 2 Keypad
(Better)



Metal Construction
Membrane Face

Tier 3 Keypad
(Good)



Plastic Construction
Membrane Face

Consolidated Lock Bodies



Lock Body Consolidation (Phase 2)

1004 Lock Body



S&G Executive Summary | Product Platform Tiers



Tier I Keypad (Best)

- Market Innovator Product
- Organic Growth Opportunities (new features – Biometric, etc.)
- Product Offering for Early Technology Adopters
- Feature Rich vs. Current Digital Platform Products
- High Price of Current Digital Platform vs Feature Set
- Addresses Concerns with Initial Digital Platform Quality/Design Issues
- Modular Design vs. Digital Platform Hardware Proliferation
- Provides Platform for Future Sustaining Engineering Opportunities (SW upgrades)
- Consolidated Lock Body Integration



Tier II Keypad (Better)

- Maintains Core Business Product Offering
- Consolidated Feature Set
- Provides One-Time-Code “Key” (Option)
- No Keypad “AxisBlu” (Option)
- Consolidated Lock Body Integration



Tier III (Good)

- Provides Low Price Product offering
- Limited Marketing Support

S&G Executive Summary | Product Matrix Example

	Tier 3 (example: MPP)	Tier 2 (example: Titan)	Tier 1 (New Keypad)			
			Base	Biometric	Network Connected	Network + Biometric
FEATURES						
Single Control	•	•	•	•	•	•
Dual Control		•	•	•	•	•
Manager/Employee		•	•	•	•	•
Management Reset Code	•	•	•	•	•	•
Total Number of Codes	2	10	10	10	10	10
Penalty Lockout	•	•	•	•	•	•
Time Delay		1-99 minutes	1-99 minutes	1-99 minutes	1-99 minutes	1-99 minutes
Time Delay Override Code		•	•	•	•	•
Bolt Position Indicator (BPI)		Optional	Optional	Optional	Optional	Optional
Duress Capability		Optional	Optional	Optional	Optional	Optional
LCD Touchscreen Display			✓	✓	✓	✓
Configurable Display (Number Layout)			✓	✓	✓	✓
Scrambled Keypad			✓	✓	✓	✓
Field Upgradable			✓	✓	✓	✓
Integrated Mobile App (w/ Mobile Biometric Authentication)			✓	✓	✓	✓
Bluetooth Connectivity			•	•	•	•
Integrated Biometric Authentication				✓		✓
Remote Lock Management					•	•
Add/Delete Users Remotely					•	•
Time Schedules					•	•
Enable/Disable Lock Remotely					•	•
Unlimited Audit Trail					•	•
Real Time Alerts and Notifications					•	•
One-Time_Code (No Key Management)					✓ Optional	✓ Optional
Warranty	1 year	2 years	2 years	2 years	2 years	2 years
Lock Bodies						
Spinblocker Pivot Bolt	•					
Auto Relocking Pivot Bolt		•	•	•	•	•
Direct Drive Square Bolt	•	•	•	•	•	•
Spring Bolt	•		•	•	•	•
Auto Relocking Square Bolt			•	•	•	•
Puss/pull			•	•	•	•
Certifications						
UL Listed Type 1	•	•	•	•	•	•
EN 1300 Class B		○	○	○	○	○
ECB_S R01 Lock Guide, Class B	•	○	○	○	○	○
VdS Class 2	•	○	○	○	○	○
A2P Class B/E	•	○	○	○	○	○
SBSC		○	○	○	○	○
RoHS2 Compliant	•	•	•	•	•	•

S&G Executive Summary | Tier 1 Financial View

	New Keypad Configuration	Annual Projected Units	New Unit ASP (\$)	New Δ Unit ASP (\$)	New Unit Cost (\$)	New Δ Unit Cost (\$)	New Annual Net Sales (\$)	New Annual Net Margin (\$)	New Annual Net Margin (%)	Δ Annual Net Margin (\$)
Current	Base	3,538	\$ 75.00	(\$25.31)	\$ 56.00	(\$15.90)	\$ 265,350	\$ 67,222	25.3%	(\$145,788)
	Base OTC	1,100	\$ 95.00	\$ 9.69	\$ 56.00	(\$35.21)	\$ 104,500	\$ 42,900	41.1%	(\$28,070)
	Biometric	81	\$ 145.00	(\$72.26)	\$ 66.00	\$103.84	\$ 11,745	\$ 6,399	54.5%	\$2,558
	Networked	10	\$ 115.00	\$22.12	\$ 56.00	(\$11.21)	\$ 1,150	\$ 590	51.3%	\$109
	Base Business	4,729					\$ 382,745	\$ 117,111	30.6%	(\$171,191)
Organic Growth	Base	1,000	\$ 75.00		\$ 56.00		\$ 75,000	\$ 19,000	25.3%	\$19,000
	Base, Direct Drive	600	\$ 85.00		\$ 61.00		\$ 51,000	\$ 14,400	28.2%	\$14,400
	Base OTC	1,200	\$ 95.00		\$ 56.00		\$ 114,000	\$ 46,800	41.1%	\$46,800
	Biometric	2,200	\$ 145.00		\$ 66.00		\$ 319,000	\$ 173,800	54.5%	\$173,800
	Biometric, Direct Drive	800	\$ 155.00		\$ 71.00		\$ 124,000	\$ 67,200	54.2%	\$67,200
	Biometric OTC	1,000	\$ 165.00		\$ 66.00		\$ 165,000	\$ 99,000	60.0%	\$99,000
	Networked	400	\$ 115.00		\$ 56.00		\$ 46,000	\$ 23,600	51.3%	\$23,600
	Networked, Direct Drive	20	\$ 125.00		\$ 61.00		\$ 2,500	\$ 1,280	51.2%	\$1,280
	Networked OTC	400	\$ 135.00		\$ 56.00		\$ 54,000	\$ 31,600	58.5%	\$31,600
	Networked + Biometric	250	\$ 155.00		\$ 66.00		\$ 38,750	\$ 22,250	57.4%	\$22,250
	Networked + Biometric OTC	150	\$ 175.00		\$ 66.00		\$ 26,250	\$ 16,350	62.3%	\$16,350
	Organic Volume	8,020					\$ 1,015,500	\$ 515,280	50.7%	\$515,280
Total Annual (Full Ramp)	Base	4,538	\$ 75.00		\$ 56.00		\$ 340,350	\$ 86,222	25.3%	(\$126,788)
	Base, Direct Drive	600	\$ 85.00		\$ 61.00		\$ 51,000	\$ 14,400	28.2%	\$14,400
	Base OTC	2,300	\$ 95.00		\$ 56.00		\$ 218,500	\$ 89,700	41.1%	\$18,730
	Biometric	2,281	\$ 145.00		\$ 66.00		\$ 330,745	\$ 180,199	54.5%	\$176,358
	Biometric, Direct Drive	800	\$ 155.00		\$ 71.00		\$ 124,000	\$ 67,200	54.2%	\$67,200
	Biometric OTC	1,000	\$ 165.00		\$ 66.00		\$ 165,000	\$ 99,000	60.0%	\$99,000
	Networked	410	\$ 115.00		\$ 56.00		\$ 47,150	\$ 24,190	51.3%	\$23,709
	Networked, Direct Drive	20	\$ 125.00		\$ 61.00		\$ 2,500	\$ 1,280	51.2%	\$1,280
	Networked OTC	400	\$ 135.00		\$ 56.00		\$ 54,000	\$ 31,600	58.5%	\$31,600
	Networked + Biometric	250	\$ 155.00		\$ 66.00		\$ 38,750	\$ 22,250	57.4%	\$22,250
	Networked + Biometric OTC	150	\$ 175.00		\$ 66.00		\$ 26,250	\$ 16,350	62.3%	\$16,350
	Total Full Ramp	12,749					\$ 1,398,245	\$ 632,391	45.2%	\$344,089

S&G Executive Summary | Tier 1 Financial View

Keypad price, cost, and margin comparison

Description	New Keypad Configuration	Annual	Old	New	Old	New	Old	New	Δ Annual Net Margin (\$)				
		Proj. Units	Unit ASP (\$)	Unit ASP (\$)	Unit ASP (\$)	Cost (\$)	Cost (\$)	Unit GM (\$)	Unit GM (\$)	Δ Annual Net Margin (\$)			
6120-41x KEYPAD BIOMETRIC xx	Current Core	Biometric	81	\$ 217.26	\$ 145.00	(\$72.26)	\$ 169.84	\$ 66.00	\$103.84	\$ 47.42	\$ 79.00	\$ 31.58	\$2,558
6129 Lock KP Kit(KP, Ext, + lock) tamper proc		Base	764	\$ 68.62	\$ 75.00	\$6.38	\$23.07	\$ 56.00	(\$32.93)	\$45.55	\$19.00	(\$26.55)	(\$20,285)
6128-282 DL MU BPI KP+EXT SPECL LABL PAI		Base OTC	700	\$ 85.19	\$ 95.00	\$9.81	\$20.79	\$ 56.00	(\$35.21)	\$64.40	\$39.00	(\$25.40)	(\$17,778)
6128-282 DL,MU,BPI,NT KP+EXT,SPL FOR PAI		Base OTC	400	\$ 85.52	\$ 95.00	\$9.48	\$20.79	\$ 56.00	(\$35.21)	\$64.73	\$39.00	(\$25.73)	(\$10,292)
3006-202 A SERIES DCD PB LOCK KIT		Base	250	\$ 122.28	\$ 75.00	(\$47.28)	\$44.79	\$ 56.00	(\$11.21)	\$77.49	\$19.00	(\$58.49)	(\$14,623)
3028-202 A SERIES DCD, DEAD LATCH KIT		Base	2,524	\$ 107.72	\$ 75.00	(\$32.72)	\$44.79	\$ 56.00	(\$11.21)	\$62.93	\$19.00	(\$43.93)	(\$110,880)
3028-502 NEXUS DL IP LOCK KIT		Networked	8	\$ 92.88	\$ 115.00	\$22.12	\$44.79	\$ 56.00	(\$11.21)	\$48.09	\$59.00	\$10.91	\$87
3029-502 NEXUS PP IP LOCK KIT		Networked	2	\$ 92.89	\$ 115.00	\$22.11	\$44.79	\$ 56.00	(\$11.21)	\$48.10	\$59.00	\$10.90	\$22
		2019 Volume	4,729									(\$171,191)	

Margin change of current 2019 run rate and mix of offering new Tier One keypad offering



S&G Executive Summary | Tier 1 Financial View

	New Keypad Configuration	Annual Projected Units	Annual Net Sales (\$)	Annual Net Margin (\$)	Annual Net Margin	Δ Annual Net Margin (\$)	Volume High-Low Keypads Only	High-Low Paired Keypad + Lock
Total Annual (Full Ramp)	Base	5,038	\$ 377,850	\$ 95,722	25.3%	(\$117,288)		
	Base, Direct Drive	900	\$ 76,500	\$ 21,600	28.2%	\$21,600		
	Base OTC	2,900	\$ 275,500	\$ 113,100	41.1%	\$42,130		
	Biometric	3,381	\$ 490,245	\$ 267,099	54.5%	\$263,258		
	Biometric, Direct Drive	1,200	\$ 186,000	\$ 100,800	54.2%	\$100,800		
	Biometric OTC	1,500	\$ 247,500	\$ 148,500	60.0%	\$148,500		
	Networked	610	\$ 70,150	\$ 35,990	51.3%	\$35,509		
	Networked, Direct Drive	30	\$ 3,750	\$ 1,920	51.2%	\$1,920		
	Networked OTC	600	\$ 81,000	\$ 47,400	58.5%	\$47,400		
	Networked + Biometric	375	\$ 58,125	\$ 33,375	57.4%	\$33,375		
	Networked + Biometric OTC	225	\$ 39,375	\$ 24,525	62.3%	\$24,525		
	254 percent growth rate	16,759	\$ 1,905,995	\$ 890,031	46.7%	\$601,729		
Total Annual (Full Ramp)	Base	4,538	\$ 340,350	\$ 86,222	25.3%	(\$126,788)		
	Base, Direct Drive	600	\$ 51,000	\$ 14,400	28.2%	\$14,400		
	Base OTC	2,300	\$ 218,500	\$ 89,700	41.1%	\$18,730		
	Biometric	2,281	\$ 330,745	\$ 180,199	54.5%	\$176,358		
	Biometric, Direct Drive	800	\$ 124,000	\$ 67,200	54.2%	\$67,200		
	Biometric OTC	1,000	\$ 165,000	\$ 99,000	60.0%	\$99,000		
	Networked	410	\$ 47,150	\$ 24,190	51.3%	\$23,709		
	Networked, Direct Drive	20	\$ 2,500	\$ 1,280	51.2%	\$1,280		
	Networked OTC	400	\$ 54,000	\$ 31,600	58.5%	\$31,600		
	Networked + Biometric	250	\$ 38,750	\$ 22,250	57.4%	\$22,250		
	Networked + Biometric OTC	150	\$ 26,250	\$ 16,350	62.3%	\$16,350		
	170 percent growth rate	12,749	\$ 1,398,245	\$ 632,391	45.2%	\$344,089		
Total Annual (Full Ramp)	Base	4,038	\$ 302,850	\$ 76,722	25.3%	(\$136,288)		
	Base, Direct Drive	300	\$ 25,500	\$ 7,200	28.2%	\$7,200		
	Base OTC	1,700	\$ 161,500	\$ 66,300	41.1%	(\$4,670)		
	Biometric	1,181	\$ 171,245	\$ 93,299	54.5%	\$89,458		
	Biometric, Direct Drive	400	\$ 62,000	\$ 33,600	54.2%	\$33,600		
	Biometric OTC	500	\$ 82,500	\$ 49,500	60.0%	\$49,500		
	Networked	210	\$ 24,150	\$ 12,390	51.3%	\$11,909		
	Networked, Direct Drive	10	\$ 1,250	\$ 640	51.2%	\$640		
	Networked OTC	200	\$ 27,000	\$ 15,800	58.5%	\$15,800		
	Networked + Biometric	125	\$ 19,375	\$ 11,125	57.4%	\$11,125		
	Networked + Biometric OTC	75	\$ 13,125	\$ 8,175	62.3%	\$8,175		
	85 percent growth rate	8,739	\$ 890,495	\$ 374,751	42.1%	\$86,449		

Volume High-Low
Keypads Only

High-Low
Paired Keypad + Lock

High Reward
150 percent of
Sales Target



Incremental Locks Net Margin (\$)	Incremental Total Paired Net Margin (\$)	Net Margin %
\$1,463,892	\$2,065,621	56.7%

@
Sales Target



Incremental Locks Net Margin (\$)	Incremental Total Paired Net Margin (\$)	Net Margin %
\$975,928	\$1,320,017	55.6%

Low Reward
50 percent of
Sales Target



Incremental Locks Net Margin (\$)	Incremental Total Paired Net Margin (\$)	Net Margin %
\$487,964	\$574,413	52.7%

S&G Executive Summary | Tier 1 Financial View

Tier 1 Opportunity Keypad + Lock

170 percent growth rate from 2019 to full ramp-up

New Keypad Configuration	Projected Units	Annual Net Sales (\$)	Annual Net Margin (\$)	Annual Net Margin	Δ Annual Net Margin (\$)
Base Business Keypads	4,729	\$ 382,745	\$ 117,111	30.6%	(\$171,191)
Base Business Lock Volume	4,729	\$ 838,836	\$ 536,579	64.0%	
Total Base Business	9,458	\$ 1,221,581	\$ 653,690	53.5%	(\$171,191)
Organic Keypad Volume	8,020	\$ 1,015,500	\$ 515,280	50.7%	\$515,280
Organic Lock Volume	8,020	\$ 1,495,381	\$ 975,928	65.3%	\$975,928
Total Incremental	16,040	\$ 2,510,881	\$ 1,491,208	59.4%	\$1,491,208
Total Keypads	12,749	\$ 1,398,245	\$ 632,391	45.2%	\$344,089
Total Lock Volume	12,749	\$ 2,334,217	\$ 1,512,506	64.8%	\$975,928
Total Sales Target	25,498	\$ 3,732,462	\$ 2,144,897	57.5%	\$1,320,017

Δ Net margin adjusted for 2019 current Tier 1 keypad offering cost and sales price

Incremental Tier 1 Sales Target

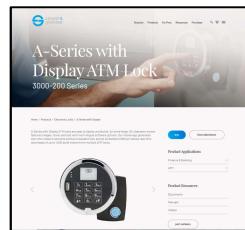
Incremental Target includes:

- 1:1 lock matched to every keypad
- Currently, 1:1 lock and keypad are sold paired for 98 percent of orders

New Keypad Configuration	Projected Units	Annual Net Sales (\$)	Annual Net Margin (\$)	Annual Net Margin
Base	1,000	\$ 75,000	\$ 19,000	25.3%
Base, Direct Drive	600	\$ 51,000	\$ 14,400	28.2%
Base OTC	1,200	\$ 114,000	\$ 46,800	41.1%
Biometric	2,200	\$ 319,000	\$ 173,800	54.5%
Biometric, Direct Drive	800	\$ 124,000	\$ 67,200	54.2%
Biometric OTC	1,000	\$ 165,000	\$ 99,000	60.0%
Networked	400	\$ 46,000	\$ 23,600	51.3%
Networked, Direct Drive	20	\$ 2,500	\$ 1,280	51.2%
Networked OTC	400	\$ 54,000	\$ 31,600	58.5%
Networked + Biometric	250	\$ 38,750	\$ 22,250	57.4%
Networked + Biometric OTC	150	\$ 26,250	\$ 16,350	62.3%
Organic Keypad Volume	8,020	\$ 1,015,500	\$ 515,280	50.7%
Organic Lock Volume	8,020	\$ 1,495,381	\$ 975,928	65.3%
Total Incremental	16,040	\$ 2,510,881	\$ 1,491,208	59.4%

Incremental Target does not include:

- Replacement keypads to existing lock installations
- E-commerce and residential market upgrade replacements
- Adjacent market opportunities



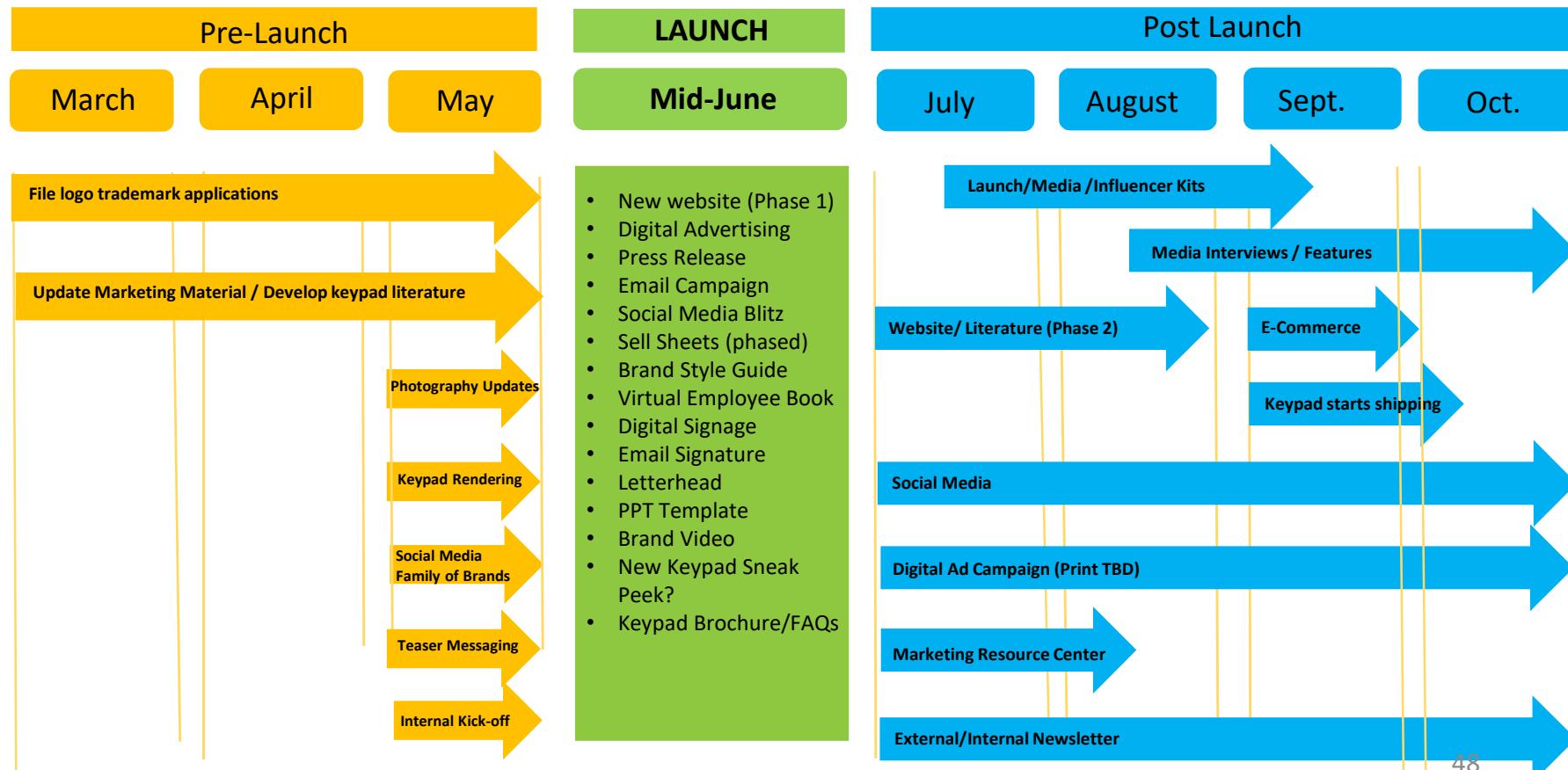
BRAND REFRESH Timeline

Digital Deployment



Trademark Registration

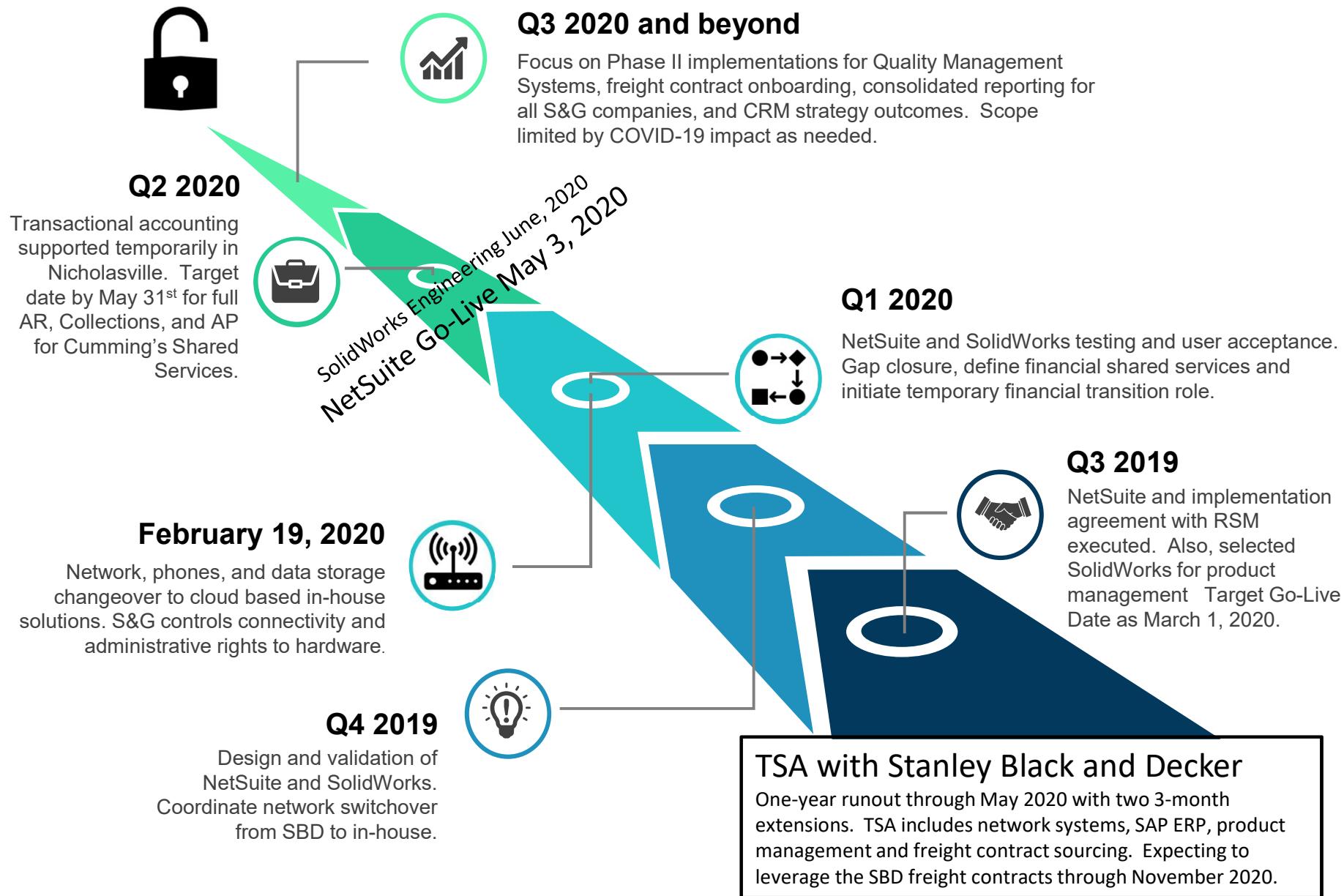
Website *Phase 1*



* New brand attributes, keypad value proposition defined in Fall '19



S&G Finance and IT | Standalone Transition Milestones





S&G Executive Summary | Net Suite Implementation

TASK	PROGRESS	START	END	Apr 6, 2020		Apr 13, 2020		Apr 20, 2020		Apr 27, 2020		May 4, 2020		May 11, 2020																				
				6	7	8	9	10	13	14	15	16	17	20	21	22	23	24	27	28	29	30	1	4	5	6	7	8	11	12	13	14	15	
M	T	W	T	F	M	T	W	T	F	M	T	W	T	F	M	T	W	T	F	M	T	W	T	F	M	T	W	T	F	M	T	W	T	F
Load Data to Net Suite for UAT Testing Transaction sales history-Not go live critical	95%	1/20/20	4/24/20																															
PaceJet Project (Shipping)	80%	2/3/20	4/24/20																															
Bill.com Project	95%	2/3/20	4/24/20																															
PBCS Project (Financial Planning, Analysis and Reporting) Deminsions set up and verified, Smartview downloaded	25%	2/3/20	5/3/20																															
Merchant e-Solution (credit card processor) Test environment set up 4/20	90%	2/17/20	5/3/20																															
Final Data Migration Customers, Vendors and items loaded;Open sales and purchase orders, Open AR, and inventory loaded go-live weekend	35%	3/16/20	5/3/20																															
Go Live/Optimization (RSM onsite)	0%	5/4/20	5/8/20																															

S&G Executive Summary | Quality

Support Outline

Progress to date: completed Warranty analytics, scoping ideal future-state (NetSuite) and QMS structure

Potential Savings				
	Annual (\$K)	% Savings	Savings (\$K)	Assumptions
Warranty	750	27%	200	Reduce "spikes" by 50%, "steady" by 5%
Scrap	100	N/A	N/A	Cost-benefit of savings difficult to justify
Internal Rework	900	10%	90	In-process inspection, Re-work disruption, hidden NVA (rework) ~10%
Total	1,750	14%	290	Adjusted rework (100K to 90K) based on recent detail analyzed
Task	Status	Target Date	Comments	
<u>QMS Intelligence / ERP Optimization</u>				
Improve analytics of warranty data (granular costs, relative to orders, role-specific dashboards)	In process	2/14	ERP integration near complete, working through AP / locksmiths. Challenges with database access	
Data collection for internal inspections	In process	5/14 (est 3 mos.)	Receiving checks ready to migrate to NetSuite, but not cut for known issues. Plans in place for end-to-beginning inspections	
<u>QMS Processes / Cost of Quality Reduction</u>				
Analytics to re-asses "common" cause issues	Complete	2/21	Historical analysis complete. Countermeasures largely validated, improvement opportunities in QMS structure.	
Countermeasure Implementation	In process	5/14 (est 3 mos)	QMS with Quality team, Problem solving training & tools.	
Standardize & Organize Root Cause documentation	In process	3/31	80% as of 4/17. CAR log in development. Vision for toolkit that integrates with NetSuite for robust analytics on root cause	
Evaluate effectiveness / gaps in inspection capabilities (esp. software)	In process	5/29	Pulling ahead due to milestones / travel complications. Conducted meetings to define team, tasks – execution underway. Plans to implement APQP style approach to validate supplier, develop PFMEAs, and utilize milestones, etc.	
Enhance supplier validation process, focus on digital keypad component & firmware vendors	In process	5/29		

S&G Executive Summary | Quality

Progress to date (as of 4/20)

Home stretch of ERP readiness, QMS focus on new product development and Quality team training & tools

Completed to Date:

- Completed analysis of historical warranty data:
 - Cumbersome / manual process with previous data
 - Once issues identified, countermeasures are effective (future occurrences prevented)
 - Focus on improving QMS to prevent “new” issues
- Engagement of Quality team:
 - Problem Solving Training
 - Enhancement of tools & analytics
 - Individual work plans, tracking to progress
- Implemented dock audits to confirm accuracy of outbound shipments
- APQP (Advanced Product Quality Planning) Process being implemented at S&G – utilizing for new touchpad product
- NetSuite optimization – addressed three key issues of past warranty data (linkage of all costs to RGA, linkage of RGA to sales order / build date, proper categorization of defects)
- Enhanced receiving inspection process (NetSuite rollout)– targeted at actual issues, collecting scalar data for analysis

Tasks in-process:

- Development of Quality dashboards for OpenGate workbench and S&G internal use
 - Challenges to date in directly accessing data, have been resolved but more lead time than expected
 - Working with OpenGate for deployment in existing infrastructure (PowerBI web server)
 - Still expect to complete within budget without impacting S&G needs (ready for NetSuite launch)
- APQP implementation – ensuring all relevant tasks are assigned with due dates, being executed
- Continued engagement with Quality team – additional in-house training, tool use, work planning
- Enhancement of in-process inspections:
 - All collecting same level of meaningful data
 - Consolidation into centralized data repository
 - Analytics of historical data for preventing defects
- QMS hand-off – due to travel restriction challenges and delay in hiring of Quality Manager, we have allocated 3 weeks to future date when S&G is prepared for hand-off

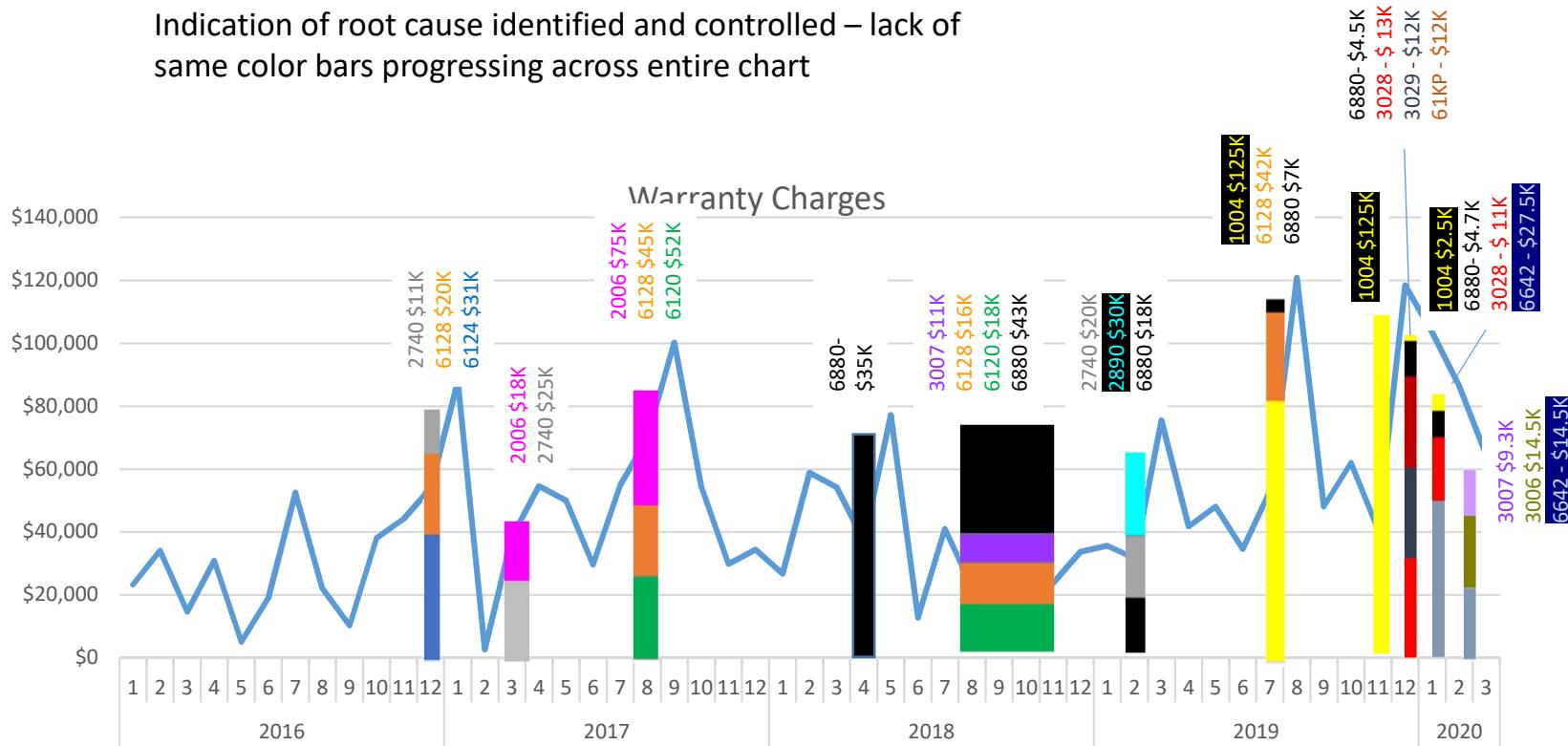
Draft "Not Final" - Internal Confidential

S&G Executive Summary | Quality

Warranty Data (through end Q1 2020)

Primary metric of focus in monthly warranty costs, “peaks” shown with breakdown by part number

Indication of root cause identified and controlled – lack of same color bars progressing across entire chart

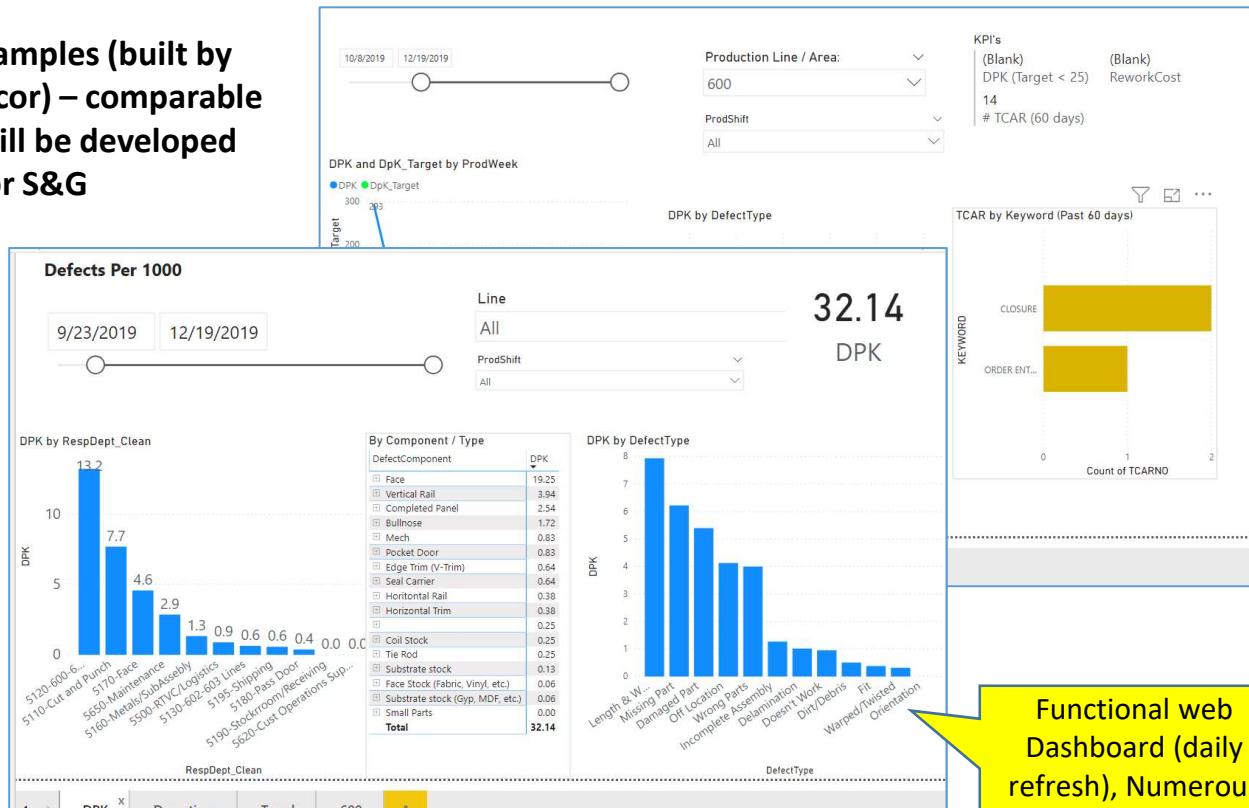


S&G Executive Summary | Quality

Dashboard Examples

Development of Quality Dashboards for OpenGate Workbench & S&G internal use in process

Illustrative Examples (built by Aaron for Hufcor) – comparable dashboards will be developed & deployed for S&G

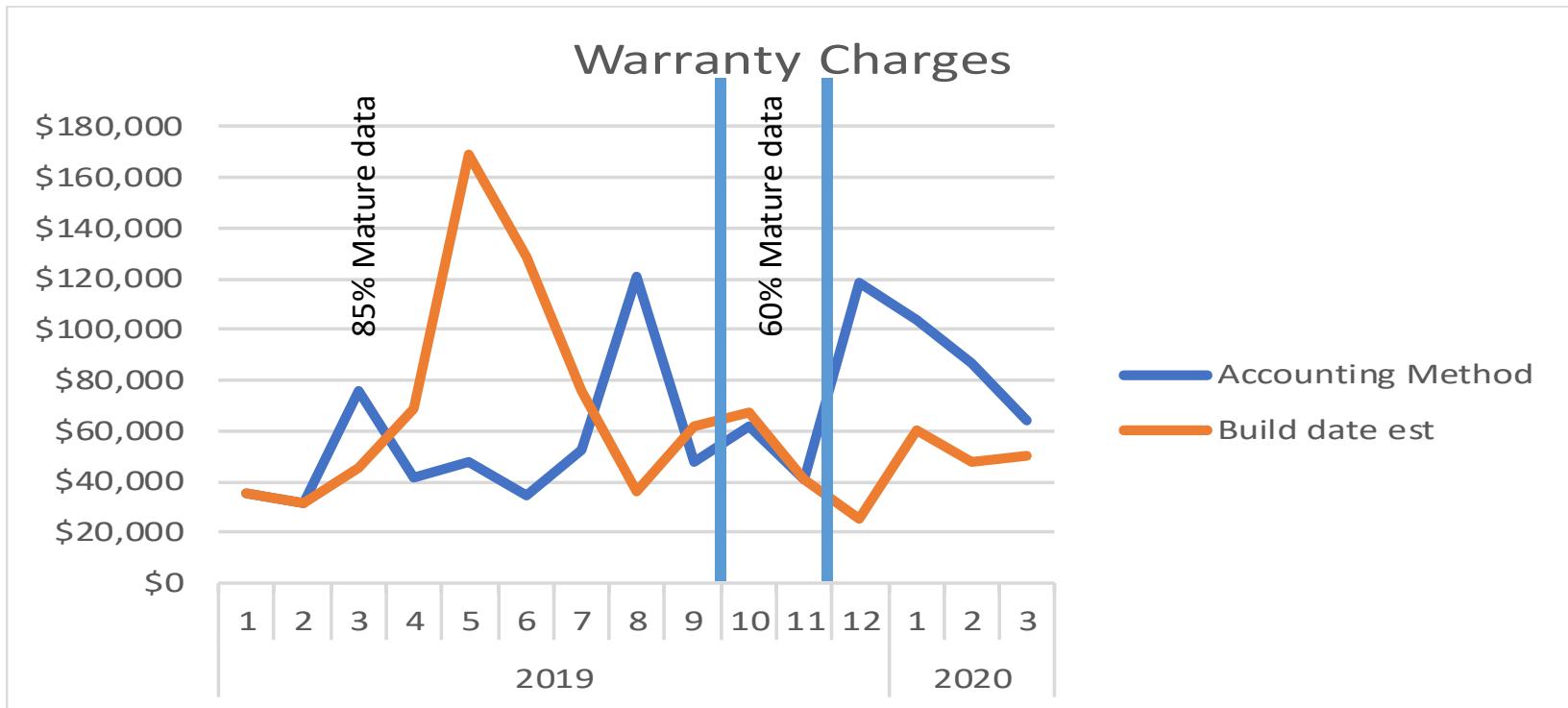


S&G Executive Summary | Quality

Warranty Data – date cost incurred vs. production date

Important enhancement to S&G data systems – ability to track warranty costs by production date

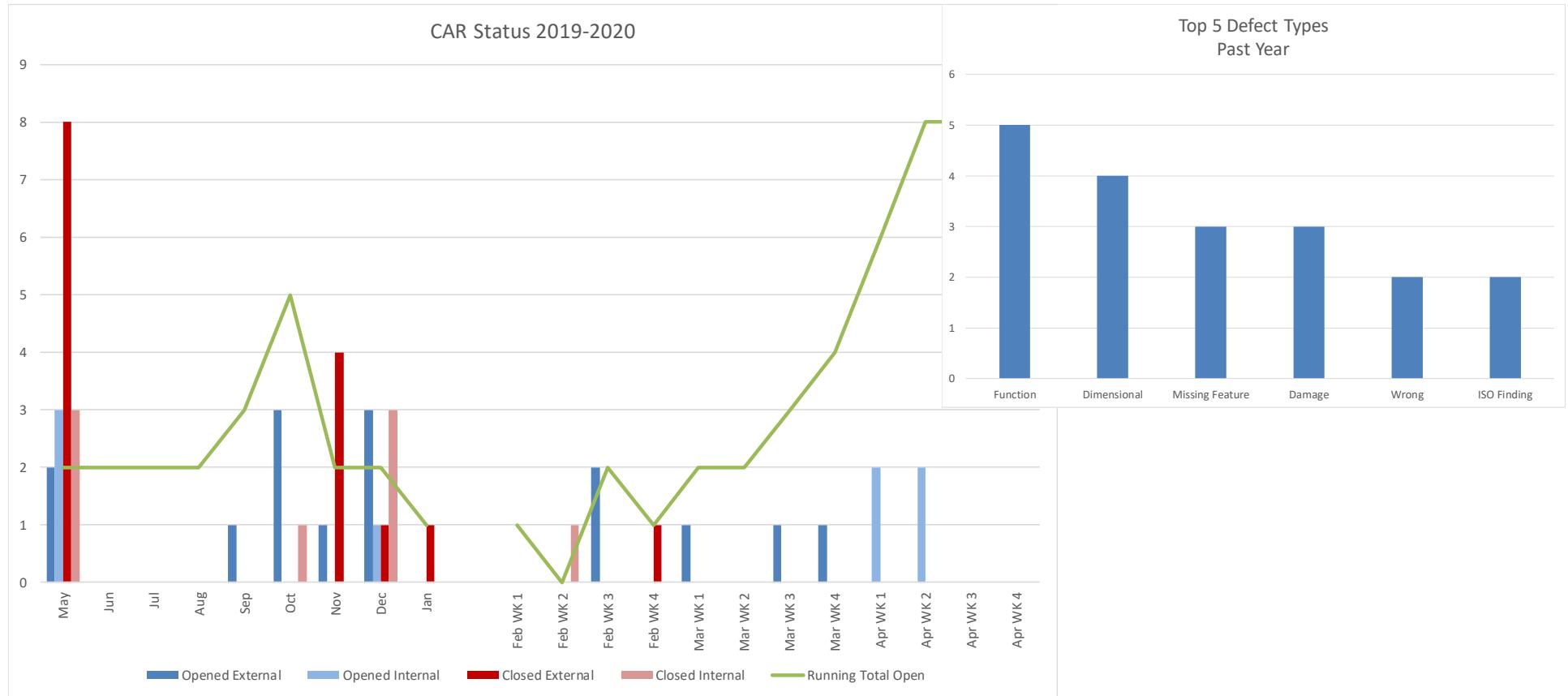
what the warranty would look like if we were to track by manufacture date rather than when the charges were booked. Notice the large spike is intended to show that the items that we are currently seeing in the last 5 months of charges were produced in the Spring/Summer of 2019.



S&G Executive Summary | Quality

Corrective Action Reporting

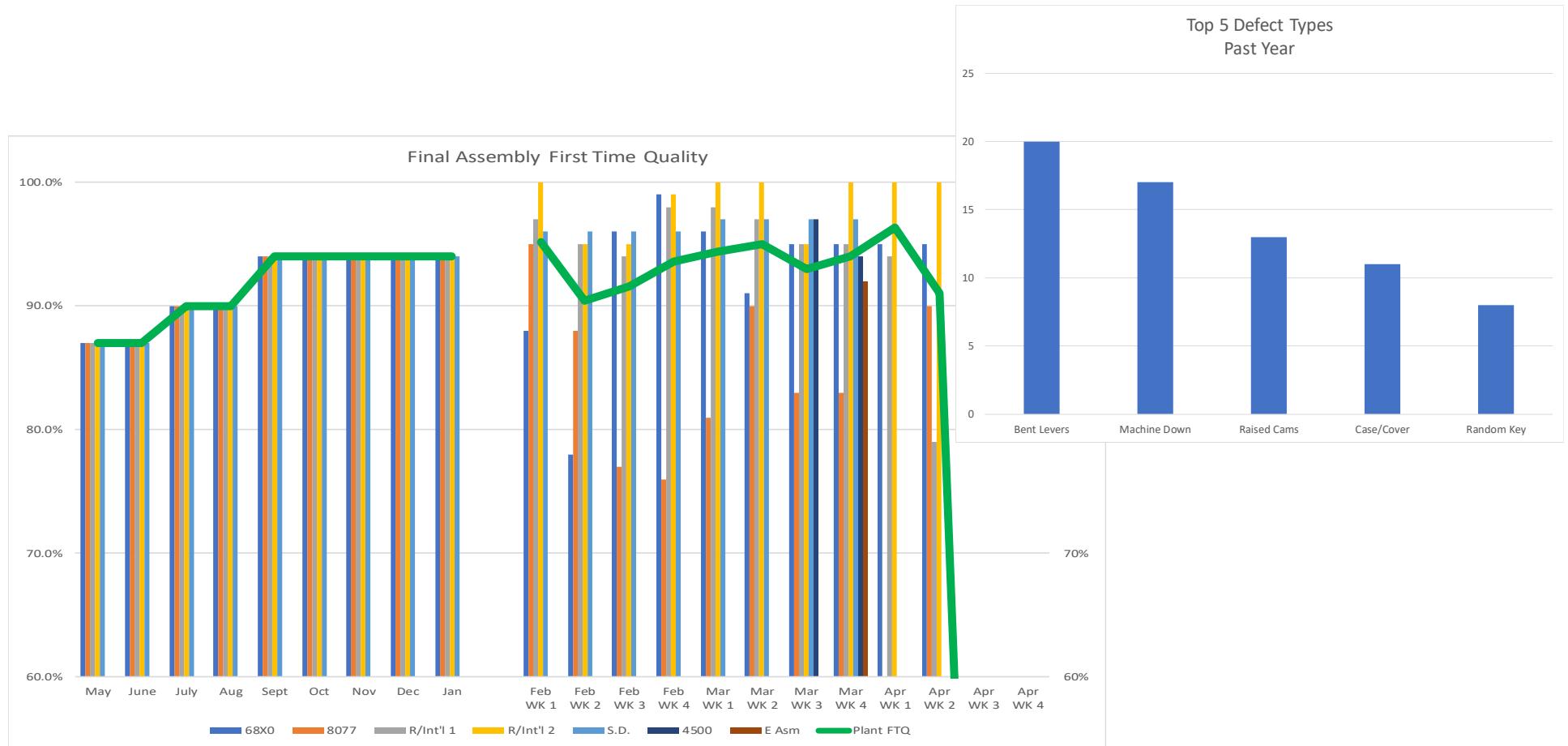
Uptick in 2020 due to change in quality tracking of CARs. Added Internally generated CARs.



S&G Executive Summary | Quality

Internal Quality

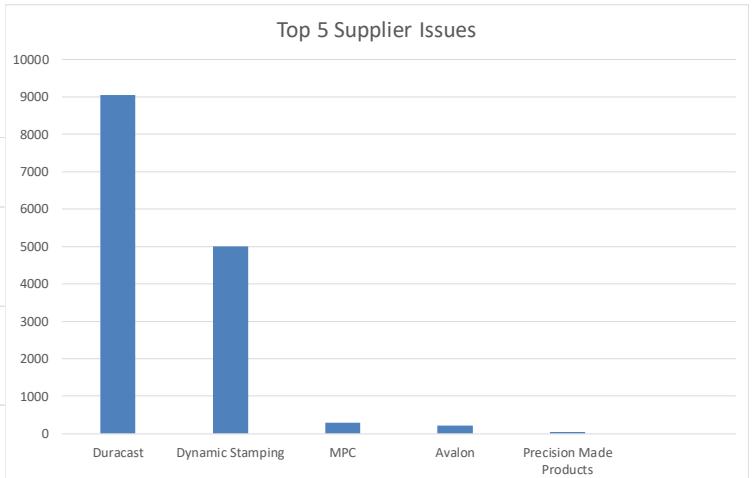
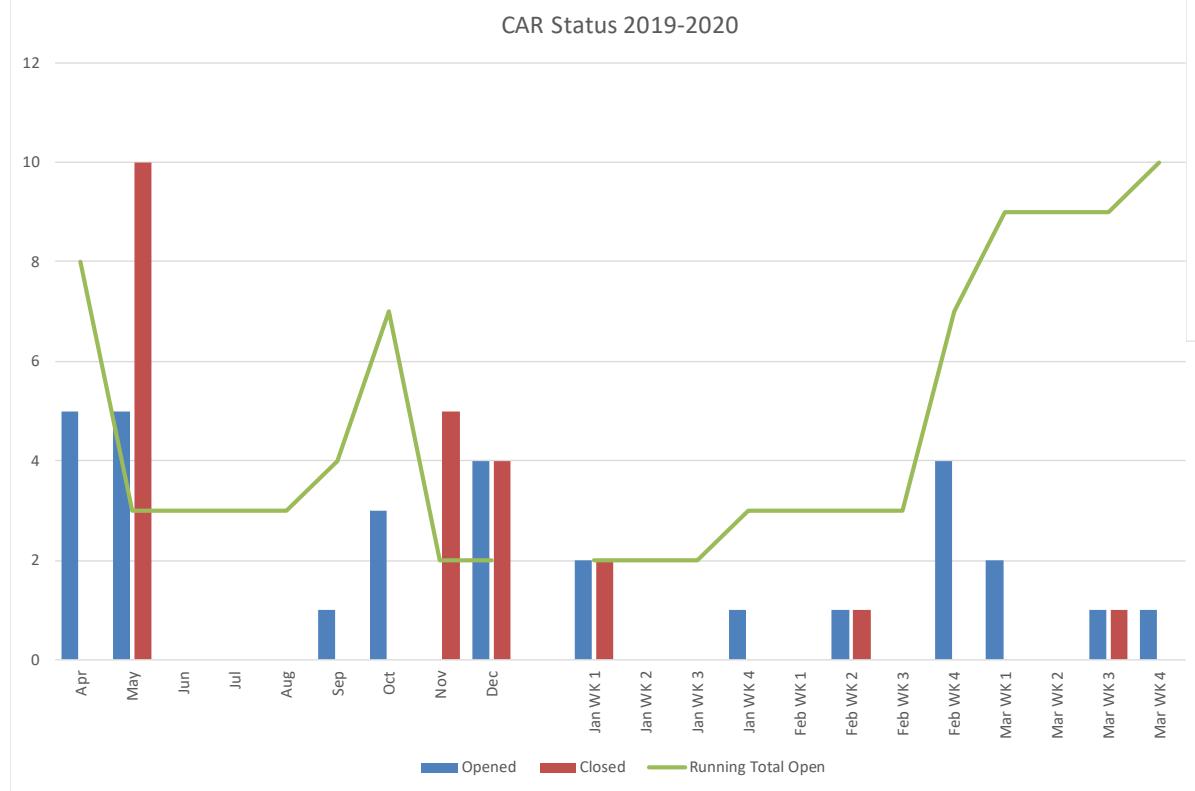
Gathering and analyzing data for each product end of line inspections with Pareto analysis



S&G Executive Summary | Quality

Supplier Quality

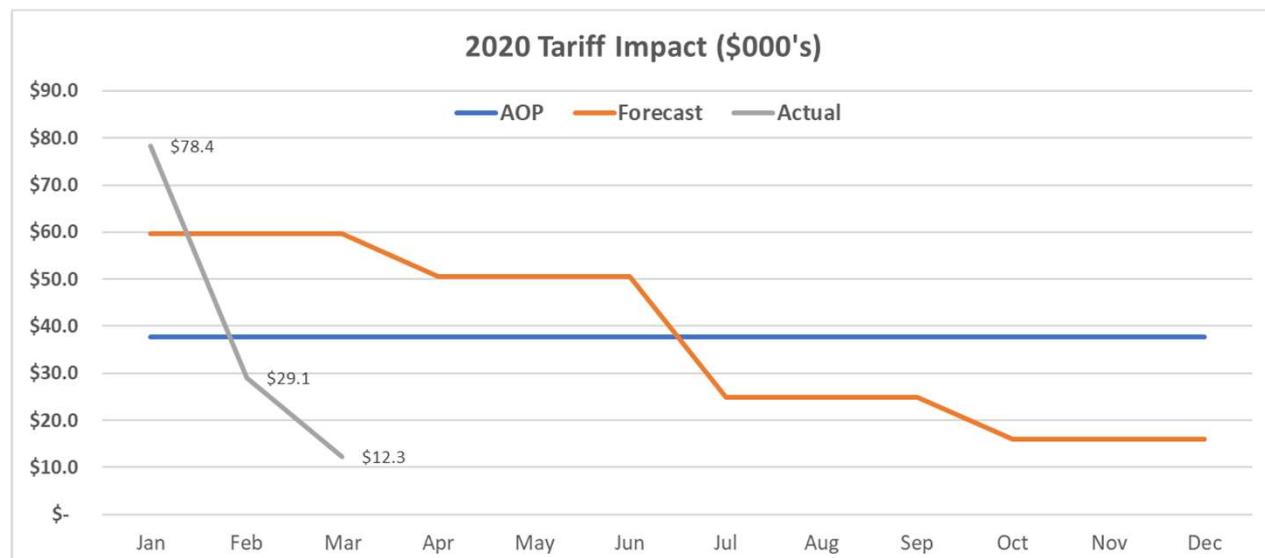
Gathering and analyzing data Supplier Corrective Action Reports with Pareto analysis



S&G Executive Summary | Tariff Review

Current Tariffs (List 1-4)	Tariff %	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Impact
		January	February	March	April	May	June	July	August	September	October	November	December	2020		
Keypads	25%	\$ 25.82	\$ 15.18	\$ -	\$ 36.64	\$ 36.64	\$ 36.64	\$ 6.14	\$ 6.14	\$ 6.14	\$ 6.14	\$ 6.14	\$ 6.14	\$ 6.14	\$ 187.76	
PCBAs	25%	\$ 42.98	\$ 2.15	\$ 4.70	\$ 6.50	\$ 6.50	\$ 6.50	\$ 3.28	\$ 3.28	\$ 3.28	\$ 3.28	\$ 3.28	\$ 3.28	\$ 3.28	\$ 89.01	
Housings	25%	\$ -	\$ 6.33	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6.33	
Misc	25%	\$ 1.90	\$ 0.21	\$ 0.75	\$ 2.10	\$ 2.10	\$ 2.10	\$ 2.10	\$ 2.10	\$ 2.10	\$ 2.10	\$ 2.10	\$ 2.10	\$ 2.10	\$ 21.76	
Titan & Spartan Locks	7.5%	\$ 5.71	\$ 5.23	\$ 6.85	\$ 5.70	\$ 5.70	\$ 5.70	\$ 5.70	\$ 5.70	\$ 5.70	\$ 5.70	\$ 5.70	\$ 5.70	\$ 5.70	\$ 69.09	
Keys	7.5%	\$ -	\$ -	\$ -	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 13.50	
Dials & Rings	7.5%	\$ 2.02	\$ -	\$ -	\$ 2.16	\$ 2.16	\$ 2.16	\$ 2.16	\$ 2.16	\$ 2.16	\$ 2.16	\$ 2.16	\$ 2.16	\$ 2.16	\$ 21.46	
**Duty Drawback		\$ -	\$ -	\$ (45.97)	\$ -	\$ -	\$ (45.97)	\$ -	\$ -	\$ (16.15)	\$ -	\$ -	\$ (16.15)	\$ (124.24)		
Total Cost		\$ 78.43	\$ 29.10	\$ (33.67)	\$ 54.60	\$ 54.60	\$ 8.63	\$ 20.88	\$ 20.88	\$ 4.73	\$ 20.88	\$ 20.88	\$ 4.73	\$ 284.67		

- PCBA move from China to Canada complete. \$12k per month product cost impact.
- Current Keypads scheduled to move from China to Mexico in July (Tooling Costs \$65k, \$13k per month product cost impact).





March 2020 Operating Review Meeting Agenda

④ Consolidated

④ **S&G**

Executive Summary

Financial Review

Full Year Financial Outlook

④ Delaney

④ Premier

④ Governance Reporting

④ Appendix



S&G Financial Review | Summary P&L - MTD

\$'000	MTD		Variance		PY MTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
Net Revenue	7,079	8,168	(1,089)	(13.3%)	8,299	(1,220)	(14.7%)	
Material	3,067	3,514	(447)	(12.7%)	3,402	(335)	(9.8%)	
Labor	902	979	(77)	(7.8%)	906	(4)	(0.5%)	
Other COGS	611	456	155	33.9%	437	174	39.8%	
Total COGS	4,580	4,949	(369)	(7.5%)	4,746	(165)	(3.5%)	
Gross Margin	2,499	3,219	(720)	(22.4%)	3,554	(1,055)	(29.7%)	
<i>Gross Margin %</i>	35.3%	39.4%			42.8%			
R&D	79	210	(131)	(62.4%)	103	(24)	(23.3%)	
Sales & Marketing	707	850	(144)	(16.9%)	708	(2)	(0.3%)	
Administrative	753	788	(35)	(4.4%)	781	(28)	(3.6%)	
Other Opex	–	–	–	N/A	–	–	N/A	
Total Opex	1,538	1,848	(309)	(16.7%)	1,592	(54)	(3.4%)	
EBITDA	960	1,371	(411)	(30.0%)	1,961	(1,001)	(51.0%)	
<i>EBITDA %</i>	13.6%	16.8%			23.6%			
Adj. EBITDA	1,158	1,601	(444)	(27.7%)	1,961	(804)	(41.0%)	
<i>Adj. EBITDA %</i>	16.4%	19.6%			23.6%			
Net Income (Loss)	\$ (645)	\$ 82	\$ (727)	(884.8%)	\$ 1,411	\$ (2,056)	(145.7%)	
Unincurred Standalone Costs	30	–	30	N/A				
PF Adj EBITDA	\$ 1,127	\$ 1,601	\$ (474)	-29.6%				
<i>PF Adj. EBITDA %</i>	15.9%	19.6%						

Management Discussion							
Budget							
<ul style="list-style-type: none"> March Revenue unfavorable (\$1.1M) vs AOP and unfavorable variance of (\$1.8M) vs PY <ul style="list-style-type: none"> Unfavorable performance to AOP in Government (\$0.6M) Unfavorable performance to AOP in India (\$0.3M) Unfavorable performance to AOP in LAG (\$0.2M) Flat performance in North America, EMEA and APAC less India March Adjusted EBITDA unfavorable (\$0.6M) to AOP. Gross margin is unfavorable (\$0.8M) with volume impact of (\$0.5M) and other impacts of approximately (\$0.3M) from material cost, period warranty cost, and quality consulting and supply chain consulting Opex is favorable \$0.3M vs AOP related to timing spend on strategic initiatives and spending controls <ul style="list-style-type: none"> Actual 1x charges were \$0.2M versus Budget of \$0.2M Rebranding and new keypad spending pushed to Q2 Recruitment and training timing pushed and on hold 							
PY							
<ul style="list-style-type: none"> March Adjusted EBITDA unfavorable (\$1.1M) vs PY. Gross margin is unfavorable (\$1.3M) with a volume impact of (\$0.8M) and other impact of (\$0.5M). Opex is Flat compared to PY <ul style="list-style-type: none"> Actual 1x adjustments were \$0.2M versus PY of \$0 							



S&G Financial Review | Summary P&L - YTD

\$'000	YTD		Var		PY YTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
Net Revenue	9,552	10,474	(922)	(8.8%)	11,342	(1,790)	(15.8%)	
Material	3,537	3,708	(171)	(4.6%)	3,778	(242)	(6.4%)	
Labor	1,661	1,725	(64)	(3.7%)	1,710	(49)	(2.9%)	
Other COGS	941	647	294	45.4%	737	204	27.7%	
Total COGS	6,139	6,080	59	1.0%	6,226	(87)	(1.4%)	
Gross Margin	3,413	4,393	(980)	(22.3%)	5,116	(1,703)	(33.3%)	
<i>Gross Margin %</i>	35.7%	41.9%			45.1%			
R&D	493	758	(266)	(35.0%)	348	144	41.4%	
Sales & Marketing	1,128	1,691	(563)	(33.3%)	1,025	102	10.0%	
Administrative	1,006	975	30	3.1%	1,050	(44)	(4.2%)	
Other Opex	–	–	–	N/A	–	–	N/A	
Total Opex	2,626	3,425	(799)	(23.3%)	2,423	202	8.3%	
EBITDA	787	968	(181)	(18.7%)	2,693	(1,905)	(70.8%)	
<i>EBITDA %</i>	8.2%	9.2%			23.7%			
Adj. EBITDA	1,441	2,023	(583)	(28.8%)	2,693	(1,252)	(46.5%)	
<i>Adj. EBITDA %</i>	15.1%	19.3%			23.7%			
Net Income (Loss)	\$ (2,970)	\$ (1,573)	\$ (1,397)	88.8%	\$ 2,377	\$ (5,347)	(224.9%)	
Unincurred Standalone Costs	90	20	70	350.0%				
PF Adj EBITDA	\$ 1,351	\$ 2,003	\$ (653)	-32.6%				
<i>PF Adj. EBITDA %</i>	14.1%	19.1%						

Management Discussion							
Budget							
<ul style="list-style-type: none"> YTD Revenue unfavorable (\$0.9M) vs AOP and unfavorable (\$1.8M) vs PY <ul style="list-style-type: none"> Unfavorable performance to AOP in LAG (\$0.6M) Unfavorable performance to AOP in APAC less India (\$0.3M) Unfavorable performance to AOP in EMEA (\$0.3M) Favorable performance to AOP NA \$0.3M Flat performance in Government and India YTD Adjusted EBITDA unfavorable (\$0.6M) vs AOP. Gross margin is unfavorable (\$1.0M) with a volume impact of (\$0.4M) and other impacts of approximately (\$0.6M) from material cost, warranty cost and, quality consulting and supply chain consulting Opex is favorable \$0.8M vs AOP related timing spend on strategic initiatives and spending controls <ul style="list-style-type: none"> Actual 1x charges were \$0.7M versus Budget of \$1.1M Rebranding and new keypad spending pushed to 2Q Recruitment and training timing on hold 							
PY							
<ul style="list-style-type: none"> YTD Adjusted EBITDA unfavorable (\$1.3M) vs PY. Gross margin is unfavorable (\$1.7M) with (\$0.8M) volume impact, material cost (\$0.2M) and other impact of (\$0.7M). Opex is unfavorable (\$0.2M) compared to PY <ul style="list-style-type: none"> Actual 1x adjustments were \$0.7M versus PY of \$0 							



S&G Financial Summary | Incurred Standalone Costs

\$'000	Description	Mar		Variance		YTD		Variance	
		Act	Bud	\$	%	Act	Bud	\$	%
IT		38	29	10	33.5%	94	88	6	6.9%
Manager	Salary and Benefits	8	8	-	0.0%	27	27	-	0.0%
Direct Technology Charges	Office 365, AvePoint, WebRoot, Duo MFA, voice services, Creo, Windchill	1	5	(4)	-82.5%	15	16	(1)	-3.7%
ERP transition licensing fees	Licensing	11	11	-	0.0%	32	32	-	0.0%
Data Communications	Licensing	18	4	14	321.0%	20	13	7	51.1%
Legal		6	12	(6)	-46.9%	12	37	(26)	-68.6%
External legal fees and other expenses	Legal Fees	6	10	(4)	-36.1%	12	31	(20)	-62.5%
Patent fees	Patent Fees	-	2	(2)	-100.0%	-	6	(6)	-100.0%
Finance		19	30	(11)	-36.5%	62	97	(35)	-36.5%
CFO	Salary and Benefits	19	19	-	0.0%	62	62	-	0.0%
Base compensation (2 FTEs)	Salary and Benefits	-	11	(11)	-100.0%	-	35	(35)	-100.0%
Sales		20	37	(17)	-45.5%	66	120	(55)	-45.4%
VP of Sales	Salary and Benefits	20	20	-	0.0%	66	66	-	0.0%
Customer Relationship Manager	Salary and Benefits	-	17	(17)	-100.0%	-	55	(55)	-100.0%
HR		2	2	-	0.0%	5	5	-	0.0%
Business Travel and Accident	Business Travel and Accident	0	0	-	0.0%	1	1	-	0.0%
Global Emergency Travel Services	Global Emergency Travel Services	1	1	-	0.0%	4	4	-	0.0%
Trade Compliance		1	1	-	0.0%	4	4	-	0.0%
Export Compliance Daily/ICPA annual fee	Export Compliance Daily/ICPA annual fee	0	0	-	0.0%	0	0	-	0.0%
Trade Flow software license	Trade Flow software license	1	1	-	0.0%	3	3	-	0.0%
Bonuses	Incremental management bonuses	19	63	(44)	-70.5%	117	188	(71)	-37.9%
Risk	Incremental cost of business insurances	17	12	5	37.8%	68	36	32	88.3%
Freight	Adjust freight to actual charges versus allocation	69	77	(9)	-11.1%	210	232	(22)	-9.6%
401(k) compensation	Estimated incremental 401(k) expense	13	19	(6)	-31.1%	41	60	(19)	-32.0%
Total Standalone Costs		204	282	(78)	-27.7%	677	868	(191)	-22.0%



S&G Financial Summary | PF Standalone Costs

\$'000	Description	Mar						YTD					
		Budget		Actual		Budget		Actual					
		Incurred	Unincurred	PF	Incurred	PF	Incurred	Unincurred	PF	Incurred	Unincurred	PF	
IT		29	-	29	38	(10)	29	86	2	88	97	(10)	88
Manager	Salary and Benefits	8	-	8	8	-	8	27	-	27	27	-	27
Direct Technology Charges	Office 365, AvePoint, WebRoot, Duo MFA, voice services, Creo, Windchill	5	-	5	1	4	5	18	(2)	16	11	4	16
ERP transition licensing fees	Licensing	11	-	11	11	-	11	32	-	32	32	-	32
Data Communications	Licensing	4	-	4	18	(14)	4	9	4	13	26	(14)	13
Legal		6	6	12	6	6	12	12	26	37	31	6	37
External legal fees and other expenses	Legal Fees	6	4	10	6	4	10	12	20	31	27	4	31
Patent fees	Patent Fees	-	2	2	-	2	2	-	6	6	4	2	6
Finance		19	11	30	19	11	30	62	35	97	63	35	97
CFO	Salary and Benefits	19	-	19	19	-	19	62	-	62	62	-	62
Base compensation (2 FTEs)	Salary and Benefits	-	11	11	-	11	11	-	35	35	1	35	35
Sales		20	17	37	20	17	37	66	55	120	70	51	120
VP of Sales	Salary and Benefits	20	-	20	20	-	20	66	-	66	66	-	66
Customer Relationship Manager	Salary and Benefits	-	17	17	-	17	17	-	55	55	4	51	55
HR		2	-	2	2	-	2	5	-	5	5	-	5
Business Travel and Accident	Business Travel and Accident	0	-	0	0	-	0	1	-	1	1	-	1
Global Emergency Travel Services	Global Emergency Travel Services	1	-	1	1	-	1	4	-	4	4	-	4
Trade Compliance		1	-	1	1	-	1	4	-	4	4	-	4
Export Compliance Daily/ICPA annual fee	Export Compliance Daily/ICPA annual fee	0	-	0	0	-	0	0	-	0	0	-	0
Trade Flow software license	Trade Flow software license	1	-	1	1	-	1	3	-	3	3	-	3
Bonuses	Incremental management bonuses	19	44	63	19	44	63	117	71	188	144	44	188
Risk	Incremental cost of business insurances	17	(5)	12	17	(5)	12	57	(20)	36	41	(5)	36
Freight	Adjust freight to actual charges versus allocation	69	9	77	69	8	77	210	22	232	223	8	232
401(k) compensation	Estimated incremental 401(k) expense	13	6	19	13	6	19	41	19	60	54	6	60
Total Standalone Costs		194	88	282	204	77	282	659	210	869	731	137	869



S&G Financial Summary | 1X Costs

	Mar				YTD			
	Actual	Bud	Var	% Chg	Actual	Bud	Var	% Chg
Engineering	(46)	116	(161)	-139.4%	63	420	(358)	-85.1%
Market Parity	-	62	(62)	-100.0%	-	258	(258)	-100.0%
OGX	(54)	54	(108)	-200.0%	54	162	(108)	-66.7%
Six Sigma Training	9	-	9	N/A	9	-	9	N/A
Marketing	7	40	(33)	-83.1%	96	295	(199)	-67.5%
Brand Refresh	7	35	(28)	-80.7%	54	280	(226)	-80.8%
Ecommerce	-	5	(5)	-100.0%	24	10	14	140.0%
Market Parity	-	-	-	N/A	18	5	13	260.0%
Sales	-	-	-	N/A	15	-	15	N/A
SmartVentures	-	-	-	N/A	15	-	15	N/A
Admin	99	104	(5)	-4.5%	365	408	(43)	-10.4%
Legal Services (policy reviews)	-	6	(6)	-100.0%	-	20	(20)	-100.0%
HR Consultant	5	8	(3)	-33.3%	22	23	(1)	-4.2%
Recruiting Fees	31	25	5	21.5%	41	73	(32)	-44.3%
NetSuite Reports Consulting	9	6	3	41.8%	9	20	(11)	-56.4%
TSA	62	17	46	278.0%	209	146	63	43.3%
Planned Engineering Separation Project Start	-	10	(10)	-100.0%	-	30	(30)	-100.0%
IT Services - Transition Support	4	12	(8)	-63.0%	18	36	(18)	-49.7%
RSM Consulting	(12)	20	(32)	-161.9%	47	60	(13)	-22.3%
KPMG Consulting	-	-	-	N/A	20	-	20	N/A
Manufacturing	130	25	105	421.0%	130	40	90	225.6%
Quality Consulting	52	-	52	N/A	112	-	112	N/A
SmartVentures-Supply Chain Optimization	79	-	79	N/A	79	-	79	N/A
Kaizen Training	-	25	(25)	-100.0%	-	40	(40)	-100.0%
Total	190	284	(94)	-33.0%	654	1,163	(509)	-43.8%



S&G Financial Summary | Business Split Comparison

YTD Sales (\$M)

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	\$1,355	\$63	\$84	\$1	\$0	\$1,502
APAC (Less India)	\$674	\$55	\$693	\$37	\$2	\$1,461
EMEA	\$862	\$147	\$398	\$65	\$7	\$1,479
LATAM	\$121	\$51	\$161	\$7	\$43	\$383
US and Canada	\$336	\$2,291	\$1,234	\$455	\$82	\$4,397
Total	\$3,347	\$2,607	\$2,570	\$564	\$134	\$9,222

YTD Contribution Margin (\$M)

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	\$919	\$19	\$40	\$0	\$0	\$979
APAC (Less India)	\$327	(\$9)	\$167	\$3	\$1	\$488
EMEA	\$254	(\$36)	\$141	(\$1)	\$2	\$360
LATAM	\$62	\$6	\$60	\$4	\$8	\$140
US and Canada	\$168	\$1,093	\$523	\$220	\$29	\$2,033
Total	\$1,731	\$1,073	\$931	\$225	\$40	\$4,000

YTD Sales (% of Total)

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	14.7%	0.7%	0.9%	0.0%	0.0%	16.3%
APAC (Less India)	7.3%	0.6%	7.5%	0.4%	0.0%	15.8%
EMEA	9.3%	1.6%	4.3%	0.7%	0.1%	16.0%
LATAM	1.3%	0.5%	1.7%	0.1%	0.5%	4.2%
US and Canada	3.6%	24.8%	13.4%	4.9%	0.9%	47.7%
Total	36.3%	28.3%	27.9%	6.1%	1.5%	100.0%

YTD Contribution Margin (% of Total)

	ATM	Gov.	Resi.	Retail/ Other	Safe Dep Box	Total
India	23.0%	0.5%	1.0%	0.0%	0.0%	24.5%
APAC (Less India)	8.2%	(0.2%)	4.2%	0.1%	0.0%	12.2%
EMEA	6.4%	(0.9%)	3.5%	(0.0%)	0.0%	9.0%
LATAM	1.5%	0.2%	1.5%	0.1%	0.2%	3.5%
US and Canada	4.2%	27.3%	13.1%	5.5%	0.7%	50.8%
Total	43.3%	26.8%	23.3%	5.6%	1.0%	100.0%

NA

- ATM – NA Financial market has been soft in Q1, with many projects delayed to late Q2 (Diebold / NCR / Navy Federal CU)
- GOV – slight growth in 8077's with Timemaster, Holocom, Anixer; Gov't Padlocks (951)
- Residential – growth within Genmega (6120 Keypad/Lock) and MBA USA (6730 Safe Lock)

LATAM

- ATM – A-series revenue down due to consolidation of GSI Companies and slow order pattern with Covid-19, however blanket orders will help in Q2/Q3
- GOV – Growth on project via MAPA Mexico (6741 – Comb Lock)

EMEA

- ATM – Good increase with sales to NCR Hungary (6880's), Caradonna (6880's), and Middle East new customers (3028 A-Series).

INDIA

- ATM Market sales declined YOY due to country closing and inability to ship orders; however bookings solid for Q2/Q3 and should spike sales. NCR India and Hitachi have requested direct shipments from S&G, which will increase overall margin of ATM business due to higher pricing to these customers

APAC (less India)

- ATM – Good gains early in Q1 despite country shutdown on projects with Takachiho Koheki and Brink's Thailand (6128's)



S&G Financial Summary | YTD YOY Comparison

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

	Retail/ Safe					Total
	ATM	Gov.	Resi.	Other	Dep Box	
India	(\$1,155)	\$63	(\$69)	\$0	\$0	(\$1,161)
APAC (Less India)	\$40	(\$38)	(\$201)	\$27	(\$5)	(\$177)
EMEA	\$66	\$15	(\$54)	\$21	\$2	\$49
LATAM	(\$461)	\$19	(\$50)	(\$10)	(\$35)	(\$538)
US and Canada	(\$367)	\$8	(\$152)	\$304	(\$101)	(\$308)
Total	(\$1,878)	\$66	(\$526)	\$343	(\$139)	(\$2,135)

YTD YoY Change in Sales (% Growth)

	Retail/ Safe					Total
	ATM	Gov.	Resi.	Other	Dep Box	
India	(46.0%)	N/A	(45.2%)	N/A	N/A	(43.6%)
APAC (Less India)	6.3%	(41.0%)	(22.5%)	273.4%	(67.8%)	(10.8%)
EMEA	8.2%	11.1%	(12.0%)	47.8%	36.3%	3.4%
LATAM	(79.3%)	59.8%	(23.7%)	(58.6%)	(45.0%)	(58.4%)
US and Canada	(52.3%)	0.4%	(10.9%)	202.0%	(55.2%)	-6.5%
Total	(35.9%)	2.6%	(17.0%)	154.4%	(51.0%)	(18.8%)

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

Green	> \$50k
Red	< \$50k
White	+- \$50k

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

	Retail/ Safe					Total
	ATM	Gov.	Resi.	Other	Dep Box	
India	(\$798)	\$19	(\$22)	\$1	\$0	(\$800)
APAC (Less India)	\$58	(\$21)	(\$101)	(\$4)	(\$3)	(\$72)
EMEA	\$79	(\$72)	\$0	(\$19)	\$0	(\$11)
LATAM	(\$331)	\$2	(\$18)	(\$7)	(\$6)	(\$360)
US and Canada	(\$243)	\$117	(\$115)	\$141	(\$31)	(\$131)
Total	(\$1,235)	\$45	(\$256)	\$112	(\$40)	(\$1,374)

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

	Retail/ Safe					Total
	ATM	Gov.	Resi.	Other	Dep Box	
India	-59 bps	N/A	744 bps	263200 bps	N/A	-162 bps
APAC (Less India)	602 bps	-2974 bps	-592 bps	-6163 bps	-2183 bps	-78 bps
EMEA	754 bps	-5157 bps	427 bps	-4289 bps	-408 bps	-161 bps
LATAM	-1636 bps	-174 bps	41 bps	-1006 bps	47 bps	-1775 bps
US and Canada	-834 bps	497 bps	-369 bps	-365 bps	250 bps	24 bps
Total	-505 bps	70 bps	-212 bps	-1097 bps	46 bps	-394 bps

Legend (Chg in Contribution Margin % of Sales):

Green	> 50 bps
Red	< 50 bps
White	+- 50 bps

NA

- ATM – Financial market has been soft in Q1 and sales are 100% project based. Shortfall due to 3 projects delayed to Q2 (Diebold/NCR/Navy Federal Credit Union)
- Retail/Other - Growth in YOY sales; Driven by increased partnership with MBA USA and APSM Systems (ASWD)

LATAM

- ATM – Market decline is temporary and upcoming orders of A-series through GSI Companies will address this in mid-to-late Q2
- RES – Slow project realization due to country closings has decline Casper, MAPA and International Latino American projects; Blanket orders in system for projects

EMEA

- ATM – Increased sales/margin with ASWD's to Middle East via AMN Wafaa and Business Systems Morocco, as well as Diebold GMBH and NCR Hungary

INDIA

- ATM – Order/Shipment impact due to Covid-19 created large gap in YOY Sales, Bookings in system and awaiting shipment release (Arya, NCR India, AGS)



S&G Financial Summary | CoGS by Component

\$'000	MTD		Var		YTD		Var	
	Act	Bud	\$	%	Act	Bud	\$	%
Material								
Material costs at standard	\$ 630	\$ 1,169	\$ (539)	(46.1%)	\$ 3,373	\$ 3,763	\$ (391)	(10.4%)
Purchase price variance	4	(123)	127	(103.5%)	(47)	(265)	218	(82.3%)
Freight in	69	71	(2)	(3.1%)	190	186	5	2.6%
Cost revision	–	10	(10)	(100.0%)	–	30	(30)	(100.0%)
Scrap costs	(12)	(9)	(3)	31.6%	(6)	(30)	24	(80.2%)
Consumables	(26)	7	(34)	(457.2%)	26	24	2	8.5%
Total Material COGS	\$ 665	\$ 1,125	\$ (461)	(40.9%)	\$ 3,537	\$ 3,708	\$ (171)	(4.6%)
Labor								
Direct labor	\$ 209	\$ 226	\$ (17)	(7.7%)	\$ 711	\$ 733	\$ (23)	(3.1%)
Direct labor - overtime	5	25	(20)	(79.3%)	35	81	(46)	(57.4%)
Direct labor - benefits	69	115	(47)	(40.4%)	219	359	(140)	(39.0%)
Direct labor - overtime	5	25	(20)	(79.3%)	35	81	(46)	(57.4%)
Indirect labor	147	139	8	6.0%	493	450	43	9.5%
Indirect labor – benefits	62	28	34	122.3%	205	102	103	100.4%
Total Labor COGS	\$ 492	\$ 533	\$ (41)	(7.7%)	\$ 1,661	\$ 1,725	\$ (64)	(3.7%)
Other								
Repairs and maintenance	\$ 21	\$ 17	\$ 4	25.6%	\$ 66	\$ 54	\$ 12	22.2%
Rent / facilities	251	93	158	168.9%	544	297	247	83.1%
Utilities	22	23	(2)	(6.4%)	66	75	(9)	(12.0%)
Other cost of sales	109	83	25	30.5%	265	221	44	19.9%
Total Other COGS	\$ 403	\$ 217	\$ 186	85.7%	\$ 941	\$ 647	\$ 294	45.4%
Total COGS	\$ 1,560	\$ 1,875	\$ (316)	37.1%	\$ 6,139	\$ 6,080	\$ 59	37.1%

Management Discussion

March

- (\$446k) Volume decrease Material Costs (472K) Mix (67k) Decrease PPV \$127k on lower volume, favorable cycle count (34k)
- (147k) Other Cost of Sales-\$56k in Quality consulting, \$72K Smart Ventures Supply Chain consulting, \$19k in warranty expense

YTD

- (\$289k) Material costs – Volume decrease (\$420k) and higher mix of lower margin mechanical locks, (\$0.9M) @ 30.5% in Government 951 padlocks
- Unfavorable Purchase Price Variance from open market purchases at premium on obsolete processors for the 6120, 6123, 6124 and 6125 keypads (\$9K), 951 case pins(\$10K), 2740 PCB (\$6k) and brass rods(\$4K) reduced purchase volume
- Rent/Facilities Unfavorable from increased insurance for Delaney (\$17K), Professional fees (\$85K) for testing UL \$8K, VDS \$14K, CNPP \$7K, Quality Consulting \$116k, Smart Ventures Supply Chain \$72k
- Other cost of sales includes (\$109K) from unfavorable warranty returns of ASWD from EMEA customers



S&G Financial Summary | Balance Sheet

\$'000	Dec-19	Dec-19	Jan-20	Feb-20	Mar-20		Variance	
	Act	Act	Act	Act	Act	Bud	\$	%
Current Assets								
Cash and cash equivalents	\$ 1,606	\$ 1,606	\$ 880	\$ 1,922	\$ 11,054	\$ 0	\$ 11,054	2679536.4%
Accounts receivable, gross	4,956	4,956	5,944	6,754	5,856	6,451	(596)	(9.2%)
Accounts receivable, reserves	(220)	(220)	(220)	(220)	(221)	(129)	(92)	71.0%
Accounts receivable, net	4,736	4,736	5,724	6,534	5,635	6,322	(687)	(10.9%)
Inventory, gross	7,497	7,497	7,479	7,223	7,256	7,654	(399)	(5.2%)
Inventory, reserves	(474)	(474)	(625)	(697)	(669)	(501)	(168)	33.6%
Inventory, net	7,023	7,023	6,855	6,526	6,586	7,153	(567)	(7.9%)
Prepaid expenses and other current assets	(24)	(24)	(52)	(98)	(188)	(24)	(164)	681.1%
Other current assets	49,912	49,912	50,032	49,067	49,067	49,912	(846)	(1.7%)
Total Current Assets	63,253	63,253	63,439	63,950	72,154	63,364	8,790	13.9%
Non-Current Assets								
Property, plant & equipment, gross	11,683	11,683	11,714	11,731	11,731	12,013	(281)	(2.3%)
Accumulated depreciation	(917)	(917)	(1,011)	(1,102)	(1,309)	(1,288)	(20)	1.6%
Property, plant & equipment, net	10,765	10,765	10,703	10,629	10,423	10,724	(302)	(2.8%)
Goodwill	42,050	42,050	42,133	42,133	42,133	42,050	83	0.2%
Identifiable intangible assets, gross	15,100	15,100	15,100	15,100	15,100	15,100	–	0.0%
Accumulated amortization	(690)	(690)	(789)	(1,233)	(1,678)	(1,686)	8	(0.5%)
Identifiable intangible assets, net	14,410	14,410	14,311	13,867	13,422	13,414	8	0.1%
Deferred financing cost	2,759	2,759	2,759	2,759	2,759	2,678	81	3.0%
Other non-current assets	131	131	2	2	2	131	(129)	(98.2%)
Total Non-Current Assets	70,115	70,115	69,908	69,390	68,739	68,997	(258)	(0.4%)
Total Assets	\$ 133,369	\$ 133,369	\$ 133,347	\$ 133,340	\$ 140,893	\$ 132,362	\$ 8,532	6.4%
Current Liabilities								
Current portion of long-term debt	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	–	0.0%
Notes payable	–	–	1,250	1,250	10,000	–	10,000	N/A
Accounts payable	2,788	2,788	2,515	2,746	2,610	3,577	(967)	(27.0%)
Accrued liabilities	1,975	1,975	1,558	2,189	2,653	1,975	677	34.3%
Accrued compensation	125	125	249	286	309	125	185	147.8%
Income taxes payable	128	128	128	128	128	128	(0)	(0.3%)
Short-term unearned revenue	45	45	33	30	34	45	(11)	(23.7%)
Total Current Liabilities	6,912	6,912	7,583	8,479	17,584	7,701	9,884	128.4%
Long-term liabilities								
Long-term debt less current maturities	90,658	90,658	90,658	90,658	90,658	90,435	223	0.2%
Deferred income taxes	(831)	(831)	(831)	(831)	(831)	(831)	–	0.0%
Other non-current liabilities	87	87	–	–	–	87	(87)	(100.0%)
Total Long-Term Liabilities	89,914	89,914	89,827	89,827	89,827	89,691	136	0.2%
Total Liabilities	96,825	96,825	97,410	98,306	107,411	97,391	10,020	10.3%
Shareholders' Equity								
Common stock	40,228	40,228	40,228	40,228	40,228	40,228	–	0.0%
Retained earnings	(5,055)	(5,055)	(5,550)	(6,450)	(8,012)	(6,628)	(1,384)	20.9%
Accumulated other comprehensive income	1,370	1,370	1,258	1,256	1,265	1,370	(105)	(7.6%)
Other equity transactions	1	1	1	1	1	1	–	0.0%
Total Shareholders' Equity	36,543	36,543	35,937	35,035	33,482	34,970	(1,489)	(4.3%)
Total Liabilities and Shareholders' Equity	\$ 133,369	\$ 133,369	\$ 133,347	\$ 133,340	\$ 140,893	\$ 132,362	\$ 8,532	6.4%

Management Discussion

- Lower Accounts Receivable by \$0.7M compared to Budget due to soft revenue, payments received from DFAS \$560k, NCR India \$200k, MBA \$100k
- Slow pay A/R > than 16 days DFAS-Government \$231k, Arya \$217k, PT Wirantanu Persad \$127k
- Accounts Payable lower by (\$1.0M) compared to Budget due to lower Capex spend and purchasing controls
- Favorable inventory position \$0.6M



S&G Financial Summary | Cash Flow Statement

\$'000	YTD		Variance	
	Act	Bud	\$	%
Cash flow from operations				
Net Income (Loss)	\$ (2,970)	\$ (1,573)	\$ (1,397)	88.8%
Depreciation, amortization and other	1,296	1,367	(71)	(5.2%)
<i>Change in operating assets and liabilities:</i>				
Accounts receivable	(899)	(1,586)	687	(43.3%)
Inventory	437	(130)	567	(434.8%)
Prepaid expenses and other current assets	164	–	164	N/A
Accounts payable	(178)	789	(967)	(122.6%)
Accrued expenses	677	–	677	N/A
Accrued income taxes	(0)	–	(0)	N/A
Other changes in operating assets and liabilities	1,062	–	1,062	N/A
Total Cash Flow from Operations	\$ (412)	\$ (1,134)	\$ 722	(63.7%)
Cash flow from investing				
Additions to property, plant and equipment	\$ (49)	\$ (330)	\$ 281	(85.2%)
Total Cash Flow from Investing	\$ (49)	\$ (330)	\$ 281	(85.2%)
Cash flow from financing				
Proceeds from the issuance (repayment) of short-term debt	\$ 10,000	\$ –	\$ 10,000	N/A
Other cash flow from financing costs	(91)	81	(172)	(212.9%)
Total Cash Flow from Financing	\$ 9,909	\$ (142)	\$ 10,051	(7077.9%)
	\$ –	\$ –	\$ –	N/A
Net change in cash	\$ 9,448	\$ (1,606)	\$ 11,054	(688.3%)
Beginning cash	1,606	1,606	–	0.0%
Change in cash	9,448	(1,606)	11,054	(688.3%)
Ending cash	\$ 11,054	\$ 0	\$ 11,054	2679517.1%



S&G Financial Review | 13-Week Cash Flow Projection

In US\$	Forecast 4/20	Forecast 4/27	Forecast 5/4	Forecast 5/11	Forecast 5/18	Forecast 5/25	Forecast 6/1	Forecast 6/8	Forecast 6/15	Forecast 6/22	Forecast 6/29	Forecast 7/6	Forecast 7/13
Cash Inflows - Operational													
Collections from customers (Actual)													
Collections from customers based on projected aging (Forecast)	951	824	854	558	383	430	318	183	288	133	149	152	106
Collections from new forecasted sales	-	-	-	-	-	315	455	180	435	560	870	140	530
Total AR Collections	951	824	854	558	383	745	773	363	723	693	1,019	292	636
Other non-AR inflows													
Total Cash Inflows - Operational	951	824	854	558	383	745	773	363	723	693	1,019	292	636
Cash Outflows - Operational													
Product inventory (SAP AP)	(1,069)	(401)	(414)	(300)	(277)	(193)	(202)	(327)	(211)	(226)	(240)	(266)	(269)
Payroll	(55)	(210)	(198)	(165)	(80)	(210)	(198)	(165)	(85)	(225)	(203)	(235)	(70)
Commissions													
Bonus									(60)				
Facilities & other (Freight)	(20)	(20)	(20)	(135)	(20)	(20)	(20)	(113)	(20)	(20)	(20)	(20)	(113)
Professional services	(36)	(122)	(35)	(35)	(155)	(75)	(42)	(62)	(100)	(75)	(75)	(75)	(105)
Marketing													
Recruiter fees					(30)								
Other expenses (Insurance, TSA, CC)	-	(65)	-	(62)	-	(80)	-	(32)	-	(210)	-	-	-
Total Cash Outflows - Operational	(1,180)	(818)	(667)	(698)	(562)	(578)	(462)	(698)	(476)	(756)	(538)	(596)	(557)
Cashflows - Financial and Other													
Revolving Loan Draw (Paydown)													
Term Loan paydowns												(463)	
Interest and financial amortization												(1,785)	
Other financial income/expense (e.g. fx, hedging)													
Non-financial income/expense													
Estimated Tax Payments													
Monitoring fees (including travel expenses)												(500)	
Non-recurring items													
Total Cash Outflows - Financial and Other	-	-	-	-	-	-	-	-	-	-	(2,748)	-	-
TOTAL CASH FLOW	(229)	5	187	(140)	(179)	167	310	(335)	247	(63)	(2,267)	(305)	80
Cash Rollforward													
Beginning cash balance	8,202	7,973	7,979	8,166	8,026	7,848	8,015	8,325	7,990	8,237	8,173	5,907	5,602
Cash activity	(229)	5	187	(140)	(179)	167	310	(335)	247	(63)	(2,267)	(305)	80
ENDING CASH BALANCE	7,973	7,979	8,166	8,026	7,848	8,015	8,325	7,990	8,237	8,173	5,907	5,602	5,681
Debt Summary													
Rolled debt	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Credit facility	92,508	92,508	92,508	92,508	92,508	92,508	92,508	92,508	92,508	92,508	92,045	92,045	92,045
TOTAL DEBT	102,508	102,508	102,508	102,508	102,508	102,508	102,508	102,508	102,508	102,508	102,045	102,045	102,045
TOTAL NET DEBT	94,535	94,529	94,342	94,482	94,660	94,493	94,183	94,518	94,271	94,335	96,138	96,443	96,364
AVAILABILITY	-	-	-	-	-	-	-	-	-	-	-	-	-

NCR has requested payment terms increase from 60 days to 90 days

March 2020 Operating Review Meeting Agenda

④ Consolidated

④ **S&G**

Executive Summary

Financial Review

Full Year Financial Outlook

④ Consolidated Delaney

④ Delaney

④ Premier

④ Governance Reporting

④ Appendix



S&G Full Year Financial Outlook | Summary P&L

\$'000	FY		Variance		PY		Variance	
	Fcst	Bud	\$	%	Rfc / Act	\$	%	
Net Revenue	44,456	45,377	(922)	(2.0%)	42,122	2,334	5.5%	
Material	15,895	16,066	(171)	(1.1%)	15,580	315	2.0%	
Labor	6,957	7,020	(64)	(0.9%)	6,746	210	3.1%	
Other COGS	2,728	2,434	294	12.1%	2,528	200	7.9%	
Total COGS	25,579	25,520	59	0.2%	24,854	725	2.9%	
Gross Margin	18,876	19,857	(980)	(4.9%)	17,268	1,609	9.3%	
<i>Gross Margin %</i>	42.5%	43.8%			41.0%			
R&D	2,154	2,420	(266)	(11.0%)	1,495	659	44.1%	
Sales & Marketing	5,080	5,644	(563)	(10.0%)	3,929	1,151	29.3%	
Administrative	2,843	2,813	30	1.1%	8,366	(5,523)	(66.0%)	
Other Opex	–	–	–	N/A	–	–	N/A	
Total Opex	10,078	10,877	(799)	(7.3%)	13,790	(3,712)	(26.9%)	
EBITDA	8,799	8,980	(181)	(2.0%)	3,477	5,321	153.0%	
<i>EBITDA %</i>	19.8%	19.8%			8.3%			
Adj. EBITDA	9,946	10,529	(583)	(5.5%)	10,077	(131)	(1.3%)	
<i>Adj. EBITDA %</i>	22.4%	23.2%			23.9%			
Net Income (Loss)	\$ (2,226)	\$ (829)	\$ (1,397)	168.5%	\$ (2,628)	\$ 401	(15.3%)	

Fcst = Q1 Actuals plus Budget



S&G Full Year Financial Outlook | Monthly P&L

\$'000	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	FY	FY	Var	
	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	\$	%
Net Revenue	4,147	3,290	2,115	4,142	3,189	3,404	4,273	3,535	4,245	4,777	3,465	3,873	44,456	45,377	(922)	(2.0%)
Material	1,622	1,250	665	1,450	1,108	1,228	1,491	1,229	1,547	1,696	1,226	1,384	15,895	16,066	(171)	(1.1%)
Labor	631	538	492	657	527	549	664	546	549	658	543	602	6,957	7,020	(64)	(0.9%)
Other COGS	226	312	403	237	199	191	214	204	185	200	177	179	2,728	2,434	294	12.1%
Total COGS	2,479	2,100	1,560	2,345	1,834	1,969	2,369	1,978	2,280	2,553	1,946	2,165	25,579	25,520	59	0.2%
Gross Margin	1,667	1,190	555	1,797	1,355	1,435	1,904	1,557	1,965	2,224	1,519	1,708	18,876	19,857	(980)	(4.9%)
Gross Margin %	40.2%	36.2%	26.3%	43.4%	42.5%	42.2%	44.6%	44.0%	46.3%	46.6%	43.8%	44.1%	42.5%	43.8%		
R&D	212	201	79	235	128	144	161	198	156	274	151	215	2,154	2,420	(266)	(11.0%)
Sales & Marketing	447	347	333	547	447	439	485	396	380	448	405	405	5,080	5,644	(563)	(10.0%)
Administrative	325	405	276	241	197	218	237	178	183	210	185	188	2,843	2,813	30	1.1%
Other Opex	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A
Total Opex	984	954	688	1,024	772	801	883	772	719	932	741	808	10,078	10,877	(799)	(7.3%)
EBITDA	683	236	(133)	773	583	634	1,021	785	1,246	1,292	778	899	8,799	8,980	(181)	(2.0%)
EBITDA %	16.5%	7.2%	(6.3%)	18.7%	18.3%	18.6%	23.9%	22.2%	29.4%	27.1%	22.4%	23.2%	19.8%	19.8%		
Adj. EBITDA	928	455	58	882	672	695	1,076	858	1,271	1,315	811	924	9,946	10,529	(583)	(5.5%)
Adj. EBITDA %	22.4%	13.8%	2.7%	21.3%	21.1%	20.4%	25.2%	24.3%	29.9%	27.5%	23.4%	23.9%	22.4%	23.2%		
Net Income (Loss)	\$ (616)	\$ (900)	\$ (1,454)	\$ (231)	\$ (172)	\$ (82)	\$ 57	\$ 71	\$ 529	\$ 326	\$ 62	\$ 183	\$ (2,226)	\$ (829)	\$ (1,397)	168.5%

Fcst = Q1 Actuals plus Budget



S&G Full Year Financial Outlook | Monthly CoGS by Component

\$'000	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY	FY	Var	
	Act	Act	Act	Fcst	Bud	\$	%									
Material																
Material costs at standard	\$ 1,579	\$ 1,164	\$ 630	\$ 1,448	\$ 1,102	\$ 1,250	\$ 1,494	\$ 1,171	\$ 1,480	\$ 1,655	\$ 1,265	\$ 1,341	\$ 15,579	\$ 15,969	\$ (391)	(2.4%)
Purchase price variance	(38)	(13)	4	(59)	(63)	(103)	(69)	(23)	(23)	(29)	(113)	(53)	(582)	(800)	218	(27.3%)
Freight in	44	77	69	54	61	73	57	73	81	62	66	88	806	801	5	0.6%
Cost revision	—	—	—	10	10	10	10	10	10	10	10	10	90	120	(30)	(25.0%)
Scrap costs	(13)	19	(12)	(12)	(9)	(9)	(12)	(9)	(9)	(12)	(9)	(9)	(96)	(120)	24	(20.1%)
Consumables	50	3	(26)	9	7	7	9	7	7	9	7	7	98	96	2	2.1%
Total Material COGS	\$ 1,622	\$ 1,250	\$ 665	\$ 1,450	\$ 1,108	\$ 1,228	\$ 1,491	\$ 1,229	\$ 1,547	\$ 1,696	\$ 1,226	\$ 1,384	\$ 15,895	\$ 16,066	\$ (171)	(1.1%)
Labor																
Direct labor	\$ 270	\$ 232	\$ 209	\$ 295	\$ 229	\$ 242	\$ 301	\$ 237	\$ 240	\$ 294	\$ 234	\$ 280	\$ 3,062	\$ 3,084	\$ (23)	(0.7%)
Direct labor - overtime	19	11	5	35	25	29	37	27	27	35	27	27	303	349	(46)	(13.3%)
Direct labor - benefits	75	75	69	117	102	106	114	109	109	116	109	114	1,216	1,356	(140)	(10.3%)
Direct labor - overtime	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A
Indirect labor	191	155	147	179	143	145	182	145	145	182	145	153	1,913	1,870	43	2.3%
Indirect labor - benefits	76	66	62	31	28	28	31	28	28	31	28	28	463	361	103	28.4%
Total Labor COGS	\$ 631	\$ 538	\$ 492	\$ 657	\$ 527	\$ 549	\$ 664	\$ 546	\$ 549	\$ 658	\$ 543	\$ 602	\$ 6,957	\$ 7,020	\$ (64)	(0.9%)
Other																
Repairs and maintenance	\$ 24	\$ 21	\$ 21	\$ 20	\$ 17	\$ 17	\$ 20	\$ 17	\$ 17	\$ 20	\$ 17	\$ 17	\$ 228	\$ 216	\$ 12	5.5%
Rent / facilities	141	151	251	111	90	92	111	90	92	111	95	96	1,435	1,188	247	20.8%
Utilities	21	23	22	21	22	25	21	22	21	21	24	25	270	279	(9)	(3.2%)
Other cost of sales	39	117	109	85	70	57	62	74	54	47	40	40	795	751	44	5.9%
Total Other COGS	\$ 226	\$ 312	\$ 403	\$ 237	\$ 199	\$ 191	\$ 214	\$ 204	\$ 185	\$ 200	\$ 177	\$ 179	\$ 2,728	\$ 2,434	\$ 294	12.1%
Total COGS	\$ 2,479	\$ 2,100	\$ 1,560	\$ 2,345	\$ 1,834	\$ 1,969	\$ 2,369	\$ 1,978	\$ 2,280	\$ 2,553	\$ 1,946	\$ 2,165	\$ 25,579	\$ 25,520	\$ 59	10.1%

Fcst = Q1 Actuals plus Budget



S&G Full Year Financial Outlook | Opex Summary

\$'000	FY		Variance		PY		Variance	
	Fcst	Bud	\$	%	Rfc / Act	\$	%	
<u>Opex Overview:</u>								
Payroll	\$ 3,885	\$ 3,928	\$ (43)	(1.1%)	\$ 3,481	\$ 404	11.6%	
Benefits	581	609	(28)	(4.7%)	744	(164)	(22.0%)	
Bonus	766	806	(40)	(5.0%)	104	662	638.5%	
Commissions	437	481	(44)	(9.2%)	395	42	10.6%	
Marketing	241	394	(153)	(38.8%)	281	(40)	(14.3%)	
Travel and Entertainment	673	734	(61)	(8.3%)	521	152	29.1%	
Rent and Facilities	17	17	0	0.8%	17	0	0.2%	
Insurance	1	1	(0)	(11.7%)	1	(0)	(12.6%)	
Professional Fees	2,341	2,666	(325)	(12.2%)	6,347	(4,007)	(63.1%)	
Utl., Repair, Maint., & Sec.	34	42	(7)	(17.2%)	25	10	39.1%	
IT	621	630	(9)	(1.4%)	1,264	(644)	(50.9%)	
Bad Debts	—	—	—	N/A	101	(101)	(100.0%)	
Supplies	81	72	8	11.3%	39	42	108.3%	
Other Expenses	401	499	(98)	(19.6%)	469	(68)	(14.5%)	
Total Opex	\$ 10,077	\$ 10,877	\$ (800)	(7.4%)	\$ 13,790	\$ (3,713)	(26.9%)	

Fcst = Q1 Actuals plus Budget



S&G Full Year Financial Outlook | Balance Sheet

\$'000	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	FY	FY	Var	
	Act	Act	Act	Fcst	Bud	\$	%									
Current Assets																
Cash and cash equivalents	\$ 880	\$ 1,922	\$ 11,054	\$ (396)	\$ (168)	\$ 4	\$ (225)	\$ (223)	\$ 931	\$ 571	\$ (60)	\$ 43	\$ 43	\$ 237	\$ (194)	(81.7%)
Accounts receivable, gross	5,944	6,754	5,856	6,627	6,697	6,808	6,837	7,071	7,217	7,261	6,930	7,164	7,164	7,164	–	0.0%
Accounts receivable, reserves	(220)	(220)	(221)	(133)	(134)	(136)	(137)	(141)	(144)	(145)	(139)	(143)	(143)	(143)	–	0.0%
Accounts receivable, net	5,724	6,534	5,635	6,494	6,563	6,672	6,701	6,929	7,073	7,116	6,791	7,021	7,021	7,021	–	0.0%
Inventory, gross	7,479	7,223	7,256	7,740	7,585	7,585	7,676	7,592	7,509	7,550	7,466	7,244	7,244	7,244	–	0.0%
Inventory, reserves	(625)	(697)	(669)	(506)	(496)	(496)	(502)	(497)	(491)	(494)	(488)	(345)	(345)	(345)	–	0.0%
Inventory, net	6,855	6,526	6,586	7,233	7,089	7,089	7,174	7,096	7,018	7,056	6,977	6,899	6,899	6,899	–	0.0%
Prepaid expenses and other current assets	(52)	(98)	(188)	(24)	(24)	(24)	(24)	(24)	(24)	(24)	(24)	(24)	(24)	(24)	–	0.0%
Other current assets	50,032	49,067	49,067	49,912	49,912	49,912	49,912	49,912	49,912	49,912	49,912	49,912	49,912	49,912	–	0.0%
Total Current Assets	63,439	63,950	72,154	63,220	63,372	63,653	63,538	63,691	64,910	64,630	63,597	63,852	64,046	(194)	(0.3%)	
Non-Current Assets																
Property, plant & equipment, gross	11,714	11,731	11,731	12,260	12,353	12,713	12,865	12,867	12,894	12,896	12,898	12,900	12,900	12,900	–	0.0%
Accumulated depreciation	(1,011)	(1,102)	(1,309)	(1,417)	(1,547)	(1,638)	(1,729)	(1,820)	(1,914)	(2,009)	(2,104)	(2,199)	(2,199)	(2,199)	–	0.0%
Property, plant & equipment, net	10,703	10,629	10,423	10,843	10,806	11,075	11,136	11,047	10,980	10,887	10,794	10,701	10,701	10,701	–	0.0%
Goodwill	42,133	42,133	42,133	42,050	42,050	42,050	42,050	42,050	42,050	42,050	42,050	42,050	42,050	42,050	–	0.0%
Identifiable intangible assets, gross	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100	–	0.0%
Accumulated amortization	(789)	(1,233)	(1,678)	(2,018)	(2,350)	(2,682)	(3,014)	(3,346)	(3,678)	(4,010)	(4,342)	(4,674)	(4,674)	(4,674)	–	0.0%
Identifiable intangible assets, net	14,311	13,867	13,422	13,082	12,750	12,418	12,086	11,754	11,422	11,090	10,758	10,426	10,426	10,426	–	0.0%
Deferred financing cost	2,759	2,759	2,759	2,651	2,624	2,597	2,570	2,543	2,516	2,489	2,462	2,435	2,435	2,435	–	0.0%
Other non-current assets	2	2	2	131	131	131	131	131	131	131	131	131	131	131	–	0.0%
Total Non-Current Assets	69,908	69,390	68,739	68,757	68,361	68,271	67,973	67,525	67,099	66,647	66,195	65,743	65,743	65,743	–	0.0%
Total Assets	\$ 133,347	\$ 133,340	\$ 140,893	\$ 131,976	\$ 131,732	\$ 131,923	\$ 131,510	\$ 131,215	\$ 132,008	\$ 131,277	\$ 129,792	\$ 129,594	\$ 129,594	\$ 129,788	\$ (194)	(0.1%)
Current Liabilities																
Current portion of long-term debt	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,336	\$ 1,336	\$ 1,336	\$ 1,336	\$ 1,336	\$ 1,336	–	0.0%
Accounts payable	2,515	2,746	2,610	3,617	3,544	4,040	3,559	3,693	4,291	4,233	4,186	4,139	4,139	4,139	–	0.0%
Accrued liabilities	1,558	2,189	2,653	1,975	1,975	1,975	1,975	1,975	1,975	1,975	1,975	1,975	1,975	1,975	–	0.0%
Accrued compensation	249	286	309	125	125	125	125	125	125	125	125	125	125	125	–	0.0%
Income taxes payable	128	128	128	128	128	128	128	128	128	128	128	128	128	128	–	0.0%
Short-term unearned revenue	33	30	34	45	45	56	56	56	56	56	56	56	56	56	–	0.0%
Total Current Liabilities	7,583	8,479	17,584	7,740	7,668	8,164	7,695	7,829	7,912	7,855	7,807	7,760	7,760	7,760	–	0.0%
Long-term liabilities																
Long-term debt less current maturities	90,658	90,658	90,658	90,435	90,435	90,212	90,212	89,712	89,892	88,892	87,392	87,058	87,058	87,058	–	0.0%
Deferred income taxes	(831)	(831)	(831)	(831)	(831)	(831)	(831)	(831)	(831)	(831)	(831)	(831)	(831)	(831)	–	0.0%
Other non-current liabilities	–	–	–	87	87	87	87	87	87	87	87	87	87	87	–	0.0%
Total Long-Term Liabilities	89,827	89,827	89,827	89,691	89,691	89,468	89,468	88,968	89,148	88,148	86,648	86,314	86,314	86,314	–	0.0%
Total Liabilities	97,410	98,306	107,411	97,431	97,359	97,632	97,162	96,796	97,060	96,002	94,455	94,074	94,074	94,074	–	0.0%
Shareholders' Equity																
Common stock	40,228	40,228	40,228	40,228	40,228	40,228	40,228	40,228	40,228	40,228	40,228	40,228	40,228	40,228	–	0.0%
Retained earnings	(5,550)	(6,450)	(8,012)	(8,243)	(8,415)	(8,497)	(8,441)	(8,370)	(7,840)	(7,514)	(7,452)	(7,269)	(7,269)	(5,885)	(1,384)	23.5%
Accumulated other comprehensive income	1,258	1,256	1,265	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	1,370	–	0.0%
Other equity transactions	1	1	1	1	1	1	1	1	1	1	1	1	1	1	–	0.0%
Total Shareholders' Equity	35,937	35,035	33,482	33,355	33,184	33,101	33,158	33,229	33,758	34,085	34,147	34,330	34,330	35,714	(1,384)	(3.9%)
Total Liabilities and Shareholders' Equity	\$ 133,347	\$ 133,340	\$ 140,893	\$ 130,787	\$ 130,542	\$ 130,733	\$ 130,320	\$ 130,025	\$ 130,819	\$ 130,087	\$ 128,602	\$ 128,404	\$ 128,404	\$ 129,788	\$ (1,384)	(1.1%)

Fcst = Q1 Actuals plus Budget



S&G Full Year Financial Outlook | Cash Flow Summary

\$'000	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	FY	FY	Var	
	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	\$	%
Cash flow from operations																
Net Income (Loss)	\$ (616)	\$ (900)	\$ (1,454)	\$ (231)	\$ (172)	\$ (82)	\$ 57	\$ 71	\$ 529	\$ 326	\$ 62	\$ 183	\$ (2,226)	\$ (829)	\$ (1,397)	168.5%
Depreciation, amortization and other	109	535	651	532	462	423	423	423	426	427	427	427	5,266	5,266	—	0.0%
<i>Change in operating assets and liabilities:</i>																
Accounts receivable	(988)	(810)	899	(859)	(69)	(109)	(29)	(229)	(144)	(43)	324	(230)	(2,285)	(2,285)	—	0.0%
Inventory	168	329	(61)	(647)	145	—	(85)	78	78	(38)	78	78	124	124	—	0.0%
Prepaid expenses and other current assets	28	46	90	(164)	—	—	—	—	—	—	—	—	—	—	—	N/A
Accounts payable	(273)	231	(136)	1,007	(72)	496	(481)	134	598	(58)	(47)	(47)	1,351	1,351	—	0.0%
Accrued expenses	(418)	631	463	(677)	—	—	—	—	—	—	—	—	—	—	—	N/A
Accrued income taxes	(0)	0	(0)	0	—	—	—	—	—	—	—	—	—	—	—	N/A
Other changes in operating assets and liabilities	35	999	28	(1,285)	—	(223)	11	(500)	(334)	(1,000)	(1,500)	(334)	(4,103)	11	(4,114)	(36223.6%)
Total Cash Flow from Operations	\$ (1,955)	\$ 1,062	\$ 481	\$ (2,324)	\$ 293	\$ 505	\$ (104)	\$ (22)	\$ 1,154	\$ (385)	\$ (656)	\$ 78	\$ (1,873)	\$ 3,638	\$ (5,511)	(151.5%)
Cash flow from investing																
Additions to property, plant and equipment	\$ (31)	\$ (17)	\$ (0)	\$ (529)	\$ (93)	\$ (360)	\$ (152)	\$ (2)	\$ (27)	\$ (2)	\$ (2)	\$ (2)	\$ (1,217)	\$ (1,217)	\$ —	0.0%
Total Cash Flow from Investing	\$ (31)	\$ (17)	\$ (0)	\$ (529)	\$ (93)	\$ (360)	\$ (152)	\$ (2)	\$ (27)	\$ (2)	\$ (2)	\$ (2)	\$ (1,217)	\$ (1,217)	\$ —	0.0%
Cash flow from financing																
Proceeds from the issuance (repayment) of short-term debt	\$ 1,250	\$ —	\$ 8,750	\$ (10,000)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	N/A
Other cash flow from financing costs	10	(2)	(99)	213	27	27	27	27	27	27	27	27	337	324	13	4.1%
Total Cash Flow from Financing	\$ 1,260	\$ (2)	\$ 8,651	\$ (9,787)	\$ 27	\$ 27	\$ 27	\$ 27	\$ 27	\$ 27	\$ 27	\$ 27	\$ 337	\$ (3,790)	\$ 4,127	(108.9%)
Effect of FX rates on cash and cash equivalents	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	N/A
Net change in cash	\$ (726)	\$ 1,042	\$ 9,132	\$ (12,640)	\$ 227	\$ 172	\$ (229)	\$ 3	\$ 1,154	\$ (360)	\$ (631)	\$ 103	\$ (2,753)	\$ (1,369)	\$ (1,384)	101.1%
Beginning cash	1,606	880	1,922	11,054	(1,586)	(1,358)	(1,186)	(1,415)	(1,413)	(259)	(619)	(1,250)	1,606	1,606	—	—
Change in cash	(726)	1,042	9,132	(12,640)	227	172	(229)	3	1,154	(360)	(631)	103	(2,753)	(1,369)	(1,384)	101.1%
Ending cash	\$ 880	\$ 1,922	\$ 11,054	\$ (1,586)	\$ (1,358)	\$ (1,186)	\$ (1,415)	\$ (1,413)	\$ (259)	\$ (619)	\$ (1,250)	\$ (1,147)	\$ 237	\$ (1,384)	(583.1%)	

Fcst = Q1 Actuals plus Budget

March 2020 Operating Review Meeting Agenda

④ Consolidated

④ S&G

④ **Delaney**

④ Executive Summary

Financial Review

Full Year Financial Outlook

Premier

④ Governance Reporting

④ Appendix



Delaney Executive Summary | Overview

Good News / Positives to Business and Plan

- March sales favorable to PY by \$437K (14.2%) and slightly down to AOP \$23K (-0.7%)
 - **Delaney vs AOP:** Strong month for Hollow Metal and Online, up \$139K and \$66K respectfully. Partially offset by Single Family down (\$212K), Bravura (\$51K) and Multi-Family due to timing down (\$12k).
 - **Delaney vs PY:** Strong month for Hollow Metal up \$190K, Online up \$119K, and Single Family up \$101K. Partially offset by Multi-Family down (\$7K) and Bravura (\$22K). Adjusted EBITDA up to PY by \$195K largely due to volume.
 - **YTD Delaney vs AOP:** YTD sales on track, up \$138K. Hollow metal up \$237K, Online up \$115k, Multi-Family up \$11K, partially offset by Single Family down (\$248k) and Bravura down (\$59k).
 - **YTD Delaney vs PY:** Sales up \$945K vs PY. Single family up \$479k, Online up \$263k, Multi-Family up \$62k, Hollow Metal up \$62k, partially offset by Bravura down (\$102K). Adjusted EBITDA up \$127K to PY largely due to volume.

Risks / Challenges to the Business and Plan

- Coronavirus
 - We have one employee who tested positive for the coronavirus. The employee is doing well and experiencing no symptoms. While we were fortunate that this employee had limited exposure to other employees, we had to quarantine 3 additional employees – all from the keying department. We utilized all available personnel as well as OT hours to maintain our keying lead times. Quarantine lifted on 4/23.
 - The impact to the business has increased over the past couple weeks, factories came back to work, containers are arriving 3-4 weeks later than orig. dates, inventory levels are good with some exceptions. Our Philippines factory production has been severely impacted due to widespread shut-downs. This affects our Delaney GR3 locks which are predominantly used in Multi-Family which remains strong. They are currently expecting to resume full production on April 30th. We are experiencing an increase in backorders as a result of post Chinese New Year factory shut-downs and mandatory quarantines.
 - While construction has been deemed ‘essential’ in most states, some have adopted stricter guidelines. The governors of MI, PA, WA, NJ, and VT have restricted construction and are only allowing builders to continue until buildings are weather tight.
- Multi-family Smartlock
 - Launch schedule is delayed to late Q4 forcing us to reduce the AOP by \$300K. However we have made progress over the past couple weeks with the help of S&G engineering. We will continue to work with factory to shorten several areas, potentially improving lead time by 3-4 weeks.

Other Significant Matters / Events

- Trade Show Participation
 - LMC Annual Show resulted in record sales of \$305K.
 - All remaining Trade Shows have either been cancelled or have become ‘virtual’ buying shows.
- Marketing
 - Successful onboarding of Ecommerce & Digital Marketing Manager and Lead Generation Manager/Senior Graphic Designer

Delaney Executive Summary | Overview



March Sales

Delaney	
# of Billing Days in Month	22
# of Billing Days Complete	22
% of Month Complete	100.0%
% to AOP	98.1%
MTD Invoiced	\$3,586,680
AOP	\$3,657,471
Delta to AOP	(\$70,792)
Avg Daily Sales Needed to hit AOP	#DIV/0!

	Delaney Gross Sales							Total Delaney
	Single Family	Multi-Family	Hollow Metal + Special Order	Online Including Bravura	Bravura Excluding Online	TOTAL DELANEY EXCLUDING I/C	Intercompany Hardware	
MTD Invoiced	\$2,168,583	\$562,039	\$505,180	\$272,184	\$78,694	\$3,586,680	\$1,707	\$3,588,386
MTD Product Mgn%	51.8%	47.3%	26.4%	59.3%	51.6%	48.1%	0.4%	48.1%
Invoice AOP	\$2,380,754	\$574,153	\$366,557	\$206,170	\$129,837	\$3,657,471	\$0	\$3,657,471
Product Mgn % AOP	53.2%	49.3%	24.9%	58.6%	50.9%	49.9%	0.0%	49.9%
Invoice \$ Delta to AOP	(\$212,171)	(\$12,114)	\$138,622	\$66,014	(\$51,143)	(\$70,792)	\$1,707	(\$69,085)
Invoice % Delta to AOP	-8.9%	-2.1%	37.8%	32.0%	-39.4%	-1.9%	-100.0%	-1.9%
Product Mgn % Delta to AOP	-1.4%	-1.9%	1.5%	0.6%	0.7%	-1.9%	0.0%	-1.0%
Avg Sales Needed to Hit AOP	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
PY Invoice Sales	\$2,067,416	\$569,332	\$315,674	\$152,718	\$100,815	\$3,205,955	\$0	\$3,205,955
Product Mgn % PY	50.3%	47.4%	28.8%	56.9%	46.1%	47.9%	0.0%	47.9%
Invoice \$ Delta to PY	\$101,167	(\$7,293)	\$189,506	\$119,466	(\$22,121)	\$380,724	\$1,707	\$382,431
Invoice % Delta to PY	4.9%	-1.3%	60.0%	78.2%	-21.9%	11.9%	0.0%	11.9%
Product Mgn % Delta to PY	1.5%	-0.1%	-2.5%	2.3%	5.5%	0.2%	0.4%	0.2%
Avg Sales Needed to Hit PY	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

April Sales - 4/20/20

Delaney	
# of Billing Days in Month	22
# of Billing Days Complete	14
% of Month Complete	63.6%
% to AOP	65.0%
MTD Invoiced	\$2,128,480
AOP	\$3,276,396
Delta to AOP	(\$1,147,916)
AOP	\$143,490

	Single Family	Multi-Family	Hollow Metal + Special Order	Online Including Bravura	Bravura Excluding Online	TOTAL DELANEY EXCLUDING I/C	Intercompany Hardware	Total Delaney
MTD Invoiced	\$1,126,374	\$563,006	\$162,616	\$226,236	\$50,249	\$2,128,480	\$0	\$2,128,480
MTD Product Mgn%	53.3%	49.9%	30.0%	59.8%	52.6%	51.3%	0.0%	51.3%
Invoice AOP	\$1,980,754	\$574,153	\$366,557	\$225,095	\$129,837	\$3,276,396	\$0	\$3,276,396
Product Mgn % AOP	53.2%	49.3%	24.9%	58.6%	50.9%	49.6%	0.0%	49.6%
Invoice \$ Delta to AOP	(\$854,380)	(\$11,147)	(\$203,942)	\$1,141	(\$79,588)	(\$1,147,916)	\$0	(\$1,147,916)
Invoice % Delta to AOP	-6.8%	34.4%	-19.3%	36.9%	-24.9%	1.3%	-63.6%	1.3%
Product Mgn % Delta to AOP	0.1%	0.6%	5.1%	1.2%	1.7%	1.7%	0.0%	1.7%
Avg Sales Needed to Hit AOP	\$106,798	\$1,393	\$25,493	(\$143)	\$9,949	\$143,490	\$0	\$143,490
PY Invoice Sales	\$2,013,344	\$582,906	\$391,230	\$166,737	\$112,890	\$3,267,108	\$54,825	\$3,321,933
Product Mgn % PY	52.5%	47.4%	26.4%	58.1%	47.3%	48.6%	0.0%	47.8%
Invoice \$ Delta to PY	(\$886,971)	(\$19,901)	(\$228,615)	\$59,499	(\$62,641)	(\$1,138,628)	(\$54,825)	(\$1,193,453)
Invoice % Delta to PY	-7.7%	32.9%	-22.1%	72.0%	-19.1%	1.5%	-63.6%	0.4%
Product Mgn % Delta to PY	0.7%	2.5%	3.5%	1.7%	5.3%	2.7%	0.0%	3.5%
Avg Sales Needed to Hit PY	\$110,871	\$2,488	\$28,577	(\$7,437)	\$7,830	\$142,328	\$6,853	\$149,182

Delaney Executive Summary | eCommerce

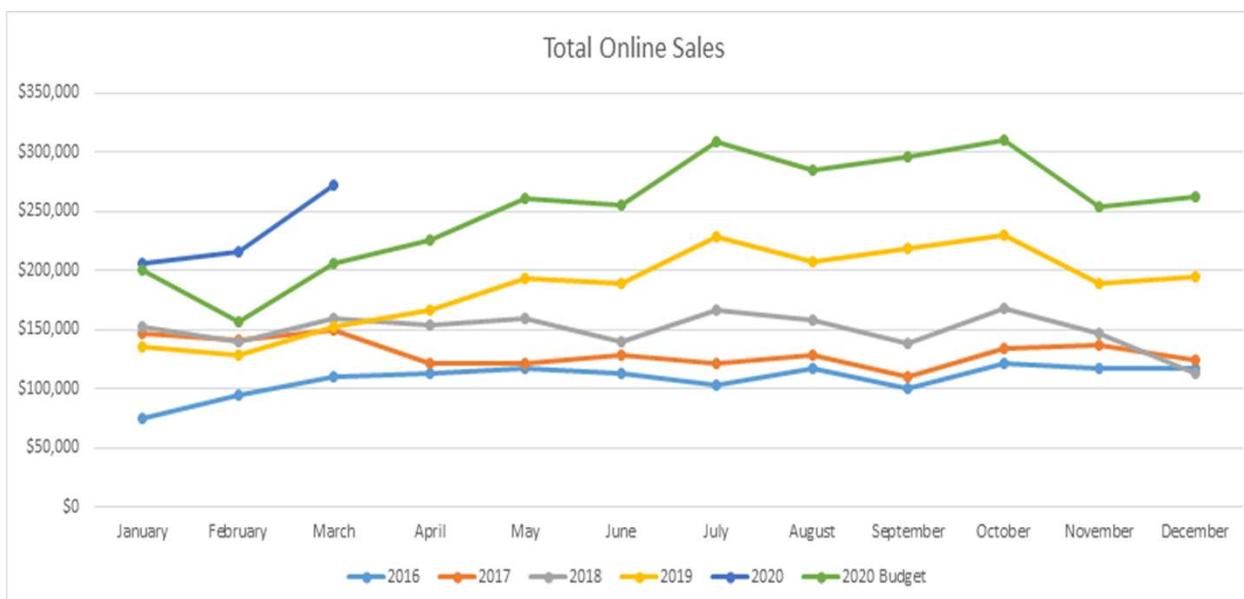


March Total = \$272,184 Up 78%  vs. 2019

Exceeded March AOP by 32%

Top Partners:

- Home Depot – Total \$100,842 YTD (58% Growth vs 2019)
- Lowes – Total \$73,941 YTD (2,700% Growth vs 2019)
- Build.com – Total \$43,876 YTD (8% Growth vs 2019)
- Wayfair – Total \$ 32,906 YTD (20% Growth vs 2019)
- Amazon – Total \$7,378 YTD (2% Growth vs 2019)



April Online Sales
are currently
UP 52% vs. 2019
and
UP 24% vs. AOP

Orders April Avg 2020 – 519
Orders April Avg 2019 – 366

Line Items April Avg 2020 – 1,395
Line Items April Avg 2019 – 1,280

Breakdown of E-commerce Orders in April.

Date	Order Count	
01 Apr 2020	181	35% of Total Orders
02 Apr 2020	174	44% of Total Orders
03 Apr 2020	180	41% of Total Orders
06 Apr 2020	444	27% of Total Orders
07 Apr 2020	167	48% of Total Orders
08 Apr 2020	206	38% of Total Orders
09 Apr 2020	191	31% of Total Orders
10 Apr 2020	182	40% of Total Orders
13 Apr 2020	521	73% of Total Orders
14 Apr 2020	222	48% of Total Orders
15 Apr 2020	196	45% of Total Orders
16 Apr 2020	175	60% of Total Orders
17 Apr 2020	302	50% of Total Orders
20 Apr 2020	597	68% of Total Orders

Delaney Executive Summary | Overview (continued)



Description	Potential Impact	Plan to Address
Region 1:	<ul style="list-style-type: none"> ▪ New Stocking Dealers ▪ Competitor conversions ▪ MF Projects ▪ New SF Builders <ul style="list-style-type: none"> ▪ First Option and Creative Tile to place orders this week - \$22K ▪ Church's lumber shared BHP pricing - \$300K annually ▪ Garris Evans & Goldsboro Building \$40K ▪ Summit \$25K, Chase Lumber \$32K, National Lumber \$95K, Shepley & JB Sash MF Quotes > Orders ▪ Charter Homes – 300 homes for locks & bath. ▪ German Builders – 200 homes ▪ Burkentine Builders – 150 homes + MF 	<ul style="list-style-type: none"> ▪ OSRs working with purchasing to finalize orders ▪ Worked with Milan on pricing, looks good ▪ Provided job specs for Q-Orders ▪ Working with Mike Rehman to convert from Schlage and price match on Commercial Hardware ▪ Presenting D2 options ▪ BHP pricing is an issue, working with Milan
Region 2:	<ul style="list-style-type: none"> ▪ MF Projects ▪ Competitor conversions <ul style="list-style-type: none"> ▪ 84 Lumber (Lincoln) \$14K, Advant Solutions \$12K, Thompson Thrift – 2 projects \$45K, Ajax \$40K (already shipped \$12K) ▪ BMC job from Pamex \$35K, SEI working to push out Emtek 	<ul style="list-style-type: none"> ▪ Following up on all Quotes, verifying inventory levels, scheduling releases
Hollow Metal/Multi-Family:	<ul style="list-style-type: none"> ▪ HM Quotes ▪ Strong dealer projections ▪ Converting competitor jobs ▪ Terminus Supply ▪ MF Smartlock <ul style="list-style-type: none"> ▪ \$2.5M in new March quotes (22 total) ▪ Jones, BFS, BMC and Majestic all projecting growth for 2020 ▪ Working with OB Builders to convert Greystar from Schlage. Converted jobs from Pamex&CopperCreek ▪ New account - \$300K annually ▪ Terrwilliger Pappas is ready to use us on upcoming job 	<ul style="list-style-type: none"> ▪ Increased communication with project managers ▪ Lisa entering Q-Orders to allocate inventory and plan for releases ▪ Arranged video call <ul style="list-style-type: none"> ▪ Developing target list with Kevin, Mike and Stratis
Ecommerce:	<ul style="list-style-type: none"> ▪ Adding & going live with top selling items on Lowes ▪ Expanding catalog with Home Depot ▪ Getting catalog on HD Supply live ▪ Loading Bravura brand on Wayfair & Build, adding additional product with existing partners ▪ Bringing all Tier 2 online partners into a growth plan <ul style="list-style-type: none"> ▪ Estimated additional \$20-\$30K per month ▪ Estimated additional \$10K per month ▪ Estimated \$40K for balance of year ▪ Estimated \$25K for balance of 2020 ▪ Estimated \$30K for balance of 2020 	<ul style="list-style-type: none"> ▪ Furthering relationship between Donald Smith & merchant ▪ Utilizing customer service personnel to assist ▪ Donald Smith leading initiative ▪ Finalizing marketing copy & images <ul style="list-style-type: none"> ▪ Donald to perform line reviews with Tier 2 accounts
National Accounts, Buying Groups, Builders:	<ul style="list-style-type: none"> ▪ BFS Door Shops – 42 locations ▪ LMC Show – 3 new dealers ▪ Nations Best – 9 locations ▪ Carter Lumber – Ft. Wayne <ul style="list-style-type: none"> ▪ \$3K-\$10K per location ▪ \$300K in show orders ▪ Converting Design House - \$25K 	<ul style="list-style-type: none"> ▪ Starting with Frederick, MD location now ▪ OSRs working with individual dealers ▪ Introductory call next week ▪ Steve L. arranging 3 to 1 buy back

Opportunities

Delaney Executive Summary | Overview (continued)



Risks	Description	Potential Impact	Plan to Address
Risks	Company-wide:		
	<ul style="list-style-type: none"> ▪ Lack of Product Manager drastically limits ability to launch new products ▪ Tier 1 Brands converting Regional Builders ▪ Large Top 20 Builders buying smaller regional builders ▪ Coronavirus impact creating backorders, slowing economy ▪ Customers cancelling trade shows and meetings due to virus concerns 	<ul style="list-style-type: none"> ▪ . 	<ul style="list-style-type: none"> ▪ Interviewed 8 candidates – ready to schedule interviews ▪ Strategic Initiative to develop competitive builder programs to convert Builders in Top 100
	Region 1:		
	<ul style="list-style-type: none"> ▪ Backorders due to shipment delays ▪ Customers choosing wait and see approach delaying conversions ▪ Existing projects are being completed, starting to see hesitation on future projects ▪ Clayton Homes shutting plants 	<ul style="list-style-type: none"> ▪ Customers could look elsewhere, lost sales \$20K-\$30K ▪ Likely to effect sales in coming months ▪ Will impact sales with Keystone 	<ul style="list-style-type: none"> ▪ Staying in close contact and offering substitutions ▪ Must remain top of mind by calling, mailing and email ▪ Monitor closely
	Region 2:		
	<ul style="list-style-type: none"> ▪ Bravura at .45 multiplier is not competitive with Emtek ▪ Need to enhance our display offering for upscale showrooms 	<ul style="list-style-type: none"> ▪ . 	<ul style="list-style-type: none"> ▪ Developing Bravura plan of attack ▪ Providing marketing with images of competitor displays
	Hollow Metal/Multi-Family:		
	<ul style="list-style-type: none"> ▪ Pamex has been aggressively pursuing our MF accounts touting zero tariff surcharge ▪ HM Door & Frame orders delayed ▪ Must round out commercial hardware offering adding electrified & black 	<ul style="list-style-type: none"> ▪ Average job is \$30-\$50K ▪ \$100K on order 	<ul style="list-style-type: none"> ▪ Reviewing Quotes with targeted accounts – Waiving 3% tariff where needed. ▪ Working with Joey to get them released ▪ NPD is creating Business Case
	Ecommerce:		
	<ul style="list-style-type: none"> ▪ With increased sales growth must monitor forecasts to insure adequate inventory position ▪ Time intensive product uploads due to partner portals 	<ul style="list-style-type: none"> ▪ Lost sales of \$7K ▪ Missed revenue opportunity due to lengthy process 	<ul style="list-style-type: none"> ▪ Utilizing Dennis to build forecast model ▪ Making progress with Lowes & Home Depot by utilizing additional personnel from Customer Service Dept.

Delaney Executive Summary | Key Wins and Losses



Key Wins

Region 1

- \$18K Berry Home Center – 2 locations
- \$11K Advantage Gallery
- \$75K Wallace Hardware virtual market
- \$60K Super Home Surplus (IBS Lead) – 2 projects
- \$8K Steinkamp Home Center (LMC Show Lead)
- \$45K Cosmos Window & Door – landed 147 home builder

Region 2

- 600 Series bath for Toll Bros. and Partners in Building (converted from Moen and BHP)
- The Barn Door Store
- Hollywood Builders Hardware (Forte)

MF/HM (Kevin/Mike)

- Landed two new HM jobs \$233K
- Terminus Supply confirmed first commercial job, \$27K
- Haskell's Hardware placed first commercial hardware order - \$200K annually

Ecommerce

- Amazon started reordering in April \$7K
- Lowes orders have increased to almost Home Depot sales \$40K per month more than AOP
- Home Depot 58% growth vs. PY
- Wayfair 20% growth vs. PY
- Build.com seeing growth again vs. PY 8%
- Donald Smith is meeting with Tier 2 accounts to create growth plans
- Donald making progress with image product database – which benefits Delaney's website and eCommerce partners

Key Losses

Region 1

- Lost Shodeen Builders to Schlage \$25K
- Woodhaven Lumber – lost two large MF jobs to Schlage due to delays with MF Smartlock

Region 2

- Lost Chesmar Homes (425 homes/year) to Kwikset due to large signing bonus and retroactively paying 2019 rebate.

MF/HM (Kevin/Mike)

- Delays in shipping some jobs due to late containers (post CNY & Covid) - \$110K pushed out to May and June.

Ecommerce

- Lost sales due to some inventory shortages related to India shut-down and delays post CNY and COVID-19 quarantines (Est. \$7K in April)



Delaney Executive Summary | Overview

Key Go-Forward Actions

- **Company:** Communicate, monitor and track COVID-19
 - Continue to clearly communicate Pandemic Plan/COVID-19 Contingency Plan to company members
 - Push messaging out to customers and suppliers on consistent basis
 - Continue regular contingency plan meetings/tracking COVID-19 related expenses
 - Participated in company wide COVID-19 Safety Stand Down on 4/16 along with thousands of others in the construction and home building industry
- **Sales:** Assess team for optimal performance and execute growth initiatives
 - Continue to drive towards execution phases of our Strategic Initiatives, particularly in growth related areas.
 - Leverage short-term resource (Kyle Brack) to help sales leaders propel 3 specific growth initiatives
 - Complete Bravura Strategic Growth Plan and begin execution
 - Develop Builder Action Plan and roll out to sales team
 - Execute National Account Strategic Action Plan
 - Provide tools to sales agencies to promote Delaney through digital channels
 - Multi-Family is strong! Continue to promote services and product offering
- **Marketing:** Drive company message, eCommerce growth and brand awareness
 - Developed monthly Marketing Marketing Update e-blast, as well as focused weekly Product Spotlight campaigns
 - Leverage additional marketing hires to quickly develop digital marketing campaigns, virtual sales tools, how-to videos, and improved communications methods to stay relevant with customers while face-to-face interactions are limited
 - Execute eCommerce growth plans, utilizing increased band width and focus
- **NPD:**
 - Hire Residential Product Manager to lead MF Smartlock Launch, as well as NPD stage gate process
- **Supply Chain:** Pursue cost savings and complete SKU rationalization
 - Assist Smart Ventures in completing Optimization of Supply Chain Functions project
 - Both Schlage and Kwikset have had multiple factories shut-down due to COVID-19 (Mexico & Philippines) which will present opportunities. Continue tight review of products out of Philippine plant.



Delaney Executive Summary | 2020 Key Initiatives

Initiative	Status	Recent Progress	Next Steps	Risks
Create multifamily smartlock launch to market tactical plan	●	<ul style="list-style-type: none"> Devon & Tom (S&G) are working with all development partners to expedite time to production 	<ul style="list-style-type: none"> Create launch schedule that captures the remaining milestones and outlines tactical plan with associated owners Execute tactical plan tracking progress on Smartsheet to give visibility and ownership to remaining milestones Complete commercialization plan for MF Smartlock Hire Residential Product Manager to drive project 	<ul style="list-style-type: none"> Late Q4 launch reduces revenue target Delayed launch could create competitor advantages and lack of credibility Hot leads will cool
Define ongoing NPD stagegate process	●	<ul style="list-style-type: none"> Began conducting VOC interviews, OSR surveys. Creating Business Cases for next items to be considered 	<ul style="list-style-type: none"> Fast track items already under review 	<ul style="list-style-type: none"> If new products presented at IBS are delayed beyond target dates, sales reps. could become demotivated and customers could turn to other sources Inability to gather forecasting data to support new products
Develop new product roadmap	●	<ul style="list-style-type: none"> NPD Roadmap is completed 	<ul style="list-style-type: none"> Apply NPD process to existing concept items Finalize new product roadmap 	
Develop strategy to increase share of wallet with current customers, national accounts, buying groups, and multifamily dealers through expanding products sold and penetrating all locations	●	<ul style="list-style-type: none"> Dick (Region 1), Donn (Region 2), Steve (National Accounts & Buying Groups) and Mike (Multifamily dealers) each have individual initiatives Utilize Kyle Brack to drive execution strategy 	<ul style="list-style-type: none"> OSRs to identify est. sales opportunity in existing locations by product category, SWOT analysis Develop penetration strategy for each target Execute and track results of penetration strategy 	
Develop plan to leverage S&G international distribution channels	●	<ul style="list-style-type: none"> Prepared presentation for Lodha Group Duties from US or China/Taiwan to India are near 30% 	<ul style="list-style-type: none"> Identify potential opportunities for Delaney to sell products to S&G distribution channel partners Validate opportunities and identify required investments Develop and execute implementation plan 	

● Complete

● On-Schedule

● At Risk

● Behind

Delaney Executive Summary | 2020 Key Initiatives (con't)

Initiative	Status	Recent Progress	Next Steps	Risks
Implement Sales Incentive Program (SIP)	●	<ul style="list-style-type: none"> Reviewed S&G new SIP with Mark Develop draft SIP and rollout plan, calculate incentive payments by rep. through Dec 2020 under draft plan vs. current plan. 	<ul style="list-style-type: none"> Consider using incentives to exceed growth targets, drive opening new customers, selling new products, CRM usage Finalize SIP and rollout plan and work with legal council to update OSR Agreements Roll out and go live with new Delaney SIP 	<ul style="list-style-type: none"> With current covid environment decision was made to delay until 2021
Hire eCommerce & Digital Marketing Manager	●	<ul style="list-style-type: none"> Donald Smith began 3/2 Working with Delaney & S&G 	<ul style="list-style-type: none"> Donald developing growth initiative strategy for eCommerce 	<ul style="list-style-type: none"> Candidate underperforms and we're forced to begin process again
Graphic Designer & Lead Generation Specialist	●	<ul style="list-style-type: none"> Andre Suazo began 4/1 Working with Delaney & S&G 	<ul style="list-style-type: none"> To drive digital marketing campaign 	<ul style="list-style-type: none"> Candidate underperforms and we're forced to begin process again
Create eCommerce growth strategy	●	<ul style="list-style-type: none"> Introduced Donald to key partners, Home Depot, Build.com, Wayfair, Amazon and Lowes to perform line review and discuss optimization strategies and 2020 opportunities 	<ul style="list-style-type: none"> Identified opportunity with each e-Commerce partner and create 2020 growth plan to include: ideal catalog per partner, optimize merchandising, optimize images, copy & lifestyles images, start partner page (sponsored advertising), create a cross-channel promotion plan 	
Develop plan to drive Bravura growth	●	<ul style="list-style-type: none"> Donn working with Kyle to outline business plan 	<ul style="list-style-type: none"> Provide ROI data to support suggested investments 	
Develop plan to pursue immediate sourcing savings opportunities	●	<ul style="list-style-type: none"> Identified list of top ~100 SKUs by spend and supplier, pricing, and payment terms Identified alternative suppliers 	<ul style="list-style-type: none"> Approach each alternative supplier for quote Approach each existing supplier to discuss price and/or terms and what we can do to help them reduce our costs Develop proposal for path forward 	
Complete SKU Rationalization	●	<ul style="list-style-type: none"> Identified slow moving items, low profit items, and high MOQ items 	<ul style="list-style-type: none"> Develop proposal for SKUs to be eliminated Create disposition plan, including whether any SKUs can be broken down and used in another SKU 	

Delaney Executive Summary | Bravura Growth Plan



Leverage short-term resource (Kyle Brack) to help sales leaders propel 3 specific growth initiatives

- Complete **Bravura Strategic Growth Plan** and begin execution
- Develop **Builder Action Plan** and roll out to sales team
- Execute **National Account Strategic Action Plan**

Key levers		Description
Content	Brand Assets	<ul style="list-style-type: none">▪ Update / Refresh of brand assets, starting with updating the Bravura story and positioning. Create letterhead, direct phone line, and other leave behind material).
Digital	Website	<ul style="list-style-type: none">▪ Complete website refresh and online strategy update. Have full product catalogue available, create an interactive design function, and add tech and 'how to' content. Create direct links to dealers. Invest in SEO and other ad content to increase web traffic.
	Social Media	<ul style="list-style-type: none">▪ Develop social media strategy including Instagram, Facebook and Pinterest. Create social calendar and curate content that partners with complementary brands and distribution network.
	Catalog	<ul style="list-style-type: none">▪ Complete refresh and redesign of existing catalog. Understand who/how catalog is used and update of pricing, product display, verbiage / description, and style.
Traditional Marketing	Other Marketing	<ul style="list-style-type: none">▪ Develop outline for comprehensive marketing plan. Evaluate effectiveness of possible marketing opportunities (trade show, industry organizations, mailers, etc.).
	Displays	<ul style="list-style-type: none">▪ Establish a Display program with tiered display programs and evaluation criteria around deployment.
Sales Training & Structure	Sales Execution & Pricing	<ul style="list-style-type: none">▪ Create an outline and structure to evaluate sales program from rep deployment, discounting / channel spending, and training materials.



Delaney Executive Summary | Bravura Growth Plan

Bravura Sales & Margin by Channel (\$1k - 12k)



Building Supply	National Accounts	Buying Group	Design	Installer	Online
54%	62%	59%	49%	56%	69%
48%	62%	54%	46%	55%	70%
\$ 615	\$ 783	\$ 463	\$ 1,267	\$ 578	\$ 437
\$ 80,985	\$ 10,505	\$ 56,916	\$ 57,938	\$ 6,300	\$ 14,822

Deep dive into which BS partners could do significant volumes (currently 3 accnts >\$45k)

High margin business;
incremental dollars add most to bottom line

Highest expected sales for every new account

Action Item	Definition	Metric	Content	Status
Market Opportunity	What is the Opportunity and with Who?	1	Size the Total Addressable Market, and Serviceable Obtainable Market	O
		2	Clearly identify target audience and channel service	O
Target Markets	Collect and run data analysis to determine target markets and channels	1	Analyze current channels based on average spend and GM to drive channel focus	O
		2	Builder a list of target MSAs based on housing price and household income	O
		3	Build a list of high end (4000sq.ft + or 2x market ave) builders in target MSAs	O
Website	Update and refresh of current website (full overhaul and redesign may be needed in future when volumes increase)	1	Establish new Bravura Marketing / Sales email with appropriate forwarding / owner	I
		2	Update brand story content	I
		3	Update contact details	O
		4	Create new product pricing and spec sheet	O
		5	Update product imagery and project gallery	O
		6	Add capabilities to find and map closes dealer	
		7	Conduct a website audit to determine which advanced features to add (customization tool, how to videos, dealer portal, etc.)	O

BRAVURA SWOT					
Strength			Weakness		
	Degree of differentiation	Importance in market		Degree of differentiation	Importance in market
Quality product	1	2	Brand awareness/recognition	5	2
Quick ship inventory	4	5	Breadth of line	5	1
Customer Service	2	1	Availability in showrooms	4	2
Knowledgeable Reps	4	2	Displays Coverage	4	2
Ability to Bundle w/ other categories	1	2	Brand Image (website)	5	1
Inventory availability	3	1	Ease of ordering (Use of item #'s & Catalog)	5	1
ANSI Grade 2 Rating	1	4	Catalog design	5	1
29% Lead Crystal Offering	3	3	Training to designers, architects, etc.	4	3
Made to Order	4	2	packaging and instructions	4	2
Opportunities			Threats		
	Strength of Opportunity			Threat factor	
Increase market share	1		Competition improving their service levels	2	
Increase wallet to existing customers	1		Quality issue	4	
New customers	1		Issue with manufacturing	3	
Expand showroom presence	2		Emtek strengthen their offering in digital, product line & other categories	4	
Expand into new channels	1		Argento brand	5	
High-end projects	4				
New Builders (Custom/Semi-custom)	3				
Designers/Architects	4				
Iron door distributors	2				
Special order program with DIB	4				
Bravura Online	1				
Increase Brand recognition	1				
Very few direct competitors	3				



Delaney Executive Summary | Bravura Opportunity

Market Opportunity: \$5 Million

Target audience: Custom Home Builders, Resorts & High-End Hotels

Plan of Attack: Select Key Opportunities or 2 States to focus for 60 days

1. Develop Showroom Relationships & Be Noticed
 - Create programs like Baldwin, including spiffs for designers
 - Land flagship showrooms to use as testimonials
 - Displays are critical for showrooms
 - Provide loose samples to feel the difference, great quality and ease of installation
2. Expand Coverage & Drive Awareness
 - Target the right custom builder & resorts on social media, search & digital marketing
 - Enhance Bravura's website to recent standards
 - Consider adding Bravura to E-commerce accounts to increase sales/awareness
3. Develop Confident Winning Team
 - Create additional needed tools like Emtek Cross-Reference Guide
 - Implement Internal & External Sales Training to make sales reps confident product experts
4. Evaluate Possible Product Additions to Round-Out Offering
 - Mortise Handlesets
 - 28 degree latches & concealed screw kits
 - Rectangle Crystal Knob
 - More styles in US4 & US19, consider adding unlacquered brass
5. Aggressive Pricing Model
 - Must be slightly lower than Emtek



Delaney Executive Summary | Builder Action Plan



(SAMPLE DATA)

Static Assumptions			
	BUILDER TYPE		
	Basic	Good	Best
# units/home	16	17	18
ave. unit list price	\$ 34	\$ 38	\$ 45
revenue / home	\$ 233	\$ 276	\$ 346
Inputs			
Builder Name:	Bob's Builder		
# homes per year	300		
Multiplier	0.4275		
Builder Product	Basic		
Cash Discount	1%		
Home Rebate	\$ 25		
Other Money	-		
Contract length	4		
P&L Output			
Expected Revenue	\$ 69,768		
Base Margin	31,396		
Cash Discount	698		
Home Rebate	7,500		
Other Money	-		
Est. EBITDA	\$ 23,198		

Action Item	Definition	Metric	Content	Status
Builder List	Develop a prioritized list of builders to target based on geographic overlap and relative strength	1	Determine current dealer presence and strength (through NA as proxy) by MSA	I
		2	Pull top Builder List for each relevant MSA from Metrostudy or other source	I
		3	Cross reference list above to Builder 200 list and determine at MSAs with higher builder concentrations not covered	O
		4	Prioritize and Tier builder prospects	O
		5	Determine outreach approach combining OSRs, Steve, and Dealer partners	O
Builder Outreach and Data Collection	Prepare documents and understanding of data / information to be collected from builders to understand needs and buying process	1	Develop builder outreach / data collection template	O
		2	Create a digital builder resource guide detailing product quality and accessibility	O
		3	Refine P&L evaluation tool for quick and easy decision making. Determine who is involved in margin decision and minimum thresholds	I
		4	Set outreach & communication goals to establish relationship and develop 'cheat sheets' for all targeted builders	O
		5	Conduct outreach	O
Learnings and Tacking	Track all information collected, learn, and modify approach	1	Once significant outreach and 'cheat sheets' are created, conduct analysis to understand weakness and opportunities. (product, pricing, coverage, etc.)	O
		2	Synthesize what worked and what did not work and why builders chose Delaney or competition. Done Quarterly	O
		3	Contact details and adjusted outreach plan / cadence to be kept in new CRM	O

Delaney Executive Summary | Builder Action Plan



DR Horton (SAMPLE DATA)

Overview

▪ **Current Vendor and Contract** – Kwikset; 3 year contact (have been vendor past 10 years). Renewal 03/2022

▪ **Decision and Buying** – Corporate purchasing manager enters national buying agreement, local purchasing choose specs for local projects.

▪ Purchases made through BMI

▪ Want huge front-end money (\$1m+); rebates and other spend inline with market

▪ Very advanced in Smart Home usage and want all locks WIFI and with advanced electronics

▪ Would be interested in going direct vs. through dealer for cheaper price

▪ **Design Centers** – Pyramid 12 lock display system in every (34) design center.

▪ **Other point of entry** – Bath provider is Bob's Bath, no national buying contact. Strongest presence in Southeast where Delaney is strong and buys through BMI where we have good penetration and brand presence.

▪ **National Purchasing:** Bob Horton – bhorton@drhorton.com Likes our product, only cares about price

▪ **Regional:** Mark Bowes (Huntsville) and Kyle Watts (Birmingham) have expressed strong interest in switching. Issues with Quickset service and fill rate.



Size	
Footprint Coverage	
Quality / Reputation	
Sales Cycle	
Overall Assessment	

Builder Financial Summary
▪ Homes Sold: 56,000
▪ ASP: \$297,800
▪ Revenue: \$17.6b
▪ GP: 20.2%

Sales by Region



■ Southeast 33%

■ East 14%

■ Midwest 7%

Delaney Executive Summary | Marketing

- Hired a Lead Generation Mgr/Senior Graphic Designer – 4/1
- Purchased new Lead Generation Tool (HubSpot) & started developing program
- Started Weekly Product Spotlights, new product videos & regular product Training
- Started Monthly Marketing Update to internal & OSRs
- Progress in cleaning & segmenting email database

Next Initiatives Focus:

- Implement new dealer email communication
- Implement lead generation tracker and process
- Finalize E-commerce new retailer agreements for Tier 2 partners & growth plans for Tier 1
- Add missing images, products & new online chat on Delaney website



Inside the April 2020 Edition

This monthly update is to provide you with weekly product spotlights, training plans, , dealer communications, new marketing tools and videos, upcoming product launches, marketing projects status, literature & display updates (if needed), as well as our social media channel plans.

WEEKLY PRODUCT SPOTLIGHT FOR APRIL

The product spotlight will be emailed from Jennica Haskell to the sales and service team at the beginning of each week and will highlight a product. The email packet will include a product flyer and all marketing support material. Please use this product spotlight to stay engaged with your customers. Please email any questions or suggestions to marketing@delaneyhardware.com

WEEK 1 (3/30 - 4/3)	WEEK 2 (4/6 - 4/10)	WEEK 3 (4/13 - 4/17)	WEEK 4 (4/20 - 4/24)	WEEK 5 (4/27 - 5/1)
LP250 Digital Lever Lock *Training Coming In April 17th	Tulina Square & Tulina Round Matte Black	Grade 2 Delaney Knobs & Levers	5-1/2" Interconnected with Vida Lever	Contemporary Pocket Locks *Training Coming In May 1st

UPCOMING TRAINING & DEALER EMAILS

UPCOMING TRAINING

We will have one recorded training per month to share with dealers which will be included in the bi-weekly dealer email. We will be conducting these trainings with OSRs & Customer Service first before recording for dealers.

DEALER EMAILS

Starting 4/20, Marketing will be sending a bi-weekly email to dealers with the latest product spotlights, new videos and company updates.

These emails will be sent to OSRs and Customer



Spotlight - Tulina Lever



Spotlight - LP250 Lever Lock

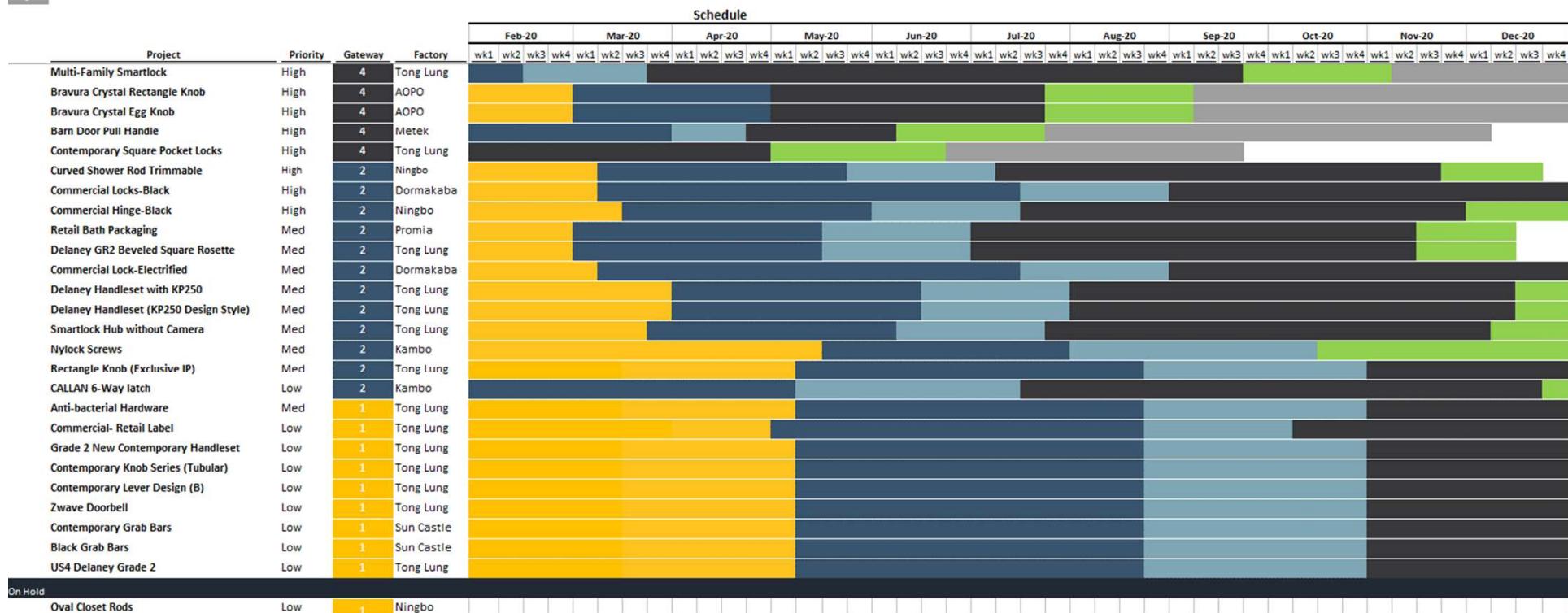


Spotlight - Grade 2 Locksets

Delaney Executive Summary | NPD Update & Roadmap



1	Concept Assessment (30-45 days)
2	Business Case (30-75 days)
3	Pre-Production (30-45 days)
4	Production & Pre-Launch (100-130 days)
5	Launch (30 days)
6	90 Day Assessment (90 days)



Next Steps:

- To complete several Business Cases and create Financial Outlook
 - Currently using a committee approach due to limited band width. Would greatly benefit from the addition of a Product Manager to the team



Delaney Executive Summary | MF Smartlock Launch



DESIGN PARTNERS

- BuLogics – Electronic Hardware Design and Firmware Design
- Stratis IoT – Software as a Service (SaaS) Provider (Property Management Application, Installer Application, Mobile Application for residents)
- Tong Lung (Spectrum Brands) – Manufacturing Partner
- Field Theory – RF contractor engaged to finalize the RFID antenna design.

PRIMARY GATING ITEM – Functional Units

Issue

- Two (2) PCBAs were not functioning consistently with the mechanical test firmware.
- Several design issues have been discovered that will need to be addressed, awaiting some parts to rework the PCBAs. This will ultimately require another spin of the PCB design.

Activity

- Ship samples to the Stratis APP developers
 - Two (2) Complete Assemblies (mechanical/PCBAs)
 - One (1) Set of PCBAs
- Provide two (2) samples for your UL testing
- Obtain up-to-date pricing from Tong Lung
- Define EOL (end of line) Testing
- Obtain source for mechanical test firmware from Bulegics

Status

- Testing of the assemblies to be sent to the Stratis APP developers is ongoing.
- S&G Engineer to arrange UL Testing and confirm whether PCBAs need to be operational
- Tong Lung waiting on final spin for pricing
- End of line testing protocol to be completed
- Jacob with Bulegics should provide this week





Delaney Executive Summary | MF Smartlock Launch (con't)

Delaney -PLM 電子類	行動計劃表										單位：達 品開發部	責任單位 Owner	異性說明 Remark
	2020												
操作討論	February	March	April	May	June	July	August	September	October				
app review & Design													
防火機械裝品 Tooling-Up	[]												TLM
(防火) 機具修改 modifications		[]											TLM
(防火) 零件檢驗 FA Inspection & modifications	[]	[]					[]						TLM
(防火) 機械功能測試 Lockset Function tests		[]	[]										TLM
(防火) 機械功能修正 Improvements for NGs		[]	[]										TLM
內部初期燒測 Internal Fire Test				[]									TLM
UL 廢測報證 UL FIRE RATING TEST					[]								Delaney
(防火) 性能試驗測試(單控) Lab. cycle tests with functional PCB			[]	[]									TLM/Delaney
(防火) 機具修改(2) modifications(2)					[]								TLM
(防火) 零件檢驗 (2) FA Inspection & modifications (2)					[]								TLM
(防火) 性能試驗測試(單控) Lab. cycle tests with functional PCB (2)								[]					TLM/Delaney
建立產品BOM BOM building up					[]								TLM
包裝設計 Packaging design					[]								TLM/Delaney
操作說明書編制 User/Install manuals						[]							Delaney/TLM
ITS G2 Test							[]	[]					TLM/Delaney
生產治具 Fixtures / JIGS							[]	[]					TLM
產前說明會 Production briefing seminar								[]					TLM
FCC認證 FCC certification							[]	[]					Delaney/TLM
BLE BQB/DID 認證 BQB certification / DID listing							[]	[]					Delaney
小批量產 Pilot runs								[]	[]				TLM
備料 MP materials/parts preparation									[]				TLM
大貨生產 Mass production										[]			TLM

Delaney Executive Summary | Supply Chain Impact



From: Libby Zappala

Date: 4/20/2020

Re: Coronavirus – 4/9/20 Update

In effort to mitigate the COVID-19 outbreak, the Georgia governor has issued a shelter-in-place order for the entire state through Monday, April 30th, 2020; resulting in the mandatory closure of non-essential businesses. Delaney Hardware has been designated an essential business and will remain fully operational throughout the stay-at-home order. This designation will allow us to continue providing our high-level support, quality service and products you have come to expect from Delaney Hardware.

As always, the safety and well-being of our employees, customers and partners are our top priority. Thus, we are taking additional precautions in our day-to-day operations to follow the guidance and recommendations from the Centers of Disease Control and Prevention (CDC) and the World Health Organization (WHO) to prevent the spread of COVID-19.

Prioritizing Public Health

- Our team is taking an active role in keeping our facilities properly sanitized and following World Health Organization (WHO) best practices with social distancing and working remotely where possible.
- All company business travel has been suspended until further notice. Our outside sales reps and Delaney associates are available by phone, email and virtual conference
- Our Customer Service hours has been updated to 7:30 am - 5:00 pm EST Monday through Friday.
You may reach our team at 1.800.952.4430 or orders@delaneyhardware.com
- We modified our Customer Pick Up | Will Call policy at our distribution facility in Georgia effective 3/30/20.

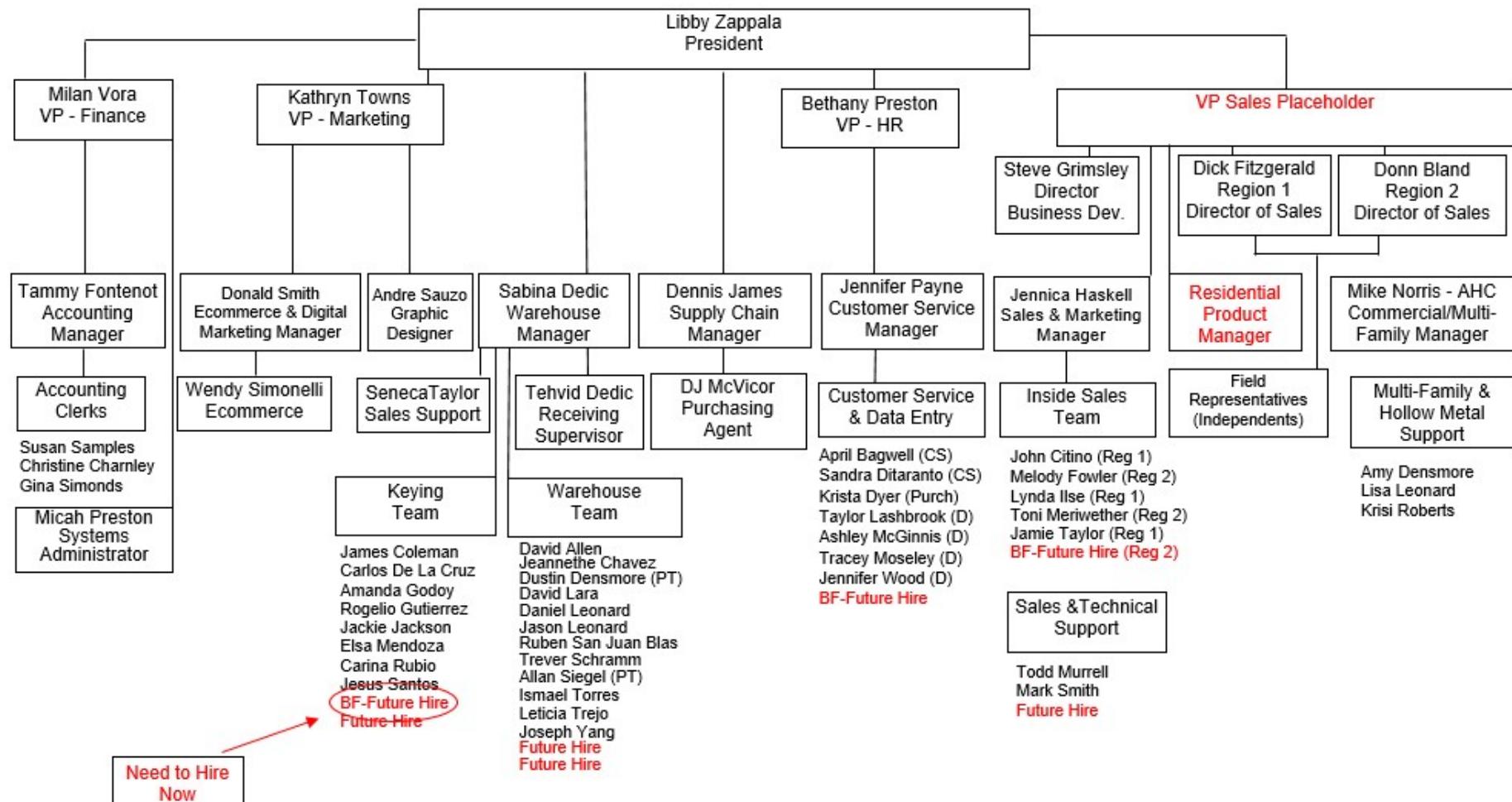
Continued Operations with Great Inventory & Support

With our continued operations, our supply & inventory is strong and we are continuing to ship orders on-time. We have proactively set contingency plans in place to ensure we continuously provide our high-level service and support. We will continue to keep you informed if there are any changes.

Delaney Executive Summary | Headcount



THE DELANEY HARDWARE CO.
Organizational Chart
April 2020



Delaney Executive Summary | Market Surveys



Overall, what **impact** is COVID-19 having on your business?

(Where 1 is No Impact At All and 10 is Significant Impact.) Please think in terms of your residential kitchen and bath business. *



Is **demand** for your goods or services **increasing** or **decreasing** compared to last week? *

- Increasing The Same Decreasing

Which of the following best describes your **company's role** within the residential kitchen and bath industry? *

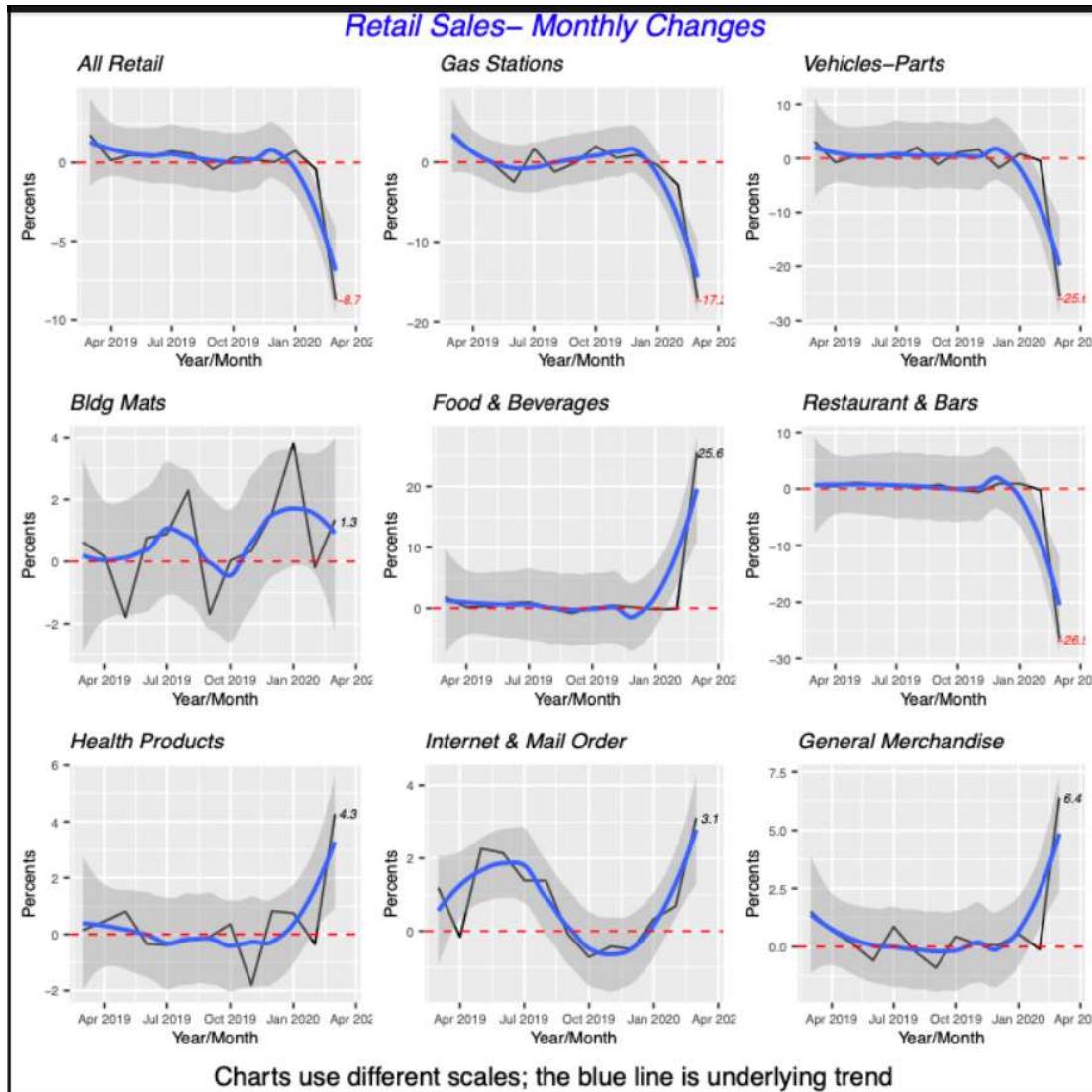
- Building & Construction**
(Builder, Remodeler, Installer, Fabricator, Developer, or Trades Professional)
- Design**
(Kitchen Designer, Bath Designer, Interior Designer, Architect, Draftsman, or Planner)
- Manufacturing**
(Manufacturer, Cabinet Shop, Supplier, Wholesale Distributor, or Manufacturers' Rep)
- Retail & Sales**
(Dealers, Multi-Branch Retailers, Showrooms, Online Kitchen and Bath Seller)
- Industry Partner**
(Trade Association, Media, etc.)

In total, across all locations, how many employees work at your company? *

- I am a sole proprietor
- 2 - 4
- 5 - 9
- 10 - 19
- 20 - 29
- 30 - 49
- 50 - 99
- 100 - 499
- 500 or more

100

Delaney Executive Summary | Retail Sales Metrics



Retail Sales in March

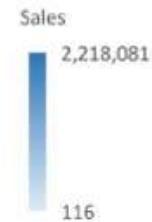
Retail sales in March plunged 8.7% from February, the largest drop since the Commerce Dept. started tracking in 1992. During the 2007-2009 recession, the last time sales fell dramatically, it took three months for sales to drop by the same magnitude as March's decline.

However retail sales did not fall across all categories. There were a few exceptions in March. Food and Beverage stores led with more than 25% increase, totaling 17% of the total. Followed by **Internet & Mail Order at 14%**, General Merchandise at 13% and **Building Materials stores at 7%**.

Delaney Executive Summary | Sales by State

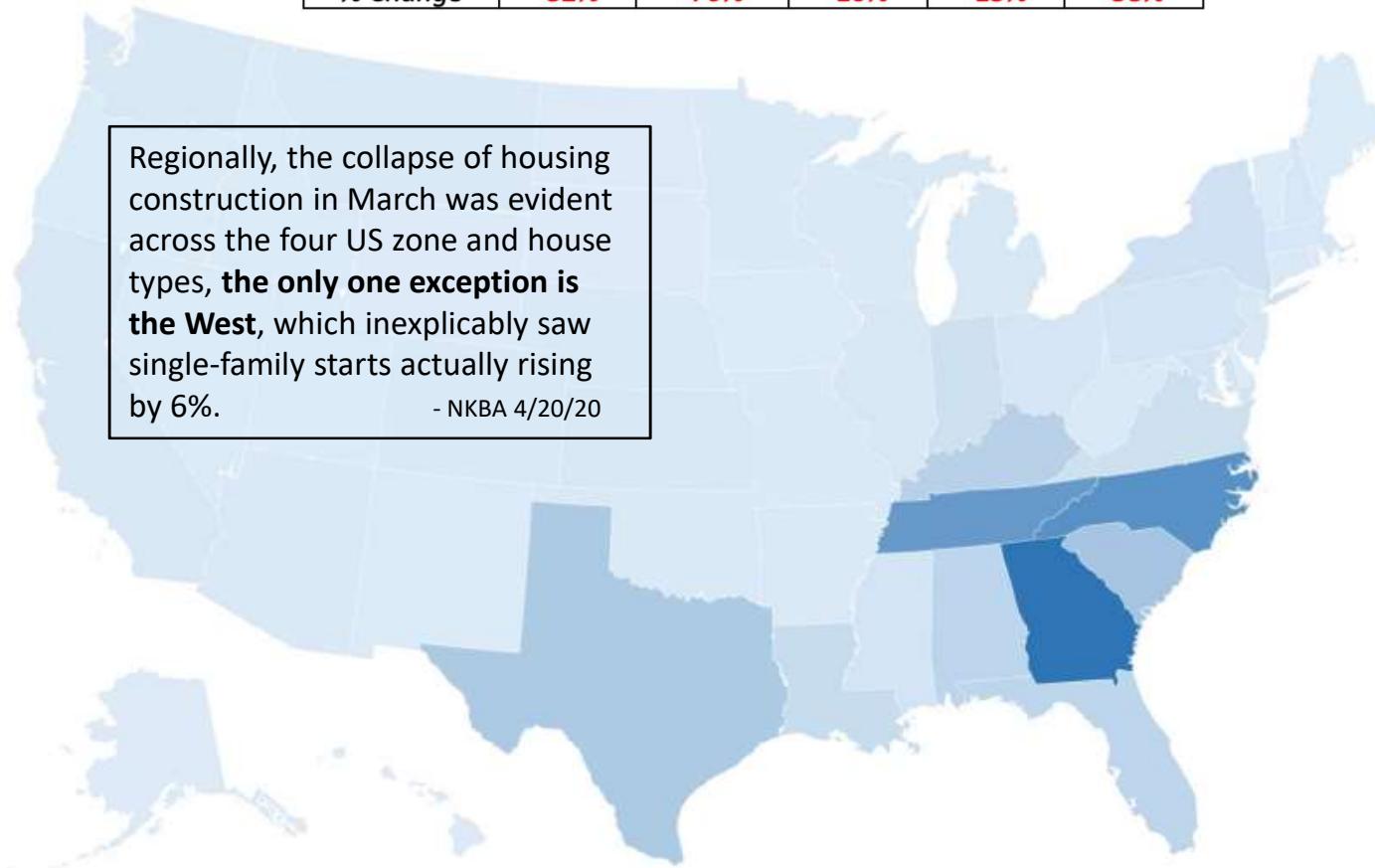
Housing Starts – March 2020, 000s

Housing Type	US Total	Northeast	Midwest	South	West
Total Starts	1,216	69	153	693	301
% Change	-22%	-43%	-22%	-21%	-18%
Single Family	856	52	10	454	243
% Change	-18%	-18%	-26%	-25%	+6%
Multi Family	360	17	46	239	58
% Change	-32%	-70%	-10%	-15%	-58%



Regionally, the collapse of housing construction in March was evident across the four US zone and house types, **the only one exception is the West**, which inexplicably saw single-family starts actually rising by 6%.

- NKBA 4/20/20



Delaney Executive Summary | Sales & Service Metrics



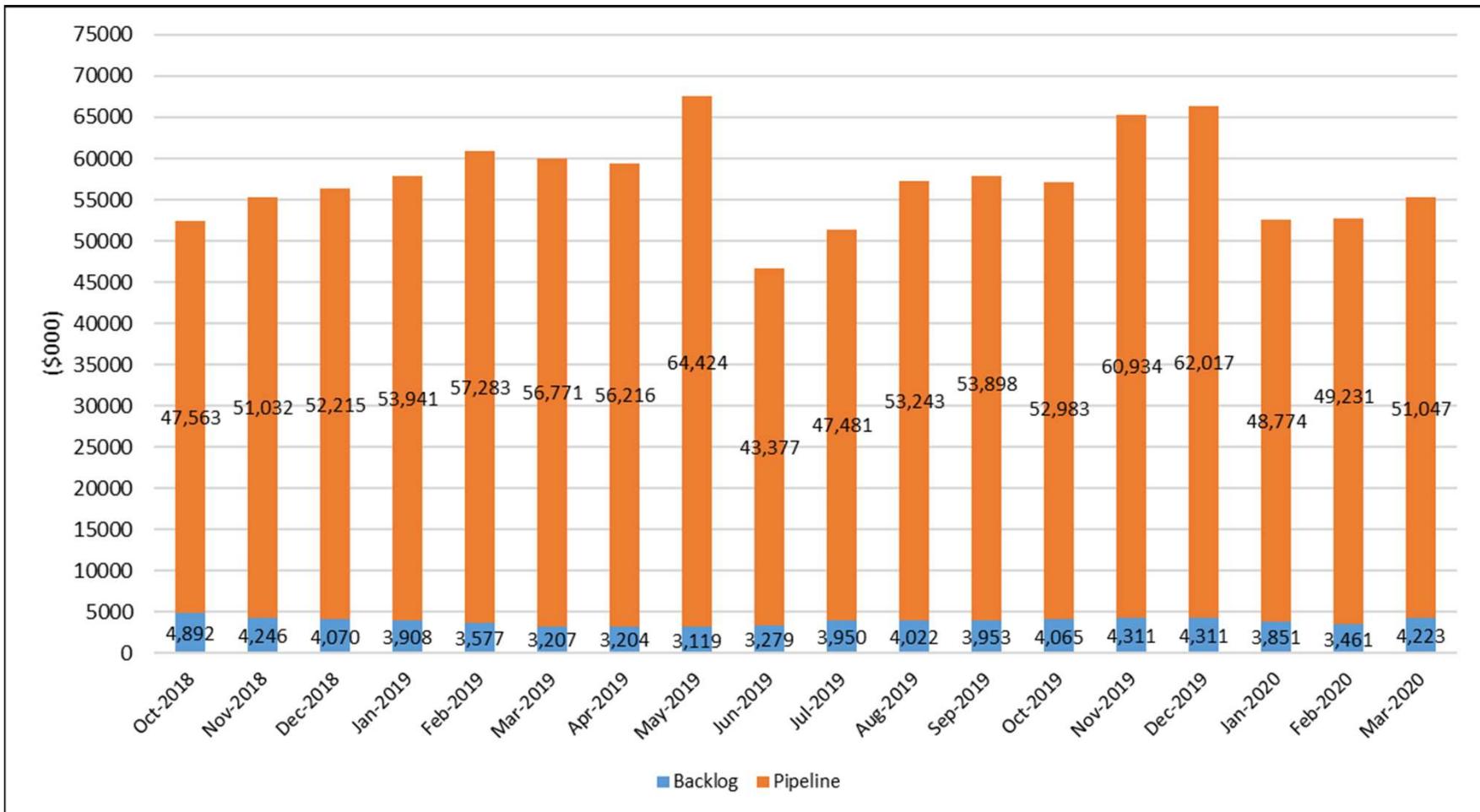
Delaney Hardware Sales Summary

	Choose Month			
	Mar-20 MONTH		Mar-20 YTD	
	% to Target	% to PY	% to Target	% to PY
REGION 1	103.0%	104.5%	100.7%	107.8%
REHMAN GROUP	80.7%	65.4%	89.8%	103.4%
OCA GROUP	101.4%	70.6%	105.6%	105.9%
SALES FORCE ONE	112.4%	105.9%	93.4%	93.6%
MARTIN & ASSOCIATES	100.6%	108.9%	102.1%	115.6%
ISAACS SALES	106.7%	112.2%	102.7%	108.1%
HOUSE-EAST	0.0%	0.0%	0.0%	0.0%
REGION 2	80.3%	95.9%	81.3%	94.2%
BRUNELLE MORRIS & ASSOC (Excl Depot)	80.4%	93.9%	84.0%	93.8%
ACTIVE SALES	87.4%	103.7%	83.8%	98.3%
VISION	51.3%	108.9%	57.2%	115.6%
HEARTLAND SALE	48.5%	68.8%	65.4%	69.6%
NORTH STAR	114.4%	162.0%	95.5%	152.3%
RUSSELL FLOWERS	81.1%	58.6%	101.0%	79.9%
NEFF GROUP	97.2%	177.0%	75.3%	106.4%
JNR	160.0%	154.6%	85.9%	151.6%
HOUSE-WEST	35.0%	51.6%	46.6%	75.8%
HOUSE CENTRAL	0.0%	0.0%	0.0%	0.0%
MULTI-FAMILY	121.4%	135.7%	113.0%	114.2%
KEVIN RICH	124.0%	137.0%	115.3%	114.5%
MIKE NORRIS	1.6%	3.9%	4.7%	28.0%
ONLINE	132.0%	178.2%	119.7%	166.2%
AMAZON	46.6%	62.4%	81.1%	102.3%
ATG STORES+LOWES.COM	207.4%	4262.0%	146.5%	2860.9%
BUILD.COM	111.6%	119.2%	108.7%	108.8%
FACTORY DIRECT	107.1%	158.2%	178.2%	335.0%
HARDWARE DIRECT	82.8%	82.8%	167.1%	106.0%
HH SPECIALTY	112.7%	112.7%	84.5%	59.2%
HOMEDEPOT.COM	167.5%	176.5%	132.5%	158.6%
HOUZZ	36.6%	88.5%	50.0%	106.1%
KITCHEN INVENTIONS	0.0%	0.0%	38.1%	22.6%
N.A. MAINTENANCE SUPPLY	0.8%	0.8%	46.5%	44.8%
UNBEATABLE SALE	778.9%	782.4%	164.8%	145.5%
IMPERIAL USA	0.0%	80.7%	0.0%	72.8%
WAYFAIR	81.5%	100.8%	95.5%	120.0%
HDSUPPLY	0.0%	0.0%	0.0%	0.0%
HOUSE	0.0%	110.5%	129.1%	128.1%
GRAND TOTAL	101.7%	111.9%	98.6%	108.1%

SERVICE METRICS

	On-time %	Complete %	Accurate %
Jan-19	99.5%	96.6%	99.3%
Feb-19	98.9%	97.1%	99.4%
Mar-19	99.1%	97.1%	99.5%
Apr-19	99.1%	97.0%	99.5%
May-19	99.1%	95.6%	99.4%
Jun-19	99.2%	96.4%	99.4%
Jul-19	99.4%	95.8%	99.7%
Aug-19	99.6%	95.2%	99.4%
Sep-19	99.7%	95.6%	99.6%
Oct-19	99.5%	95.7%	99.6%
Nov-19	99.8%	95.0%	99.5%
Dec-19	99.5%	95.0%	99.4%
Jan-20	99.6%	96.1%	99.5%
Feb-20	99.5%	97.6%	99.5%
Mar-20	99.0%	96.5%	99.6%
GOAL	98.7%	97.5%	99.5%

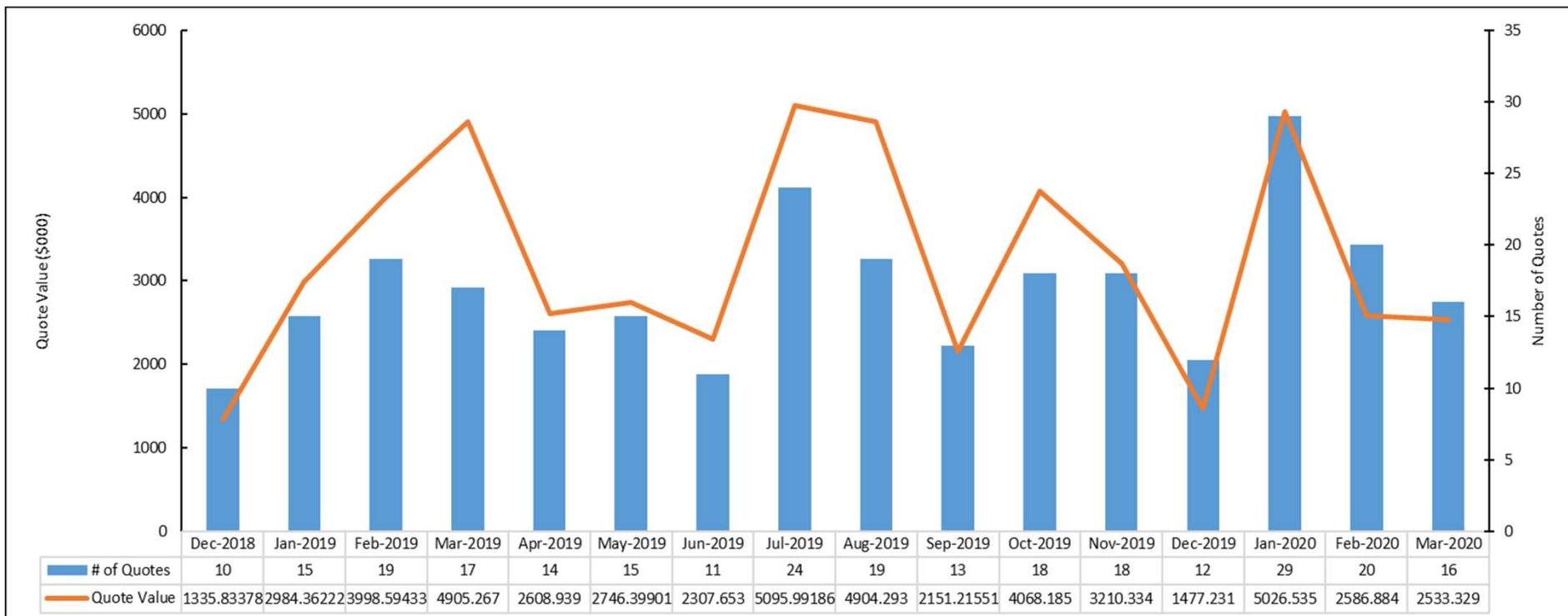
Delaney Executive Summary | Hollow Metal Backlog and Pipeline





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Delaney Executive Summary | Hollow Metal Quotes



Delaney Executive Summary | Phone Metrics



Sales		Avg. Agents	Total Calls	Direct to Agent	Queued	Abnd	Avg Talk	Avg. Wait	Max Wait	0:00-0:30 Wait	0:31-1:00 Wait	1:01-1:30 Wait	1:31-2:00 Wait	2:01-5:00 Wait	>5:01 Wait	Service Level
Dec-18		11	3258	2768	483	7	2:43	0:14	3:52	3026	163	43	9	10	0	97.27%
Jan-19		11	3766	3199	564	3	2:47	0:13	3:21	3535	193	27	4	4	0	97.88%
Feb-19		11	3433	2808	613	12	2:44	0:14	4:45	3134	237	31	10	9	0	96.88%
Mar-19		11	3666	2906	751	9	2:55	0:16	3:46	3282	286	65	13	11	0	96.19%
Apr-19		9	3883	3021	844	18	2:58	0:17	4:07	2414	326	83	28	14	0	95.27%
May-19		10	4590	3699	871	20	3:02	0:15	3:29	4133	306	94	23	14	0	96.09%
Jun-19		10	3379	2712	655	12	2:49	0:14	3:33	3067	187	85	17	11	0	96.24%
Jul-19		9	3634	2850	766	18	2:53	0:16	6:49	3250	238	80	22	25	1	94.82%
Aug-19		11	3689	2989	691	9	2:46	0:15	3:10	3357	246	55	14	8	0	96.65%
Sep-19		9	3286	2817	457	12	2:46	0:13	6:36	3078	156	31	3	4	2	97.63%
Oct-19		10	3759	3154	600	5	2:48	0:13	3:27	3488	212	45	5	4	0	97.45%
Nov-19		11	3265	2814	448	3	2:47	0:12	4:32	3083	148	22	4	5	0	97.47%
Dec-19		11	3112	2589	511	12	2:48	0:14	7:37	2862	189	34	5	6	4	96.97%
Jan-20		12	3867	3242	606	19	2:42	0:13	4:44	3570	222	42	9	5	0	97.39%
Feb-20		11	3591	2998	581	12	2:35	0:13	2:44	3324	192	46	13	4	0	97.13%
Mar-20		10	3637	3010	618	9	2:48	0:14	5:50	3348	193	51	21	13	2	96.87%

Accounting		Avg. Agents	Total Calls	Direct to Agent	Queued	Abnd	Avg Talk	Avg. Wait	Max Wait	0:00-0:30 Wait	0:31-1:00 Wait	1:01-1:30 Wait	1:31-2:00 Wait	2:01-5:00 Wait	>5:01 Wait	Service Level
Dec-18		3	133	112	15	6	2:03	0:08	1:51	123	3	0	1	0	0	94.36%
Jan-19		3	141	106	28	7	1:46	0:21	1:30	127	6	1	0	0	0	93.44%
Feb-19		3	123	99	20	4	1:56	0:15	0:57	112	7	0	0	0	0	95.33%
Mar-19		3	129	107	18	4	1:45	0:15	1:12	120	4	1	0	0	0	95.74%
Apr-19		3	135	113	20	2	1:59	0:16	4:31	124	5	1	1	2	0	95.37%
May-19		3	199	159	33	7	1:52	0:20	2:30	183	4	2	2	1	0	94.10%
Jun-19		2	139	115	20	4	1:58	0:19	2:30	129	1	3	1	1	0	94.60%
Jul-19		3	117	90	22	5	2:05	0:20	2:35	103	6	2	0	1	0	90.42%
Aug-19		3	143	113	28	2	1:57	0:16	3:28	128	10	1	0	2	0	95.45%
Sep-19		3	130	99	24	7	2:09	0:25	0:49	115	8	0	0	0	0	93.08%
Oct-19		3	136	105	27	4	2:18	0:26	4:25	121	6	1	1	3	0	93.38%
Nov-19		3	115	85	19	11	1:43	0:36	1:48	97	4	1	2	0	0	87.83%
Dec-19		3	117	95	14	8	2:12	0:30	4:37	101	5	2	0	1	0	90.17%
Jan-20		3	139	118	50	1	2:19	0:12	1:31	134	3	0	1	0	0	98.20%
Feb-20		3	111	85	23	3	1:55	0:19	2:35	98	7	2	0	1	0	94.14%
Mar-20		3	108	99	8	3	2:38	0:12	3:03	103	2	0	1	1	0	97.22%

March 2020 Operating Review Meeting Agenda

- ④ Consolidated
- ④ S&G
- ④ **Delaney**
- ④ Executive Summary
 - Financial Review
 - Full Year Financial Outlook
- ④ Premier
- ④ Governance Reporting
- ④ Appendix



Delaney Financial Review | Summary P&L - MTD

\$'000	MTD		Variance		PY MTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
Net Revenue	3,508	3,531	(23)	(0.7%)	3,071	437	14.2%	
Material	1,893	1,832	61	3.3%	1,634	259	15.8%	
Labor	84	101	(18)	(17.4%)	65	18	27.9%	
Other COGS	191	206	(15)	(7.2%)	159	32	20.1%	
Total COGS	2,168	2,140	28	1.3%	1,859	309	16.6%	
Gross Margin	1,340	1,392	(51)	(3.7%)	1,213	128	10.5%	
<i>Gross Margin %</i>	38.2%	39.4%			39.5%			
Sales & Marketing	295	338	(43)	(12.6%)	330	(35)	(10.6%)	
Administrative	356	354	2	0.6%	381	(25)	(6.7%)	
Total Opex	651	691	(40)	(5.9%)	711	(61)	(8.5%)	
EBITDA	690	700	(11)	(1.5%)	501	188	37.6%	
<i>EBITDA %</i>	19.7%	19.8%			16.3%			
Adj. EBITDA	696	700	(4)	(0.6%)	501	195	38.9%	
<i>Adj. EBITDA %</i>	19.8%	19.8%			16.3%			
Net Income (Loss)	\$ 418	\$ 336	\$ 82	24.4%	\$ 116	\$ 302	260.9%	

Management Discussion

- March net revenue miss of (\$23k) to AOP but up \$437k to PY. Versus AOP: Single Family down (\$212k), Multi-Family down (\$12k), Bravura down (\$51k), partially offset by Hollow Metal \$139k and Online up \$66k. In addition revenue reductions were favorable \$45k, driven by favorable returns of \$32k. Versus PY: Hollow Metal up \$190k, Online up \$119k, Single Family up \$101k, partially offset by Multi Family (\$7k), and Bravura (\$22k). In addition, revenue reductions were favorable by \$53k, largely due to tariff surcharge.
- Margin down to AOP as percent of sales due to two factors:
- Markdowns/promotional activity at LMC show
- Mix – higher Hollow Metal sales.
- OPEX favorable by \$40k to AOP primarily driven by marketing.
- Adjusted EBITDA flat to AOP and up \$195k to PY largely due to volume.



Delaney Financial Review | Summary P&L - YTD

\$'000	YTD		Var		PY YTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
Net Revenue	10,117	9,979	138	1.4%	9,172	945	10.3%	
Material	5,446	5,298	147	2.8%	5,037	409	8.1%	
Labor	234	280	(46)	(16.3%)	222	12	5.5%	
Other COGS	571	584	(13)	(2.2%)	480	91	19.1%	
Total COGS	6,251	6,163	89	1.4%	5,738	513	8.9%	
Gross Margin	3,865	3,816	49	1.3%	3,433	432	12.6%	
<i>Gross Margin %</i>	38.2%	38.2%				37.4%		
Sales & Marketing	963	1,025	(62)	(6.1%)	896	67	7.5%	
Administrative	1,064	1,052	12	1.1%	1,053	10	1.0%	
Total Opex	2,027	2,077	(50)	(2.4%)	1,950	77	4.0%	
EBITDA	1,839	1,739	100	5.7%	1,484	355	23.9%	
<i>EBITDA %</i>	18.2%	17.4%				16.2%		
Adj. EBITDA	1,866	1,739	127	7.3%	1,484	382	25.7%	
<i>Adj. EBITDA %</i>	18.4%	17.4%				16.2%		
Net Income (Loss)	\$ 1,264	\$ 727	\$ 537	73.8%	\$ 331	\$ 933	282.0%	

Management Discussion

- YTD March net revenue up \$138k vs AOP and \$945k to PY. Versus AOP: Hollow Metal up \$237k, Online up \$115k, Multi-Family up \$11k, partially offset by Single family down (\$248k), and Bravura (\$59k). In addition, revenue reductions were favorable \$80k, partially driven by favorable returns of \$35k, and tariff surcharge of \$20k. Versus PY: Single family up \$479k, Multi-Family up \$62k, Online up \$263k, Hollow Metal up \$13k, Interco Sales to Premier up \$63k, partially offset by Bravura down (\$102k) which is driven by projects that occurred last year.
- OPEX favorable by \$50k to AOP primarily driven by marketing, and T&E
- Adjusted EBITDA up AOP and up \$127k to PY largely due to volume.



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Delaney Financial Review | Business Split Comparison

Summary item class:	(\$M)				Chg		Sales % Growth & Mgn %		
	Sales		GM		Sales	GM	Sales	2019	2020
	2019	2020	2019	2020	\$	\$	Growth	%	%
Single Family									
Callan	3,139	3,154	1,582	1,611	15	29	0.5%	50.4%	51.1%
Delaney	944	1,041	449	528	97	79	10.2%	47.6%	50.7%
Builders hardware	449	558	250	315	109	64	24.2%	55.7%	56.4%
Barn door hardware	498	602	313	355	105	42	21.0%	62.8%	58.9%
Bath accessories	333	420	181	236	88	55	26.4%	54.3%	56.1%
Commercial	194	222	84	100	28	16	14.6%	43.2%	45.0%
Other	256	283	138	161	27	22	10.7%	54.1%	56.8%
Single family (excl. interco, online, special, hollow, samples, displays, online)	1,729	2,086	966	1,166	357	200	20.6%	55.9%	55.9%
Bravura	341	259	152	134	(81)	(18)	-23.9%	44.5%	51.5%
Special order items	14	9	6	2	(5)	(4)	-35.6%	44.6%	25.2%
Hollow metal	-	-	-	-	-	-	0.0%	0.0%	0.0%
Samples and Displays	4	-	(10)	(2)	(4)	7	-100.0%	-245.2%	0.0%
Online	417	693	237	409	276	172	66.2%	56.9%	59.0%
Single Family (excl. intercompany)	6,588	7,242	3,382	3,848	654	466	9.9%	51.3%	53.1%
Multi-family									
Delaney	579	716	260	353	136	93	23.6%	44.9%	49.3%
Callan	251	155	118	72	(96)	(46)	-38.1%	46.9%	46.4%
Commercial	240	341	109	150	101	42	41.9%	45.3%	44.2%
Bath accessories	190	185	87	87	(5)	(0)	-2.7%	45.5%	46.7%
Barn door hardware	194	95	120	50	(99)	(70)	-51.1%	61.9%	52.7%
Builders hardware	107	119	51	61	11	10	10.4%	47.1%	51.3%
Other	57	71	42	47	14	5	23.9%	74.1%	66.3%
Multi-family (excl. interco, online, special, hollow, samples, displays, online)	789	810	409	395	21	(14)	2.7%	51.8%	48.7%
Special order items	360	454	112	119	95	7	26.3%	31.1%	26.3%
Hollow metal	862	786	243	198	(76)	(45)	-8.8%	28.2%	25.1%
Bravura	26	5	12	3	(21)	(9)	-79.4%	44.7%	56.4%
Samples and Displays	-	-	-	-	-	-	0.0%	0.0%	0.0%
Multi-family (excl. intercompany)	2,868	2,927	1,153	1,140	59	(13)	2.1%	40.2%	38.9%
Intercompany	164	227	0	0	63	(0)	38.3%	0.0%	0.0%
Total	9,620	10,397	4,535	4,988	777	452	8.1%	47.1%	48.0%



Delaney Financial Review | YTD Sales by Item Class

Item Class	2020 Gross Sales	2020 Prod Mgn %	2019 Gross Sales	2019 Prod Mgn %	Gross Sales \$ Chg	Gross Sales % Chg	Margin Chg
CALLAN GR3 BOX	\$2,993	50.8%	\$2,988	50.1%	\$5	0.2%	74 bps
DELANEY GR3 BOX	\$1,527	51.7%	\$1,259	48.0%	\$268	21.3%	367 bps
HOLLOW METAL	\$786	25.1%	\$863	28.2%	(\$76)	-8.9%	-305 bps
BARN DOOR HARDWARE	\$766	58.8%	\$727	62.6%	\$40	5.4%	-386 bps
BUILDERS HARDWARE	\$716	55.5%	\$582	54.1%	\$134	23.0%	138 bps
BATH ACCESSORIES	\$660	53.6%	\$537	51.2%	\$123	22.8%	238 bps
SPECIAL ORDER ITEMS	\$463	26.3%	\$375	31.7%	\$88	23.5%	-543 bps
CALLAN SQUARE GR3 BOX	\$365	63.5%	\$324	60.6%	\$41	12.7%	290 bps
BRAVURA GR2 BOX	\$280	52.6%	\$367	44.5%	(\$88)	-23.9%	805 bps
DELANEY SANDCAST GR3 BOX	\$192	48.1%	\$209	42.4%	(\$17)	-8.1%	570 bps
COMMERCIAL EXIT DEVICES	\$216	49.0%	\$170	49.4%	\$45	26.7%	-48 bps
COMMERCIAL GR2 LOCKS	\$177	46.9%	\$158	44.0%	\$18	11.6%	293 bps
CALLAN GR2 BOX	\$137	48.0%	\$191	47.4%	(\$54)	-28.1%	60 bps
COMMERCIAL DOOR CLOSERS	\$186	34.3%	\$103	35.4%	\$83	80.2%	-110 bps
DELANEY GR2 VIEW	\$132	42.9%	\$95	43.4%	\$37	39.4%	-51 bps
CALLAN GR3 VIEW	\$95	50.0%	\$83	48.2%	\$12	14.9%	186 bps
KEYING CHARGES	\$78	100.0%	\$85	100.0%	(\$7)	-8.3%	0 bps
EZSET GR3 BOX	\$46	34.0%	\$81	29.1%	(\$36)	-43.6%	490 bps
CALLAN GR2 VIEW	\$58	48.0%	\$67	50.1%	(\$9)	-13.5%	-212 bps
DIGITAL DOOR LOCKS	\$61	46.1%	\$56	42.3%	\$5	8.3%	383 bps
HINGES RESIDENTIAL	\$59	57.5%	\$42	60.1%	\$17	40.5%	-261 bps
CONSTRUCTION LOCKS	\$81	45.3%	\$0	0.0%	\$81	0.0%	4535 bps
ZWAVE SMARTLOCK	\$20	47.3%	\$29	44.0%	(\$9)	-30.4%	326 bps
HINGES COMMERCIAL	\$16	62.1%	\$18	60.8%	(\$2)	-9.3%	126 bps
DELANEY PARTS	\$17	35.0%	\$16	13.4%	\$1	5.7%	2160 bps
COMMERCIAL GR1 LOCKS	\$18	56.7%	\$8	55.6%	\$10	125.8%	109 bps
HINGES SPRING	\$14	56.2%	\$8	55.6%	\$6	82.7%	61 bps
CALLAN PARTS	\$9	14.0%	\$9	7.5%	\$1	6.4%	648 bps
EZSET PARTS	\$1	34.0%	\$3	14.4%	(\$2)	-65.1%	1965 bps
DISPLAYS	\$0	0.0%	\$4	-245.2%	(\$4)	-100.0%	24516 bps
Grand Total	\$10,170	49.0%	\$9,456	48.0%	\$714	7.5%	108 bps

EXCLUDES SAMPLES, DISPLAYS & INTERCOMPANY

Delaney Financial Review | YTD Sales by Customer



Customer Name	2020 Gross Sales	2020 Prod Mgn %	2019 Gross Sales	2019 Prod Mgn %	Gross Sales \$ Chg	Gross Sales % Chg	Margin Chg
BFS	\$992	41.1%	\$1,068	37.3%	(\$75)	-7.1%	383 bps
LMC	\$819	50.6%	\$771	49.5%	\$47	6.1%	109 bps
JONES DOOR	\$724	30.9%	\$486	34.3%	\$238	49.0%	-338 bps
BMC	\$669	47.8%	\$409	48.6%	\$260	63.6%	-84 bps
84 LUMBER	\$303	52.2%	\$292	47.4%	\$10	3.6%	483 bps
LBM	\$223	52.8%	\$221	52.0%	\$1	0.6%	83 bps
MAJESTIC HDWR SVCS	\$248	49.5%	\$156	47.9%	\$92	59.2%	165 bps
HOMEDEPOT.COM	\$245	58.4%	\$155	58.1%	\$91	58.6%	27 bps
J&L CONSTRUCTION GRO	\$199	28.7%	\$194	44.5%	\$5	2.5%	-1580 bps
IBP	\$191	51.2%	\$181	49.9%	\$10	5.5%	129 bps
DAIRYMANS	\$161	42.0%	\$187	42.2%	(\$26)	-14.1%	-24 bps
HOUSE HASSON	\$138	51.5%	\$137	50.9%	\$1	0.9%	62 bps
USLBM	\$141	52.4%	\$118	52.8%	\$23	19.8%	-44 bps
ATLANTA GLASS	\$135	48.9%	\$101	50.3%	\$34	33.8%	-136 bps
BUILD.COM	\$120	55.3%	\$111	53.0%	\$10	8.8%	227 bps
DO IT BEST	\$122	54.0%	\$93	52.0%	\$28	30.3%	202 bps
CARTER LUMBER	\$91	56.4%	\$123	50.6%	(\$32)	-25.8%	574 bps
WALACE HARDWARE	\$106	52.0%	\$102	49.3%	\$3	3.4%	271 bps
WAYFAIR LLC	\$101	61.3%	\$84	57.4%	\$17	20.0%	398 bps
RESIDENTIAL HDWR & I	\$73	49.6%	\$85	46.8%	(\$11)	-13.5%	284 bps
LOWES.COM	\$148	63.0%	\$2	59.0%	\$146	8407.3%	397 bps
MULHERIN LUMBER CO	\$81	57.3%	\$54	58.4%	\$27	51.0%	-112 bps
THERM-CON LLC	\$67	49.0%	\$63	47.0%	\$4	5.9%	202 bps
LaNAVE SHELVING	\$79	52.6%	\$40	50.9%	\$39	98.9%	176 bps
CUSTOM WINDOW SYSTEM	\$59	63.8%	\$59	65.4%	(\$1)	-0.9%	-165 bps
GRAHAM'S LIGHTING FI	\$57	50.9%	\$56	49.1%	\$1	1.5%	186 bps
OB BUILDERS	\$63	26.1%	\$48	27.0%	\$15	31.2%	-89 bps
FERGUSON	\$54	50.4%	\$56	50.3%	(\$2)	-3.4%	9 bps
FORTE	\$36	46.9%	\$70	43.2%	(\$34)	-48.7%	374 bps
SUPERIOR BLDG PRDS	\$67	47.5%	\$38	50.4%	\$29	74.4%	-292 bps
All Other	\$3,659	53.0%	\$3,897	51.0%	(\$238)	-6.1%	197 bps
Grand Total	\$10,170	49.0%	\$9,456	48.0%	\$714	7.5%	108 bps

Designates a Buying Group

Figures excludes Samples, Displays and sales to Premier



Delaney Financial Review | YTD Sales by Customer Class

Customer Name	2020 Gross Sales	2020 Prod Mgn %	2019 Gross Sales	2019 Prod Mgn %	Gross Sales \$ Chg	Gross Sales % Chg	Margin Chg
BUILDG SUP	\$3,972	48.0%	\$3,716	48.5%	\$255	6.9%	-50 bps
BUYING GROUP	\$1,491	50.2%	\$1,438	49.1%	\$53	3.7%	111 bps
DESIGN	\$185	53.3%	\$224	49.0%	(\$40)	-17.7%	430 bps
INSTALLER	\$2,318	45.7%	\$2,539	44.5%	(\$221)	-8.7%	119 bps
NATIONAL	\$1,509	50.7%	\$1,120	49.1%	\$389	34.8%	167 bps
ONLINE	\$693	59.0%	\$417	56.9%	\$276	66.2%	210 bps
SALES/EMPLOYEE	\$2	43.6%	\$2	50.3%	(\$0)	-0.2%	-668 bps
Grand Total	\$10,170	49.0%	\$9,456	48.0%	\$714	7.5%	108 bps

Figures excludes Samples, Displays and sales to Premier



Delaney Financial Review | CoGS by Component

\$'000	MTD		Var		YTD		Var	
	Act	Bud	\$	%	Act	Bud	\$	%
Material								
Material costs at standard	\$ 1,863	\$ 1,801	\$ 62	3.4%	\$ 5,341	\$ 5,205	\$ 135	2.6%
Purchase price variance	(0)	—	(0)	N/A	(0)	—	(0)	N/A
Freight in	11	13	(2)	(13.6%)	49	39	10	24.9%
Cost revision	15	15	—	0.0%	47	45	2	3.5%
Scrap costs	4	3	1	20.0%	10	9	1	5.7%
Total Material COGS	\$ 1,893	\$ 1,832	\$ 61	3.3%	\$ 5,446	\$ 5,298	\$ 147	2.8%
Labor								
Direct labor	\$ —	\$ —	\$ —	N/A	\$ (4)	\$ —	\$ (4)	N/A
Indirect labor	66	84	(18)	(21.2%)	189	231	(41)	(17.8%)
Indirect labor - overtime	9	8	1	7.4%	22	24	(2)	(6.9%)
Indirect labor – benefits	9	9	(0)	(4.4%)	26	25	1	2.7%
Total Labor COGS	\$ 84	\$ 101	\$ (18)	(17.4%)	\$ 234	\$ 280	\$ (46)	(16.3%)
Other								
Repairs and maintenance	\$ —	\$ 1	\$ (1)	(100.0%)	\$ 0	\$ 3	\$ (3)	(88.9%)
Freight out	137	145	(8)	(5.2%)	398	400	(2)	(0.6%)
Rent / facilities	42	41	1	2.3%	123	123	0	0.2%
Utilities	5	6	(0)	(1.4%)	18	20	(1)	(6.5%)
Other cost of sales	7	14	(7)	(52.3%)	31	38	(7)	(18.1%)
Total Other COGS	\$ 191	\$ 206	\$ (15)	(7.2%)	\$ 571	\$ 584	\$ (13)	(2.2%)
Total COGS	\$ 2,168	\$ 2,140	\$ 28	(21.3%)	\$ 6,251	\$ 6,163	\$ 89	(15.7%)



Delaney Financial Review | Balance Sheet

\$'000	Dec-19	Dec-19	Jan-20	Feb-20	Mar-20		Variance	
	Act	Act	Act	Act	Act	Bud	\$	%
Current Assets								
Cash and cash equivalents	\$ 669	\$ 669	\$ 415	\$ 810	\$ 1,848	\$ 500	\$ 1,348	269.5%
Accounts receivable, gross	3,988	3,988	4,379	4,551	4,805	—	4,805	N/A
Accounts receivable, reserves	(14)	(14)	(17)	(20)	(23)	—	(23)	N/A
Accounts receivable, net	3,974	3,974	4,363	4,531	4,782	4,489	293	6.5%
Inventory, gross	11,202	11,202	11,712	11,286	10,612	11,040	(428)	(3.9%)
Inventory, reserves	(1,378)	(1,378)	(1,918)	(1,408)	(1,423)	(1,948)	524	(26.9%)
Inventory, net	9,823	9,823	9,795	9,877	9,189	9,092	96	1.1%
Prepaid expenses and other current assets	193	193	115	163	140	184	(45)	(24.2%)
Total Current Assets	14,660	14,660	14,687	15,381	15,958	14,266	1,693	11.9%
Non-Current Assets								
Property, plant & equipment, gross	1,634	1,634	1,656	1,666	1,679	1,709	(30)	(1.8%)
Accumulated depreciation	(673)	(673)	(708)	(744)	(779)	(783)	4	(0.5%)
Property, plant & equipment, net	961	961	948	922	900	926	(26)	(2.8%)
Goodwill	18,846	18,846	18,846	18,614	18,382	18,150	232	1.3%
Deferred tax asset	644	644	644	644	644	672	(27)	(4.1%)
Total Non-Current Assets	20,452	20,452	20,439	20,181	19,926	19,747	179	0.9%
Total Assets	\$ 35,111	\$ 35,111	\$ 35,126	\$ 35,561	\$ 35,884	\$ 34,013	\$ 1,871	5.5%
Current Liabilities								
Accounts payable	558	558	760	725	436	915	(479)	(52.4%)
Accrued liabilities	1,117	1,117	1,199	853	997	858	139	16.2%
Accrued compensation	(410)	(410)	(872)	(820)	(863)	416	(1,280)	(307.3%)
Income taxes payable	(8)	(8)	(8)	(8)	(8)	7	(14)	(216.1%)
Total Current Liabilities	1,257	1,257	1,080	750	562	2,196	(1,634)	(74.4%)
Long-term liabilities								
Other non-current liabilities	9,761	9,761	10,000	9,872	9,965	7,521	2,444	32.5%
Total Long-Term Liabilities	9,761	9,761	10,000	9,872	9,965	7,521	2,444	32.5%
Total Liabilities	11,018	11,018	11,080	10,622	10,527	9,717	810	8.3%
Shareholders' Equity								
Common stock	21,900	21,900	21,900	21,900	21,900	21,900	—	0.0%
Retained earnings	2,193	2,193	2,146	3,039	3,457	2,396	1,061	44.3%
Total Shareholders' Equity	24,093	24,093	24,046	24,939	25,357	24,296	1,061	4.4%
Total Liabilities and Shareholders' Equity	\$ 35,111	\$ 35,111	\$ 35,126	\$ 35,561	\$ 35,884	\$ 34,013	\$ 1,871	5.5%



Delaney Financial Review | Inventory

Item Class	Mar-20	Dec-19	Chg to Dec-19	2020 Turns	Feb-20	Chg to last Month	Mar-19	Change to PY
BRAVURA GR2 BOX	\$2,514	\$2,514	\$0	0.3	\$2,562	(\$48)	\$2,158	\$356
DELANEY GR3 BOX	\$1,918	\$2,085	(\$167)	1.5	\$2,028	(\$110)	\$1,855	\$62
CALLAN GR3 BOX	\$759	\$723	\$36	7.4	\$1,273	(\$514)	\$1,361	(\$602)
DELANEY GR2 VIEW	\$733	\$784	(\$51)	0.3	\$780	(\$48)	\$610	\$122
BATH ACCESSORIES	\$532	\$645	(\$113)	2.3	\$514	\$17	\$679	(\$147)
COMMERCIAL EXIT DEVICES	\$405	\$395	\$10	1.0	\$398	\$7	\$494	(\$89)
COMMERCIAL GR2 LOCKS	\$359	\$422	(\$63)	2.1	\$396	(\$37)	\$496	(\$137)
DELANEY SANDCAST GR3 BOX	\$454	\$366	\$88	1.1	\$403	\$51	\$390	\$64
CALLAN SQUARE GR3 BOX	\$276	\$238	\$38	2.0	\$323	(\$47)	\$188	\$88
COMMERCIAL DOOR CLOSERS	\$201	\$285	(\$84)	2.1	\$240	(\$39)	\$316	(\$115)
BUILDERS HARDWARE	\$350	\$302	\$48	3.4	\$341	\$8	\$408	(\$59)
BARN DOOR HARDWARE	\$338	\$566	(\$227)	3.3	\$449	(\$110)	\$228	\$110
DISPLAYS	\$140	\$140	(\$0)	1.3	\$131	\$8	\$162	(\$22)
ZWAVE SMARTLOCK	\$183	\$193	(\$10)	0.4	\$186	(\$3)	\$179	\$5
CALLAN GR2 BOX	\$104	\$128	(\$23)	2.6	\$118	(\$13)	\$142	(\$37)
CALLAN GR3 VIEW	\$112	\$107	\$5	1.7	\$125	(\$13)	\$159	(\$47)
CALLAN GR2 VIEW	\$95	\$119	(\$24)	0.9	\$105	(\$10)	\$162	(\$67)
DIGITAL DOOR LOCKS	\$82	\$57	\$24	1.6	\$91	(\$10)	\$98	(\$17)
COMMERCIAL GR1 LOCKS	\$61	\$69	(\$8)	1.3	\$64	(\$4)	\$71	(\$11)
HINGES RESIDENTIAL	\$66	\$72	(\$6)	1.7	\$58	\$8	\$83	(\$17)
HINGES COMMERCIAL	\$55	\$61	(\$6)	2.6	\$57	(\$3)	\$71	(\$17)
CALLAN PARTS	\$47	\$45	\$2	0.7	\$49	(\$3)	\$49	(\$2)
EZSET GR3 BOX	\$36	\$39	(\$4)	3.7	\$37	(\$1)	\$45	(\$9)
CONSTRUCTION LOCKS	\$44	\$29	\$16	2.9	\$67	(\$23)	\$0	\$44
EZSET PARTS	\$22	\$22	\$0	0.2	\$22	(\$0)	\$21	\$1
HINGES SPRING	\$12	\$16	(\$4)	1.2	\$13	(\$0)	\$23	(\$11)
SPECIAL ORDER ITEMS	\$12	\$24	(\$12)	76.2	\$18	(\$6)	\$10	\$2
HOLLOW METAL	\$0	\$6	(\$5)	14,069.1	\$0	\$0	\$3	(\$2)
KEYING CHARGES	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
COMMERCIAL HARDWARE	\$0	\$0	\$0	#N/A	\$0	\$0	\$0	\$0
DELANEY PARTS	\$63	\$63	(\$1)	0.8	\$64	(\$1)	\$61	\$1
CATALOGS & BROCHURES	\$0	\$1	(\$1)	303.9	\$0	\$0	\$0	\$0
Sub-Total	\$9,970	\$10,515	(\$545)	2.0	\$10,915	(\$944)	\$10,523	(\$553)
Prepaid Inventory	\$652	\$685	(\$33)	N/A	\$379	\$273	\$246	\$406
Grand Total	\$10,622	\$11,200	(\$578)	1.9	\$11,294	(\$671)	\$10,769	(\$147)



Delaney Financial Review | Cash Flow Statement

\$'000	YTD		Variance		PY YTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
Cash flow from operations								
Net Income (Loss)	\$ 1,264	\$ 727	\$ 537	73.8%	\$ 331	\$ 933	282.0%	
Depreciation, amortization and other	571	807	(236)	(29.2%)	779	(208)	(26.7%)	
<i>Change in operating assets and liabilities:</i>								
Accounts receivable	(808)	(515)	(293)	56.9%	(626)	(182)	29.1%	
Inventory	635	731	(96)	(13.2%)	(281)	916	(326.0%)	
Prepaid expenses and other current assets	53	8	45	525.3%	(20)	73	(367.5%)	
Accounts payable	(122)	357	(479)	(134.2%)	(336)	214	(63.6%)	
Accrued expenses	(120)	(259)	139	(53.7%)	(67)	(53)	78.1%	
Accrued income taxes	–	14	(14)	(100.0%)	(8)	8	(100.0%)	
Other changes in operating assets and liabilities	(249)	(1,441)	1,192	(82.7%)	(17)	(232)	1338.7%	
Total Cash Flow from Operations	\$ 1,224	\$ 430	\$ 794	184.6%	\$ (245)	\$ 1,469	(599.2%)	
Cash flow from investing								
Additions to property, plant and equipment	\$ (45)	\$ (75)	30	(39.9%)	\$ (97)	\$ 52	(53.7%)	
Total Cash Flow from Investing	\$ (45)	\$ (75)	30	(39.9%)	\$ (97)	\$ 52	(53.7%)	
Cash flow from financing								
Common stock issued (repurchased)	–	–	–	N/A	–	–	N/A	
Other cash flow from financing costs	(0)	(524)	524	(100.0%)	194	(194)	(100.0%)	
Total Cash Flow from Financing	\$ (0)	\$ (524)	\$ 524	(100.0%)	\$ 194	\$ (194)	(100.0%)	
Net change in cash	\$ 1,178	\$ (169)	\$ 1,348	(796.0%)	\$ (149)	\$ 1,327	(891.0%)	
Beginning cash	669	669	–	0.0%	325	344	106.0%	
Change in cash	1,178	(169)	1,348	(796.0%)	(149)	1,327	(891.0%)	
Ending cash	\$ 1,848	\$ 500	\$ 1,348	269.5%	\$ 176	\$ 1,672	950.5%	



Delaney Financial Review | 13-Week Cash Flow Projection DELANEY®

In US\$	Forecast 4/20	Forecast 4/27	Forecast 5/4	Forecast 5/11	Forecast 5/18	Forecast 5/25	Forecast 6/1	Forecast 6/8	Forecast 6/15	Forecast 6/22	Forecast 6/29	Forecast 7/6	Forecast 7/13
Cash Inflows - Operational													
Collections from customers (Actual)													
Collections from customers based on projected aging (Forecast)	187	232	206	1,273	218	342	211	123	3	-	-	-	-
Collections from new forecasted sales	-	-	-	369	688	246	246	121	724	676	241	241	121
Total AR Collections	187	232	206	1,642	906	588	456	244	727	676	241	241	121
Other non-AR inflows													
Total Cash Inflows - Operational	187	232	206	1,642	906	588	456	244	727	676	241	241	121
Cash Outflows - Operational													
Product inventory (SAP AP)	(381)	(453)	(341)	(373)	(10)	(516)	(210)	(638)	(325)	(184)	(8)	(454)	(258)
Payroll	(130)	-	(197)	-	(130)	-	(170)	-	(130)	-	(170)	-	(130)
Commissions	-	-	-	(155)	-	-	-	-	(155)	-	-	-	(155)
Bonus													
Facilities & other (Freight)	(250)	(90)	(57)	(50)	(50)	(250)	(90)	(57)	(50)	(250)	(90)	(57)	(50)
Professional services	(5)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Marketing													
Recruiter fees													
Other expenses (Insurance, TSA, CC)	-	(17)	-	-	-	(18)	-	-	-	-	-	-	-
Total Cash Outflows - Operational	(765)	(563)	(598)	(581)	(193)	(787)	(473)	(698)	(663)	(437)	(271)	(514)	(596)
Cashflows - Financial and Other													
Revolving Loan Draw (Paydown)													
Term Loan paydowns													
Interest and financial amortization													
Other financial income/expense (e.g. fx, hedging)													
Non-financial income/expense													
Estimated Tax Payments													
Monitoring fees (including travel expenses)													
Non-recurring items													
Total Cash Outflows - Financial and Other	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH FLOW	(578)	(331)	(392)	1,061	713	(199)	(17)	(454)	64	238	(29)	(273)	(475)
Cash Rollforward													
Beginning cash balance	2,822	2,244	1,913	1,521	2,581	3,294	3,096	3,079	2,625	2,689	2,927	2,897	2,625
Cash activity	(578)	(331)	(392)	1,061	713	(199)	(17)	(454)	64	238	(29)	(273)	(475)
ENDING CASH BALANCE	2,244	1,913	1,521	2,581	3,294	3,096	3,079	2,625	2,689	2,927	2,897	2,625	2,150
Debt Summary													
Rolled debt													
Credit facility													
TOTAL DEBT	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NET DEBT	(2,244)	(1,913)	(1,521)	(2,581)	(3,294)	(3,096)	(3,079)	(2,625)	(2,689)	(2,927)	(2,897)	(2,625)	(2,150)
AVAILABILITY													

March 2020 Operating Review Meeting Agenda

④ Consolidated

④ S&G

④ **Delaney**

Executive Summary

Financial Review

Full Year Financial Outlook

④ Premier

④ Governance Reporting

④ Appendix



DELANEY®

Delaney Full Year Financial Outlook | Summary P&L

\$'000	FY		Variance		PY		Variance	
	Fcst	Bud	\$	%	Rfc / Act	\$	%	
Net Revenue	40,236	40,098	138	0.3%	36,656	3,580	9.8%	
Material	21,218	21,070	147	0.7%	19,760	1,458	7.4%	
Labor	1,155	1,200	(46)	(3.8%)	956	198	20.7%	
Other COGS	2,288	2,301	(13)	(0.6%)	2,137	151	7.0%	
Total COGS	24,660	24,571	89	0.4%	22,853	1,806	7.9%	
Gross Margin	15,576	15,527	49	0.3%	13,802	1,774	12.9%	
<i>Gross Margin %</i>	<i>38.7%</i>	<i>38.7%</i>			<i>37.7%</i>			
Sales & Marketing	3,300	3,362	(62)	(1.9%)	2,998	301	10.0%	
Administrative	4,477	4,465	12	0.3%	4,080	397	9.7%	
Total Opex	7,776	7,827	(50)	(0.6%)	7,079	698	9.9%	
EBITDA	7,800	7,700	100	1.3%	6,724	1,076	16.0%	
<i>EBITDA %</i>	<i>19.4%</i>	<i>19.2%</i>			<i>18.3%</i>			
Adj. EBITDA	7,827	7,700	127	1.6%	6,724	1,103	16.4%	
<i>Adj. EBITDA %</i>	<i>19.5%</i>	<i>19.2%</i>			<i>18.3%</i>			
Net Income (Loss)	\$ 4,014	\$ 3,477	\$ 537	15.4%	\$ 1,868	\$ 2,145	114.8%	



DELANEY®

Delaney Full Year Financial Outlook | Monthly P&L

\$'000	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	FY	FY	Var	
	Act	Act	Act	Fcst	Bud	\$	%									
Net Revenue	3,240	3,369	3,508	3,159	3,100	3,570	3,428	3,264	3,347	3,621	3,097	3,533	40,236	40,098	138	0.3%
Material	1,710	1,843	1,893	1,655	1,613	1,955	1,779	1,696	1,729	1,931	1,595	1,820	21,218	21,070	147	0.7%
Labor	81	69	84	101	104	101	104	104	101	104	101	104	1,155	1,200	(46)	(3.8%)
Other COGS	190	190	191	183	181	193	196	189	191	200	182	201	2,288	2,301	(13)	(0.6%)
Total COGS	1,981	2,103	2,168	1,938	1,897	2,249	2,079	1,989	2,021	2,234	1,878	2,124	24,660	24,571	89	0.4%
Gross Margin	1,259	1,266	1,340	1,221	1,202	1,322	1,349	1,276	1,326	1,387	1,219	1,409	15,576	15,527	49	0.3%
<i>Gross Margin %</i>	38.9%	37.6%	38.2%	38.7%	38.8%	37.0%	39.4%	39.1%	39.6%	38.3%	39.4%	39.9%	38.7%	38.7%		
Sales & Marketing	388	280	295	266	254	274	268	251	264	252	258	249	3,300	3,362	(62)	(1.9%)
Administrative	358	350	356	400	372	364	376	372	405	373	365	386	4,477	4,465	12	0.3%
Total Opex	746	630	651	667	627	638	643	623	668	625	623	636	7,776	7,827	(50)	(0.6%)
EBITDA	513	636	690	554	576	684	706	653	657	762	595	773	7,800	7,700	100	1.3%
<i>EBITDA %</i>	15.8%	18.9%	19.7%	17.5%	18.6%	19.2%	20.6%	20.0%	19.6%	21.0%	19.2%	21.9%	19.4%	19.2%		
Adj. EBITDA	513	656	696	554	576	684	706	653	657	762	595	773	7,827	7,700		
<i>Adj. EBITDA %</i>	15.8%	19.5%	19.8%	17.5%	18.6%	19.2%	20.6%	20.0%	19.6%	21.0%	19.2%	21.9%	19.5%	19.2%		
Net Income (Loss)	\$ 477	\$ 368	\$ 418	\$ 222	\$ 239	\$ 323	\$ 340	\$ 298	\$ 302	\$ 383	\$ 252	\$ 391	\$ 4,014	\$ 3,477	\$ 537	15.4%



Delaney Full Year Financial Outlook | Balance Sheet

\$'000	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	FY	FY	Var	
	Act	Act	Act	Fcst	Bud	\$	%									
Current Assets																
Cash and cash equivalents	\$ 415	\$ 810	\$ 1,848	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 669	\$ (169)	(25.3%)	
Accounts receivable, gross	4,379	4,551	4,805	—	—	—	—	—	—	—	—	—	3,988	(3,988)	(100.0%)	
Accounts receivable, reserves	(17)	(20)	(23)	—	—	—	—	—	—	—	—	—	(14)	14	(100.0%)	
Accounts receivable, net	4,363	4,531	4,782	4,489	4,319	4,045	4,313	4,527	4,259	4,276	4,508	4,345	4,345	3,974	371	9.3%
Inventory, gross	11,712	11,286	10,612	11,040	10,995	10,905	11,060	11,223	11,078	11,223	11,220	11,303	11,303	11,202	101	0.9%
Inventory, reserves	(1,918)	(1,408)	(1,423)	(1,948)	(1,963)	(1,978)	(1,993)	(2,008)	(2,023)	(2,038)	(2,053)	(2,068)	(2,068)	(1,378)	(689)	50.0%
Inventory, net	9,795	9,877	9,189	9,092	9,032	8,927	9,067	9,216	9,055	9,185	9,167	9,235	9,235	9,823	(589)	(6.0%)
Prepaid expenses and other current assets	115	163	140	184	184	184	184	184	184	184	184	184	184	193	(8)	(4.4%)
Total Current Assets	14,687	15,381	15,958	14,266	14,035	13,656	14,064	14,426	13,999	14,145	14,359	14,264	14,264	14,660	(396)	(2.7%)
Non-Current Assets																
Property, plant & equipment, gross	1,656	1,666	1,679	1,709	1,734	1,759	1,784	1,809	1,834	1,859	1,884	1,909	1,909	1,634	275	16.8%
Accumulated depreciation	(708)	(744)	(779)	(783)	(820)	(858)	(896)	(934)	(972)	(1,011)	(1,050)	(1,089)	(1,089)	(673)	(416)	61.9%
Property, plant & equipment, net	948	922	900	926	914	901	888	875	862	848	834	820	820	961	(141)	(14.7%)
Goodwill	18,846	18,614	18,382	18,150	17,918	17,685	17,453	17,221	16,989	16,757	16,524	16,292	16,292	18,846	(2,554)	(13.6%)
Deferred tax asset	644	644	644	672	672	672	672	672	672	672	672	672	672	644	27	4.3%
Total Non-Current Assets	20,439	20,181	19,926	19,747	19,503	19,258	19,013	18,768	18,522	18,276	18,030	17,783	17,783	20,452	(2,668)	(13.0%)
Total Assets	\$ 35,126	\$ 35,561	\$ 35,884	\$ 34,013	\$ 33,538	\$ 32,914	\$ 33,077	\$ 33,194	\$ 32,521	\$ 32,421	\$ 32,389	\$ 32,047	\$ 32,047	\$ 35,111	\$ (3,064)	(8.7%)
Current Liabilities																
Accounts payable	760	725	436	915	685	642	877	735	673	842	721	694	694	558	136	24.4%
Accrued liabilities	1,199	853	997	858	927	995	1,072	1,147	1,218	1,291	1,370	1,438	1,438	1,117	320	28.7%
Accrued compensation	(872)	(820)	(863)	416	451	489	497	534	571	608	645	630	630	(410)	1,040	(253.7%)
Income taxes payable	(8)	(8)	(8)	7	7	7	7	7	7	7	7	7	7	(8)	14	(186.1%)
Total Current Liabilities	1,080	750	562	2,196	2,070	2,131	2,453	2,423	2,468	2,748	2,743	2,768	2,768	1,257	1,511	120.2%
Long-term Liabilities																
Other non-current liabilities	10,000	9,872	9,965	7,521	6,950	6,027	5,545	5,352	4,335	3,654	3,245	2,625	2,625	9,761	(7,136)	(73.1%)
Total Long-Term Liabilities	10,000	9,872	9,965	7,521	6,950	6,027	5,545	5,352	4,335	3,654	3,245	2,625	2,625	9,761	(7,136)	(73.1%)
Total Liabilities	11,080	10,622	10,527	9,717	9,020	8,158	7,998	7,775	6,803	6,402	5,987	5,393	5,393	11,018	(5,625)	(51.1%)
Shareholders' Equity																
Common stock	21,900	21,900	21,900	21,900	21,900	21,900	21,900	21,900	21,900	21,900	21,900	21,900	21,900	21,900	—	0.0%
Retained earnings	2,146	3,039	3,457	2,396	2,618	2,857	3,180	3,519	3,818	4,119	4,502	4,754	4,754	2,193	2,561	116.8%
Total Shareholders' Equity	24,046	24,939	25,357	24,296	24,518	24,757	25,080	25,419	25,718	26,019	26,402	26,654	26,654	24,093	2,561	10.6%
Total Liabilities and Shareholders' Equity	\$ 35,126	\$ 35,561	\$ 35,884	\$ 34,013	\$ 33,538	\$ 32,914	\$ 33,077	\$ 33,194	\$ 32,521	\$ 32,421	\$ 32,389	\$ 32,047	\$ 32,047	\$ 35,111	\$ (3,064)	(8.7%)



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Delaney Full Year Financial Outlook | Cash Flow Summary

\$'000	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	FY	FY	Var	
	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	\$ %	
Cash flow from operations																
Net Income (Loss)	\$ 477	\$ 368	\$ 418	\$ 222	\$ 239	\$ 323	\$ 340	\$ 298	\$ 302	\$ 383	\$ 252	\$ 391	\$ 4,014	\$ 3,477	\$ 537 15.4%	
Depreciation, amortization and other	36	268	268	236	269	270	270	270	271	271	271	272	2,971	3,243	(272) (8.4%)	
<i>Change in operating assets and liabilities:</i>																
Accounts receivable	(389)	(168)	(251)	293	170	274	(268)	(213)	267	(17)	(232)	163	(371)	(311)	(60) 19.4%	
Inventory	29	(83)	689	96	60	105	(140)	(149)	160	(130)	18	(68)	589	422	166 39.4%	
Prepaid expenses and other current assets	77	(48)	23	(45)	—	—	—	—	—	—	—	—	8	8	— 0.0%	
Accounts payable	202	(35)	(289)	479	(230)	(43)	236	(142)	(63)	169	(121)	(27)	136	281	(145) (51.6%)	
Accrued expenses	82	(346)	145	(139)	69	68	78	75	71	73	79	67	320	397	(77) (19.4%)	
Accrued income taxes	—	—	—	14	—	—	—	—	—	—	—	—	14	14	— 0.0%	
Other changes in operating assets and liabilities	(222)	(76)	50	(1,164)	(536)	(887)	(474)	(156)	(980)	(643)	(373)	(635)	(6,096)	(6,878)	782 (11.4%)	
Total Cash Flow from Operations	\$ 292	\$ (120)	\$ 1,051	\$ (7)	\$ 41	\$ 109	\$ 42	\$ (16)	\$ 28	\$ 106	\$ (105)	\$ 163	\$ 1,585	\$ 655	\$ 930 142.1%	
Cash flow from investing																
Additions to property, plant and equipment	\$ (23)	\$ (10)	\$ (13)	\$ (30)	\$ (25)	\$ (25)	\$ (25)	\$ (25)	\$ (25)	\$ (25)	\$ (25)	\$ (25)	\$ (275)	\$ (300)	\$ 25 (8.3%)	
Total Cash Flow from Investing	\$ (23)	\$ (10)	\$ (13)	\$ (30)	\$ (25)	\$ (25)	\$ (275)	\$ (300)	\$ 25 (8.3%)							
Cash flow from financing																
Common stock issued (repurchased)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	— N/A	
Other cash flow from financing costs	(524)	524	(0)	(1,283)	(16)	(84)	(17)	41	(3)	(81)	130	(139)	(1,452)	(524)	(928) 177.0%	
Total Cash Flow from Financing	\$ (524)	\$ 524	\$ (0)	\$ (1,283)	\$ (16)	\$ (84)	\$ (17)	\$ 41	\$ (3)	\$ (81)	\$ 130	\$ (139)	\$ (1,452)	\$ (524)	\$ (928) 177.0%	
Net change in cash	\$ (255)	\$ 395	\$ 1,038	\$ (1,320)	\$ 0	\$ (0)	\$ (142)	\$ (169)	\$ 27 (16.2%)							
Beginning cash	669	415	810	1,848	527	527	527	527	527	527	527	527	669	669	— —	
Change in cash	(255)	395	1,038	(1,320)	0	0	0	0	0	0	0	0	(142)	(169)	27 (16.2%)	
Ending cash	\$ 415	\$ 810	\$ 1,848	\$ 527	\$ 527	\$ 527	\$ 527	\$ 527	\$ 527	\$ 527	\$ 527	\$ 527	\$ 527	\$ 500	\$ 27 5.5%	

March 2020 Operating Review Meeting Agenda

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Premier Executive Summary | Overview

March revenues of \$1.56M, favorable to AOP (budget) \$52k/3.4%, favorable to PY \$130k/9.1%

YTD revenues of \$4.99M, favorable to AOP \$348k/7.5%, favorable to PY \$594k/13.5%

- Cash sales down 29.5%/\$9.2k YOY / Up 19.6%/\$3.6k vs AOP
- Distributor up 23.6%/\$174k YOY / Up 10.3%/\$86k vs AOP
 - DP lost key modular account, FSSI. Represents door unit loss of 1,500 annually, Premier revenue loss of \$210k. Premier adjusted BP and proposal to help DP re-secure part of their business again. Initial success with Premier receiving new \$20k order to support DP and FSSI on 4-2-20
 - Factory direct modular bid on \$1-2M project by 4-24. ABC currently services modular account, but Sabre is bidding out to 8 different door companies and will require bid to include a finish paint coat. Premier will bid accordingly as customer migration to a competitor would represent a \$1M revenue hit based on 2019 numbers. Will require \$75-100k, CAPEX but this project alone will justify expenditures.
- OEM up 1.1%/\$6.6k YOY / Down 2.9%/\$18.7k vs AOP
 - Integrity - New account in Texas - 1st order \$13k in February / 2nd order in March \$13.4k
 - Goldin Industries – South LA account – Shipped 100 doors & frames for medical buildings around LA Superdome in March
- Pre-assembled down 84%/\$37.1k YOY / Down 69.9%/\$16k vs AOP
 - SSI/USSI still only two accounts on-board and their projects are lumpy. Many have been suspended or delayed.
 - Need pre-finished capabilities for larger OEM accounts (Further supports above CAPEX for finish paint capabilities)
 - First foray in new pre-assembled product offerings in April/May – Competitor products being evaluated for product differentiation and penetration strategy

SBDM position filled by Robert West, AHC with a start date of July 15th.

Steel pricing confirmed through June 2020. Additional tons secured at reduced cost in Q2/Q3. Supply chain broadened to include both domestic and foreign (Steel Dynamics, Nucor, and now Ternium (Mexico) Mills taking some furnaces off-line due to reduced automotive and construction demand. COVID-19 cases reported, but minimal disruptions to date.

LA shelter in place order likely to be extended beyond 4-30-20, although curve has flattened and there is growing optimism, restrictions will be eased if no infection spikes are noted. Premier making preliminary plans to allow stay at home workers to return once restrictions are lifted. Will be a slow phased in process which will include distancing for the foreseeable future.

Premier Executive Summary | Overview (con't)

Good - The backlog is stable and up YOY. Shrinkage still a concern, but aggressive pursuit of new account targets are occurring for potential sales bridge should core customers experience slowdown.

Good – Up to date calls with customers reveal business is steady with only moderate reductions to date. Core customers state they are busier than expected even though their numbers are slightly down from previous year. Some regions have not seen a noticeable decline.

Good - Raw inventory and supplies have not been impacted thus far, and a plan is in place to ensure the ability to operate without excessive burden on reserves. Low pricing has been locked in for steel through June and has been broadened for supply blending of foreign and domestic sources which further buttresses our raw availability and pricing position.

Good – LED will consider incentives for planned PP&E under its Retention & Modernization Program – PPE on hold until second half of the year.

Good & Bad – Many customers have taken advantage of SBA PPP loans. PM received \$64k, CD rec'd \$86k, and DP rec'd a \$36k loan. Other companies have indicated they also have applied. Certainly gives them increased liquidity and elevates our confidence in AR in the short term. However, it could also mask longer term issues. *Initial estimates from ASSA are that 15-25% of distribution companies may fold if the crisis does not abate before year's end. I think that is high but would agree with a 10% business failure rate. Also believe Premier's inventory-based customer model is more insulated than the larger contract houses like C&B.*

Bad – Steel mills experiencing COVID-19 cases and reduced demand from automotive, manufacturing, OTCG (Oil Country Tubular Goods), and construction. Blast furnaces being idled to support pricing and service centers are also laying off. Should the country open back up with a better than expected demand for construction products, there could be short term steel supply issues.

Bad – Current construction projects are increasingly being delayed, paused, or in some cases canceled . New starts are also being pushed back or potentially delayed into 2021. All could have a negative impact to top line and earnings on a go forward basis.

Bad – Due to 2019 incident, OSHA re-inspection probable later in the year. Work underway to complete guarding/safeguards for remaining small presses. Estimated costs for laser curtains and appropriate guarding is \$25k.

Bad – The hermitization of the country means that even with the use of virtual tools, sales and growth will not be a pushing point due to market sentiment. Positioning and minimizing unfavorable outcomes in the short-term should be a focus since longer-term situations affect everyone in the market.

Ugly – Lower sales, should the market turn and stay low for 6-9 months, may require separation from employees. A large-scale separation would substantially impact our ability to produce at median volumes and would take either substantial capital outlays or a long period of time (2-3 years) to recover competencies and capabilities.

Premier Executive Summary | Project Updates

Project	Lead	Status	Comments
CRM-ERP	Dale		Onsite visit from Gray in February <u>UPDATE:</u> postponed
Lean&6, CI	Dale		Yellow belt training completed; white belt training scheduled on-site for Mid-March <u>UPDATE:</u> Postponed until further notice
			Door line restructuring and storage underway <u>UPDATE:</u> postponed until social distancing guidance relaxes
SBDM Manager	Joey		Candidate Robert "Bob" West, AHC accepted our offer to come on board with a delayed start date of July 15, 2020.
Warehouse Size/Stock Level Eval	Joey		Houston expansion costs under evaluation <u>UPDATE:</u> Cost/need analysis being reviewed given need to curtail expenses - postponed

Most projects requiring outlays of consequence and direct interactions in close proximity between people have been postponed.

Steps have been taken to maximize cash and reduce expenses, and those will continue to remain in place until situational improvement is realized.

SBDM position filled by Robert West, AHC with a start date of date July 15th.

Premier Executive Summary | Opportunities & Roadblocks

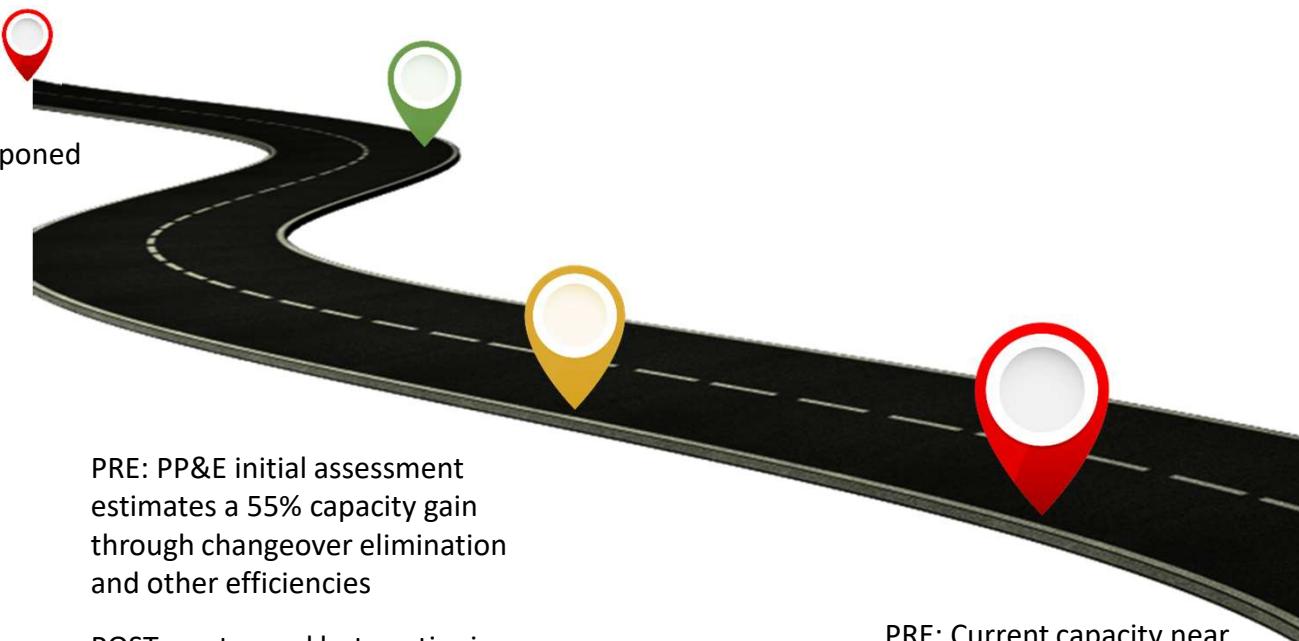
Due to the pandemic impact on the global economy, operating and improvement elements and objectives have temporarily adjusted. Pre and post Covid-19 elements are listed for reference.

PRE: Door line and product storage redesign project should improve capacity and nimbleness

PRE: First choice SBDM chose alternate opportunity; search continues

POST: Robert West, AHC will assume the position of SBDM effective July 15, 2020.

POST: postponed



PRE: PP&E initial assessment estimates a 55% capacity gain through changeover elimination and other efficiencies

POST: postponed but continuing exploration and quote requests

PRE: Current capacity near functional maximum utilizing OT – 6,000 doors & 18,000 frames

POST: While capacity constraint has not changed, it may not be a short-term concern

Premier Executive Summary | 30-60-90 Plan

Peak of Covid-19 is expected sometime in late-April to early-May.

30 Days	60 Days	90 Days	
<p>All non-critical travel has been cancelled along with vendor visits (virtual only).</p> <p>Three-person teams have been put in place to manage responses at each of the three locations.</p> <p>Communication events are occurring daily and weekly to address needs and distribute best practices. Additional engagement steps have been taken to reassure employees and customers.</p> <ul style="list-style-type: none"> • Letter from President – 3/16 • SPCP town hall – 3/18 • Customer com – 3/18, 3/23, and daily calls to core • Public – website updated with splash info banner and further information <p>Delivery/pickup isolation in place</p>	<p>Ongoing sanitization operations in place including full sanitation one day a week off-shift</p> <p>Cleaning service fogging offices, breakrooms, and all common areas with disinfectant three times per week in Monroe facility. Touch/clean, thermo scan, and distancing implemented</p> <p>Office staff working remotely through fully encrypted services</p> <p>Supply expansion and communication is ongoing to mitigate risk</p> <p>Operation shifts are segregated in terms of distance and schedules</p> <p>Cash burdening outlays have been delayed or cancelled (consulting, CAPEX, etc) Hiring and wage freeze in place</p> <p>Workforce stratification complete</p>	<p>Alignment of inventory, capacity, and operational needs</p> <p>Continued communication with customers, governmental members, employees</p> <p>Management of cash, backlog, customers, and employees</p>	 <p>Determination of pandemic impact and short and long-term adjustments</p> <p>Either begin planning for ramp or additional mitigation measures</p> <p>Near-term plan determination for economic situation developed with scalar impact projections through October</p>

Premier Executive Summary | COVID – 19 Update

- Current State

- Premier has no current primary or secondary suspected or confirmed positive diagnoses. Ouachita Parish has reported cases of 511 with 13 deaths (4-19).
- Louisiana has 23,298 cases with 1,296 deaths statewide. New Orleans being considered a national hotspot. See above link for up to date numbers and information.
- Louisiana instituted cancellations aligning with national measures with stay at home orders until April 30, 2020, but it is likely to be extended further.
- Louisiana governor closed all public schools for the remainder of the year.

- Mitigation

- Cleaning and hygiene protocols have been implemented.
- FFCRA and PPA information has been posted in compliance with requirements.
- All vendor visits and non-critical travel and interaction have been cancelled until further notice
- Social distancing in all areas of operations and at the warehouses is being observed.
- Lunch and employee breaks have been staggered.
- Temperature checks have been implemented at the campus gate.
- Cleaning service fogging offices, breakrooms, and all common areas with disinfectant three times per week in Monroe facility.
- Premier purchased own fogger and disinfectant and awaiting delivery.

Premier Executive Summary | March Financial Performance

- \$1M cash contribution to debt in February. \$50k I/C Diff March
- MAR EBITDA up \$125K vs AOP . Up \$378K versus AOP YTD. Up \$413K, or almost 46%, YTD versus PY
- Credits were again negligible.
- RBB are all favorable

**\$50k
CASH
CONTRIBUTIONS
FOR DEBT / I/C**

YTD  \$1.05M

**Fav \$125K
EBITDA**

AOP  \$125K/45%
YTD  \$378K/41%
PY  \$83K/26%

**\$2K
CREDITS**

of REV  0.13%
YTD  \$8.9k

**\$1.56M
NET REVENUE**

AOP  \$51K/3.4%
YTD  \$348K/7.5%
PY  \$130k/9.1%

**\$1.414M
BOOKINGS**

PY \$1.348M
PY \$66k/4.9%

**\$962k
BACKLOG**

PY \$774k
 PY \$187k/24.2%

Premier Executive Summary | KPI Dashboard

Quality

Seven frames had peeling paint out in the field. The most probable cause is storage in water/wet conditions. One customer noted frames were unloaded and stored in the rain. Two doors had dents upon receipt.

OT

Overtime actual was favorable while hitting targets. Personnel safety efforts resulted in cancellation of all standard overtime activities.

Cost & Rate

Cost per part was favorable as was piece rate, but volume is constrained by available hours and machinery. Realignment of plant personnel for Covid-19 had negative effect the last two weeks of March.

Direct Labor/Part

Target: \$6.17
Actual: \$4.70

Doors/Man Hour

Target: 1.24
Actual: 1.28

Frames/Man Hour

Target: 4.36
Actual: 4.51

Overtime %

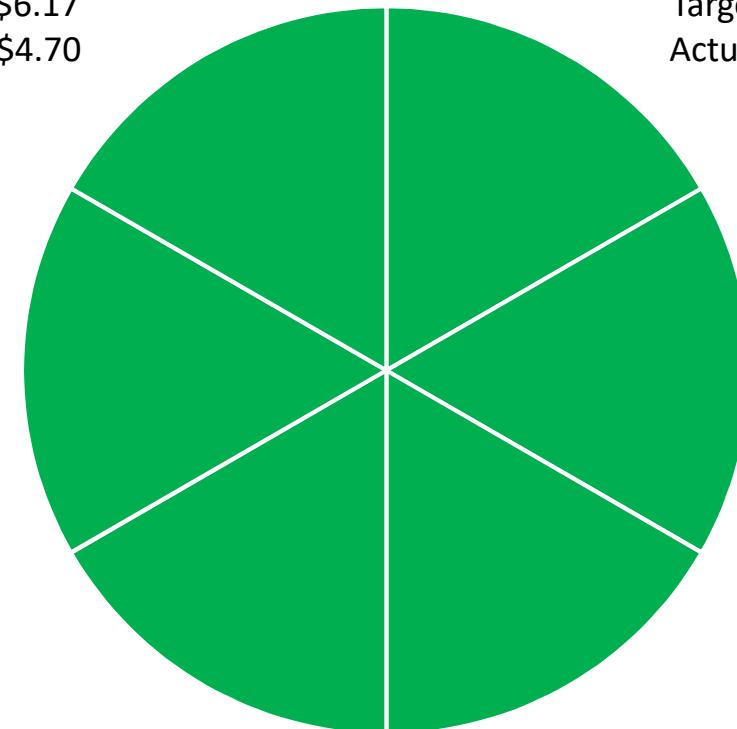
Target: 1.0%
Actual: 0.7%

Quality (External)

Target: 99.9%
Actual: 99.9%

Safety Recordables

Target: 0
Actual: 0



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Premier Financial Review | Summary P&L - MTD



\$'000	MTD		Variance		PY MTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
Net Revenue	1,560	1,509	52	3.4%	1,430	130	9.1%	
Material	614	654	(40)	(6.2%)	619	(5)	(0.8%)	
Labor	326	344	(18)	(5.2%)	302	24	8.1%	
Other COGS	17	33	(16)	(48.2%)	24	(6)	(26.8%)	
Total COGS	957	1,032	(74)	(7.2%)	944	13	1.4%	
Gross Margin	603	477	126	26.4%	486	117	24.1%	
<i>Gross Margin %</i>	<i>38.6%</i>	<i>31.6%</i>			<i>34.0%</i>			
Sales & Marketing	78	52	26	50.2%	63	15	23.7%	
Administrative	122	147	(25)	(17.2%)	103	19	18.3%	
Total Opex	200	199	1	0.4%	166	34	20.4%	
EBITDA	403	278	125	45.0%	320	83	26.0%	
<i>EBITDA %</i>	<i>25.8%</i>	<i>18.4%</i>			<i>22.4%</i>			
Adj. EBITDA	403	278	125	45.0%	320	83	26.0%	
<i>Adj. EBITDA %</i>	<i>25.8%</i>	<i>18.4%</i>			<i>22.4%</i>			
Net Income (Loss)	\$ 391	\$ 118	\$ 273	230.6%	\$ 249	\$ 141	56.7%	

Management Discussion

- March net revenue up \$52k to AOP and \$130k to PY. Versus AOP: Distributor up \$86k, Cash up \$4k, OEM down \$19k, and Pre-Assembled down (\$16k). Versus PY: Distributor up \$174k, OEM up \$7k, Cash down (\$9k), and Pre-Assembled down (\$37k).
- Gross Margins favorable to AOP and PY as percent of sales largely favorable steel pricing but also labor efficiency and productivity.
- OpEx flat to AOP and up \$34k to PY driven by payroll/merit increases.
- Adjusted EBITDA up \$125k to AOP and up \$83k to PY

Premier Financial Review | Summary P&L - YTD



\$'000	YTD		Var		PY YTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
Net Revenue	4,990	4,642	348	7.5%	4,396	594	13.5%	
Material	2,012	2,011	1	0.1%	1,951	61	3.1%	
Labor	1,024	1,019	5	0.5%	931	93	10.0%	
Other COGS	25	99	(73)	(74.3%)	99	(73)	(74.3%)	
Total COGS	3,062	3,129	(67)	(2.1%)	2,981	81	2.7%	
Gross Margin	1,928	1,513	415	27.4%	1,415	514	36.3%	
<i>Gross Margin %</i>	38.6%	32.6%			32.2%			
Sales & Marketing	239	156	83	53.1%	192	47	24.7%	
Administrative	382	425	(43)	(10.2%)	326	56	17.1%	
Total Opex	621	581	40	6.8%	518	103	19.9%	
EBITDA	1,307	932	375	40.3%	897	410	45.8%	
<i>EBITDA %</i>	26.2%	20.1%			20.4%			
Adj. EBITDA	1,310	932	378	40.6%	897	413	46.1%	
<i>Adj. EBITDA %</i>	26.3%	20.1%			20.4%			
Net Income (Loss)	\$ 1,271	\$ 512	\$ 759	148.3%	\$ 686	\$ 585	85.3%	

Management Discussion

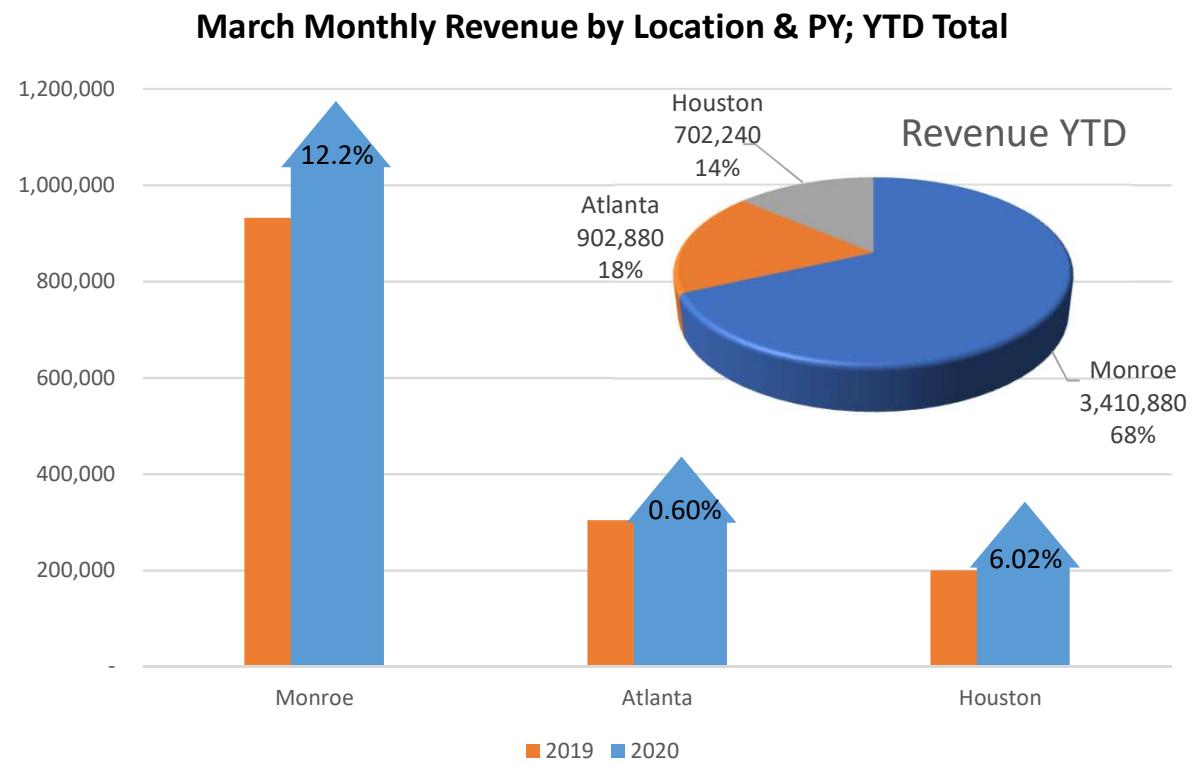
Budget

- YTD March net revenue up \$348k to AOP and \$594k to PY. Versus AOP: Distributor up \$57k, Cash up \$12k, OEM up \$287k, and Pre-Assembled down (\$6k). Versus PY: Distributor up \$366k, OEM up \$271k, Cash down (\$10k), and Pre-Assembled down (\$30k).
- Gross Margins favorable to AOP and PY as percent of sales largely favorable steel pricing but also labor efficiency and productivity.
- OpEx up \$40k to AOP and up \$103k to PY driven by payroll/merit increases.
- Adjusted EBITDA up \$378k to AOP and up \$413k to PY

Premier Financial Review | Revenue by Location



- March revenue was favorable at all locations.
- YTD, Monroe accounts for majority of growth - up 21%. Atlanta is down slightly YTD at -4% while Houston is up 5.9 YTD
- Lack of FG in warehouses is still a contributing factor to lower growth rates. Operations had been able to increase stocks at the locations in February (resulting in an increase of 19% [Atlanta] and 25% [Houston]), but safety measures and a lack of modern equipment hamstrings capability.
- **Intercompany HM purchases down \$81,944 YTD.**



MAR 2020 = \$240,069

MAR 2019 = \$322,013

Premier Financial Review | Q1 KPIs



KPI driven metrics are favorable but continued positive outcomes will be more difficult with our current set-up and employee spacing due to coronavirus concerns.

	Jan	Feb	Mar	Q1	AOP	Vs
Direct Labor per part	\$4.49	\$4.42	\$4.70	\$4.53	\$5.64	\$1.09
Doors/man hr	1.35	1.42	1.28	1.35	1.26	0.09
Frames/man hr	4.90	4.76	4.51	4.73	4.40	0.33
OT%	1.18%	1.04%	0.7%	0.99%	1.23%	0.24%
Quality%	99.9%	99.8%	99.9%	99.9%	99.9%	0
Safety	0	0	0	0	0	0

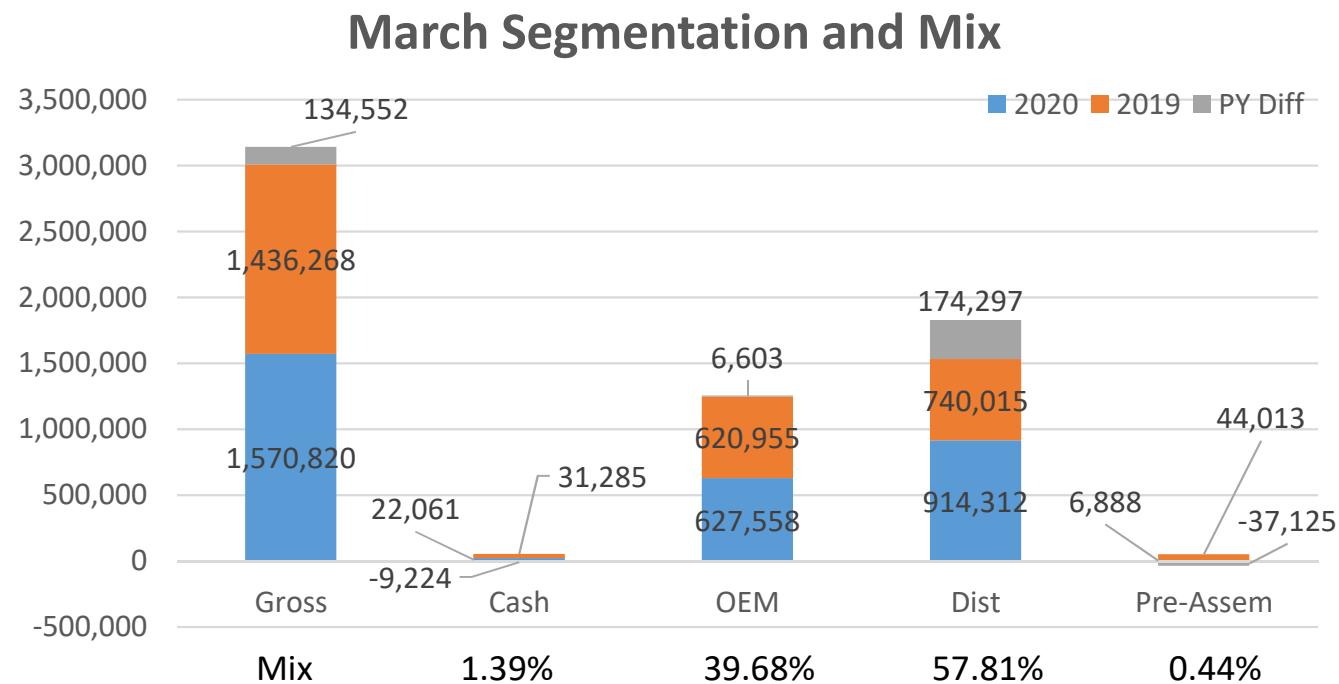
Premier Financial Review | Revenue Segmentation

PREMIER STEEL AND FRAMES

Gross sales increased 9.37% from PY and 3.6% above the AOP. Cash sales and Pre-Assembled were down but substantially outpaced by increases in Distributor.

OEM was relatively steady beating PY and giving some ground to AOP in favor of Distributor sales.

Distributor sales up despite continued reduced intercompany HM demand which is down \$81,944 YTD.



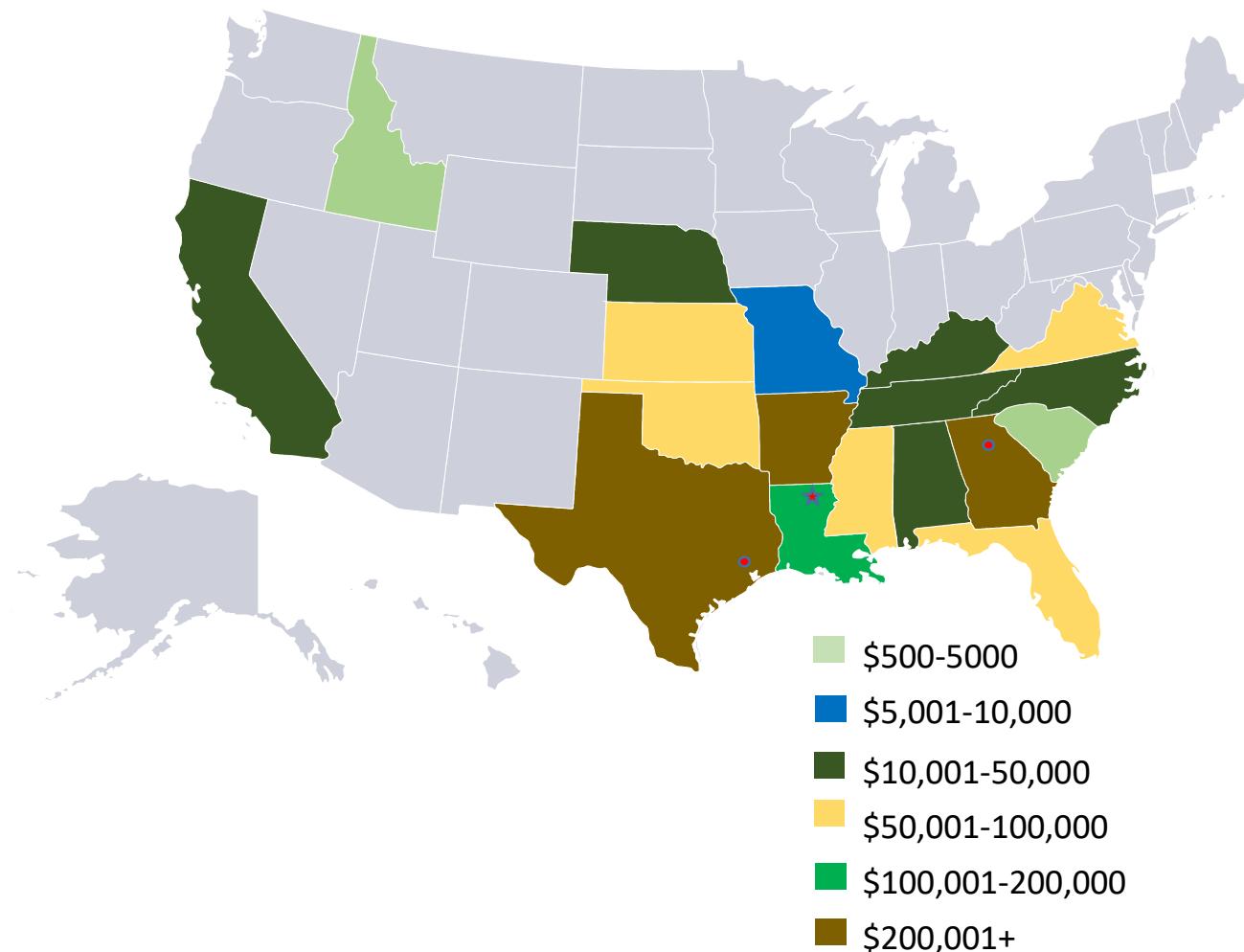
Element	2020	2019	PY Diff	% Change	AOP	AOP Diff	Over/Under
Gross	1,570,820	1,436,268	134,552	9.37%	1,516,308	54,512	3.60%
Cash	22,061	31,285	-9,224	-29.48%	18,439	3,622	19.64%
OEM	627,558	620,955	6,603	1.06%	646,275	-18,717	-2.90%
Dist	914,312	740,015	174,297	23.6%	828,683	85,629	10.3%
Pre-Assem	6,888	44,013	-37,125	-84.35%	22,911	-16,023	-69.94%

Premier Financial Review | Revenue by Geography

Premier STEEL AND FRAMES

The south and southeast have typically been our primary markets and have historically accounted for 90-92% of Premier's hollow metal shipments. The highlighted states reflect where products were shipped during the month of March.

PM = 89.8% MAR 2020
PM = 88.9% 2020 YTD



Premier Financial Review | CoGS by Component



\$'000	MTD		Var		YTD		Var	
	Act	Bud	\$	%	Act	Bud	\$	%
Material								
Material costs at standard	\$ 590	\$ 654	\$ (65)	(9.9%)	\$ 1,949	\$ 2,011	\$ (61)	(3.1%)
Freight in	13	—	13	N/A	26	—	26	N/A
Scrap costs	12	—	12	N/A	37	—	37	N/A
Total Material COGS	\$ 614	\$ 654	\$ (40)	(6.2%)	\$ 2,012	\$ 2,011	\$ 1	0.1%
Labor								
Direct labor	\$ 191	\$ 198	\$ (7)	(3.5%)	\$ 599	\$ 575	\$ 24	4.2%
Direct labor - bonus	4	—	4	N/A	11	—	11	N/A
Direct labor - overtime	25	30	(5)	(17.0%)	97	101	(4)	(3.6%)
Indirect labor	85	29	57	198.3%	252	83	169	203.6%
Indirect labor – bonus	6	—	6	N/A	19	—	19	N/A
Indirect labor - overtime	3	3	(1)	(17.2%)	9	10	(0)	(3.7%)
Indirect labor – benefits	12	84	(72)	(85.5%)	36	251	(214)	(85.6%)
Total Labor COGS	\$ 326	\$ 344	\$ (18)	(5.2%)	\$ 1,024	\$ 1,019	\$ 5	0.5%
Other								
Repairs and maintenance	\$ 4	\$ 10	\$ (5)	(54.8%)	\$ 63	\$ 30	\$ 33	112.5%
Absorption	(199)	(157)	(42)	27.1%	(618)	(470)	(148)	31.5%
Freight out	(14)	(18)	4	(20.7%)	(58)	(54)	(4)	8.0%
Rent / facilities	39	34	5	15.9%	106	101	5	4.9%
Utilities	19	20	(2)	(7.6%)	57	61	(4)	(6.5%)
Other cost of sales	168	144	24	16.9%	476	431	45	10.4%
Total Other COGS	\$ 17	\$ 33	\$ (16)	(48.2%)	\$ 25	\$ 99	\$ (73)	(74.3%)
Total COGS	\$ 957	\$ 1,032	\$ (74)	(59.6%)	\$ 3,062	\$ 3,129	\$ (67)	(73.8%)

Premier Financial Review | Balance Sheet



\$'000	Dec-19	Dec-19	Jan-20	Feb-20	Mar-20		Variance	
	Act	Act	Act	Act	Act	Bud	\$	%
Current Assets								
Cash and cash equivalents	\$ 309	\$ 309	\$ 482	\$ (14)	\$ 630	\$ 300	\$ 330	110.1%
Accounts receivable, net	1,731	1,731	1,969	1,963	1,346	1,723	(376)	(21.8%)
<i>Inventory, gross</i>	3,060	3,060	3,230	3,359	3,433	3,310	123	3.7%
<i>Inventory, reserves</i>	(177)	(177)	(177)	(177)	(177)	(177)	–	0.0%
Inventory, net	2,883	2,883	3,053	3,182	3,256	3,133	123	3.9%
Prepaid expenses and other current assets	44	44	124	90	98	44	53	120.4%
Total Current Assets	4,968	4,968	5,628	5,222	5,330	5,200	130	2.5%
Non-Current Assets								
<i>Property, plant & equipment, gross</i>	1,010	1,010	1,010	1,054	1,054	1,123	(69)	(6.1%)
Accumulated depreciation	(189)	(189)	(201)	(213)	(226)	(227)	1	(0.6%)
Property, plant & equipment, net	821	821	809	841	829	896	(67)	(7.5%)
Goodwill	5,860	5,860	5,860	5,860	5,860	5,673	187	3.3%
Total Non-Current Assets	6,681	6,681	6,669	6,701	6,688	6,569	120	1.8%
Total Assets	\$ 11,649	\$ 11,649	\$ 12,296	\$ 11,923	\$ 12,018	\$ 11,768	\$ 250	2.1%
Current Liabilities								
Accounts payable	345	345	100	681	524	758	(233)	(30.8%)
Accrued liabilities	268	268	715	155	164	273	(109)	(40.0%)
Accrued compensation	366	366	125	173	129	96	33	34.1%
Income taxes payable	877	877	877	877	877	627	250	40.0%
Total Current Liabilities	1,856	1,856	1,817	1,885	1,695	1,754	(59)	(3.4%)
Long-term liabilities								
Capital lease	71	71	67	64	60	–	60	N/A
Deferred income taxes	(250)	(250)	(250)	(250)	(250)	–	(250)	N/A
Other non-current liabilities	(5,874)	(5,874)	(5,630)	(6,502)	(6,603)	(6,344)	(259)	4.1%
Total Long-Term Liabilities	(6,054)	(6,054)	(5,814)	(6,689)	(6,794)	(6,344)	(450)	7.1%
Total Liabilities	(4,198)	(4,198)	(3,997)	(4,804)	(5,099)	(4,590)	(509)	11.1%
Shareholders' Equity								
Common stock	–	–	–	–	–	10,597	(10,597)	(100.0%)
Retained earnings	5,250	5,250	5,696	6,130	6,521	5,762	759	13.2%
Other equity transactions	10,597	10,597	10,597	10,597	10,597	–	10,597	N/A
Total Shareholders' Equity	15,847	15,847	16,293	16,727	17,118	16,359	759	4.6%
Total Liabilities and Shareholders' Equity	\$ 11,649	\$ 11,649	\$ 12,296	\$ 11,923	\$ 12,018	\$ 11,768	\$ 250	2.1%

Premier Financial Review | Cash Flow Statement



\$'000	YTD		Variance		PY YTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
Cash flow from operations								
Net Income (Loss)	\$ 1,271	\$ 512	\$ 759	148.3%	\$ 686	\$ 585	85.3%	
Depreciation, amortization and other	37	225	(188)	(83.6%)	211	(174)	(82.5%)	
<i>Change in operating assets and liabilities:</i>								
Accounts receivable	385	9	376	4295.7%	(179)	564	(314.6%)	
Inventory	(373)	(250)	(123)	49.3%	(164)	(209)	127.4%	
Prepaid expenses and other current assets	(53)	(0)	(53)	267269800.1%	(78)	24	(31.4%)	
Accounts payable	180	413	(233)	(56.5%)	584	(405)	(69.3%)	
Accrued expenses	(105)	5	(109)	(2312.6%)	(92)	(13)	14.3%	
Accrued income taxes	–	(250)	250	(100.0%)	–	–	N/A	
Other changes in operating assets and liabilities	(976)	(560)	(417)	74.5%	(842)	(134)	15.9%	
Total Cash Flow from Operations	\$ 365	\$ 104	\$ 262	252.5%	\$ 126	\$ 239	190.5%	
Cash flow from investing								
Additions to property, plant and equipment	\$ (44)	\$ (113)	\$ 69	(60.8%)	\$ (51)	\$ 6	(12.4%)	
Total Cash Flow from Investing	\$ (44)	\$ (113)	\$ 69	(60.8%)	\$ (51)	\$ 6	(12.4%)	
Cash flow from financing								
Common stock issued (repurchased)	–	10,597	(10,597)	(100.0%)	–	–	N/A	
Other cash flow from financing costs	(0)	(10,597)	10,597	(100.0%)	(68)	68	(100.0%)	
Total Cash Flow from Financing	\$ (0)	\$ (0)	\$ 0	(100.0%)	\$ (68)	\$ 68	(100.0%)	
Net change in cash	\$ 321	\$ (9)	\$ 330	(3499.6%)	\$ 7	\$ 314	4707.4%	
Beginning cash	309	309	–	0.0%	11	298	2719.7%	
Change in cash	321	(9)	330	(3499.6%)	7	314	4707.4%	
Ending cash	\$ 630	\$ 300	\$ 330	110.1%	\$ 18	\$ 613	3471.4%	

Premier Financial Review | 13-Week Cash Flow Projection



In US\$	Forecast 4/20	Forecast 4/27	Forecast 5/4	Forecast 5/11	Forecast 5/18	Forecast 5/25	Forecast 6/1	Forecast 6/8	Forecast 6/15	Forecast 6/22	Forecast 6/29	Forecast 7/6	Forecast 7/13
Cash Inflows - Operational													
Collections from customers (Actual)													
Collections from customers based on projected aging (Forecast)	340	388	419	226	-	-	-	-	-	-	-	-	-
Collections from new forecasted sales	-	-	-	-	353	283	460	460	460	460	428	407	407
Total AR Collections	340	388	419	226	353	283	460	460	460	460	428	407	407
Other non-AR inflows													
Total Cash Inflows - Operational	340	388	419	226	353	283	460	460	460	460	428	407	407
Cash Outflows - Operational													
Product inventory (SAP AP)	(220)	-	(350)	-	(350)	-	(350)	-	(350)	-	(350)	-	(350)
Payroll	(30)	(85)	(30)	(85)	(30)	(85)	(30)	(30)	(30)	(85)	(30)	(85)	(30)
Commissions													
Bonus													
Facilities & other (Freight)	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional services	-	-	-	-	-	-	-	-	-	-	-	-	-
Marketing													
Recruiter fees													
Other expenses (Insurance, TSA, CC)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Outflows - Operational	(250)	(85)	(380)	(85)	(380)	(85)	(380)	(30)	(435)	(30)	(435)	(30)	(435)
Cashflows - Financial and Other													
Revolving Loan Draw (Paydown)													
Term Loan paydowns													
Interest and financial amortization													
Other financial income/expense (e.g. fx, hedging)													
Non-financial income/expense													
Estimated Tax Payments													
Monitoring fees (including travel expenses)													
Non-recurring items													
Total Cash Outflows - Financial and Other	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH FLOW	90	303	39	141	(27)	198	80	430	25	430	(7)	377	(28)
Cash Rollforward													
Beginning cash balance	780	870	1,173	1,212	1,353	1,326	1,524	1,604	2,035	2,060	2,490	2,483	2,860
Cash activity	90	303	39	141	(27)	198	80	430	25	430	(7)	377	(28)
ENDING CASH BALANCE	870	1,173	1,212	1,353	1,326	1,524	1,604	2,035	2,060	2,490	2,483	2,860	2,832
Debt Summary													
Rolled debt													
Credit facility													
TOTAL DEBT	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NET DEBT	(870)	(1,173)	(1,212)	(1,353)	(1,326)	(1,524)	(1,604)	(2,035)	(2,060)	(2,490)	(2,483)	(2,860)	(2,832)
AVAILABILITY													

March 2020 Operating Review Meeting Agenda

④ Consolidated

④ S&G

④ Delaney

④ **Premier**

Executive Summary

Financial Review

Full Year Financial Outlook

④ Governance Reporting

④ Appendix

Premier Full Year Financial Outlook | Summary P&L

\$'000	FY		Variance		PY		Variance	
	Fcst	Bud	\$	%	Act	\$	%	
Net Revenue	20,779	20,431	348	1.7%	18,885	1,894	10.0%	
Material	8,804	8,803	1	0.0%	8,149	655	8.0%	
Labor	3,992	3,987	5	0.1%	3,763	228	6.1%	
Other COGS	300	373	(73)	(19.7%)	264	36	13.6%	
Total COGS	13,095	13,162	(67)	(0.5%)	12,176	919	7.6%	
Gross Margin	7,684	7,269	415	5.7%	6,709	975	14.5%	
<i>Gross Margin %</i>	<i>37.0%</i>	<i>35.6%</i>			<i>35.5%</i>			
Sales & Marketing	764	682	83	12.2%	847	(83)	(9.7%)	
Administrative	1,758	1,801	(43)	(2.4%)	1,448	310	21.4%	
Total Opex	2,522	2,482	40	1.6%	2,295	227	9.9%	
EBITDA	5,162	4,786	375	7.8%	4,414	748	16.9%	
<i>EBITDA %</i>	<i>24.8%</i>	<i>23.4%</i>			<i>23.4%</i>			
Adj. EBITDA	5,165	4,786	378	7.9%	4,414	751	17.0%	
<i>Adj. EBITDA %</i>	<i>24.9%</i>	<i>23.4%</i>			<i>23.4%</i>			
Net Income (Loss)	\$ 3,710	\$ 2,951	\$ 759	25.7%	\$ 3,429	\$ 281	8.2%	

Premier Full Year Financial Outlook | Monthly P&L

\$'000	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	FY	FY	Var	
	Act	Act	Act	Fcst	Bud	\$	%									
Net Revenue	1,790	1,640	1,560	1,547	1,832	1,782	1,719	1,960	1,801	1,959	1,550	1,639	20,779	20,431	348	1.7%
Material	730	668	614	670	786	766	740	839	774	838	671	707	8,804	8,803	1	0.0%
Labor	367	331	326	341	321	341	341	333	340	338	331	282	3,992	3,987	5	0.1%
Other COGS	19	(11)	17	33	30	30	31	28	30	28	33	32	300	373	(73)	(19.7%)
Total COGS	1,117	987	957	1,044	1,137	1,137	1,112	1,200	1,144	1,204	1,035	1,021	13,095	13,162	(67)	(0.5%)
Gross Margin	673	652	603	503	695	645	607	761	657	756	515	617	7,684	7,269	415	5.7%
<i>Gross Margin %</i>	<i>37.6%</i>	<i>39.8%</i>	<i>38.6%</i>	<i>32.5%</i>	<i>37.9%</i>	<i>36.2%</i>	<i>35.3%</i>	<i>38.8%</i>	<i>36.5%</i>	<i>38.6%</i>	<i>33.2%</i>	<i>37.7%</i>	<i>37.0%</i>	<i>35.6%</i>		
Sales & Marketing	79	82	78	52	61	53	53	54	53	94	52	53	764	682	83	12.2%
Administrative	136	124	122	148	152	154	154	153	154	154	152	154	1,758	1,801	(43)	(2.4%)
Total Opex	215	206	200	200	213	207	207	207	207	248	204	207	2,522	2,482	40	1.6%
EBITDA	458	446	403	303	481	437	400	554	450	507	310	411	5,162	4,786	375	7.8%
<i>EBITDA %</i>	<i>25.6%</i>	<i>27.2%</i>	<i>25.8%</i>	<i>19.6%</i>	<i>26.3%</i>	<i>24.6%</i>	<i>23.3%</i>	<i>28.3%</i>	<i>25.0%</i>	<i>25.9%</i>	<i>20.0%</i>	<i>25.1%</i>	<i>24.8%</i>	<i>23.4%</i>		
Adj. EBITDA	458	449	403	303	481	437	400	554	450	507	310	411	5,165	4,786		
<i>Adj. EBITDA %</i>	<i>25.6%</i>	<i>27.4%</i>	<i>25.8%</i>	<i>19.6%</i>	<i>26.3%</i>	<i>24.6%</i>	<i>23.3%</i>	<i>28.3%</i>	<i>25.0%</i>	<i>25.9%</i>	<i>20.0%</i>	<i>25.1%</i>	<i>24.9%</i>	<i>23.4%</i>		
Net Income (Loss)	\$ 446	\$ 433	\$ 391	\$ 177	\$ 317	\$ 282	\$ 249	\$ 369	\$ 288	\$ 329	\$ 175	\$ 254	\$ 3,710	\$ 2,951	\$ 759	25.7%

Premier Full Year Financial Outlook | Balance Sheet

\$'000	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	FY	FY	Var	
	Act	Act	Act	Fcst	Bud	\$	%									
Current Assets																
Cash and cash equivalents	\$ 482	\$ (14)	\$ 630	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 309	\$ (9)	(3.1%)
Accounts receivable, net	1,969	1,963	1,346	1,723	1,662	1,837	1,965	1,904	1,968	2,045	1,908	1,908	1,731	176	10.2%	
Inventory, gross	3,230	3,359	3,433	3,310	3,327	3,334	3,380	3,406	3,440	3,489	3,511	3,543	3,543	3,060	483	15.8%
Inventory, reserves	(177)	(177)	(177)	(177)	(177)	(177)	(177)	(177)	(177)	(177)	(177)	(177)	(177)	–	0.0%	
Inventory, net	3,053	3,182	3,256	3,133	3,149	3,157	3,203	3,229	3,262	3,311	3,333	3,366	3,366	2,883	483	16.7%
Prepaid expenses and other current assets	124	90	98	44	44	44	44	44	44	44	44	44	44	44	0	0.0%
Total Current Assets	5,628	5,222	5,330	5,200	5,155	5,338	5,512	5,477	5,575	5,701	5,722	5,618	5,618	4,968	650	13.1%
Non-Current Assets																
Property, plant & equipment, gross	1,010	1,054	1,054	1,123	1,123	1,123	1,123	1,198	1,198	1,198	1,1943	1,1943	1,1943	1,010	933	92.4%
Accumulated depreciation	(201)	(213)	(226)	(227)	(240)	(253)	(267)	(286)	(304)	(323)	(346)	(369)	(369)	(189)	(181)	95.8%
Property, plant & equipment, net	809	841	829	896	883	870	856	1,312	1,293	1,274	1,596	1,573	1,573	821	752	91.6%
Goodwill	5,860	5,860	5,860	5,673	5,610	5,548	5,486	5,423	5,361	5,299	5,236	5,174	5,174	5,860	(686)	(11.7%)
Total Non-Current Assets	6,669	6,701	6,688	6,569	6,493	6,418	6,342	6,736	6,654	6,573	6,833	6,747	6,747	6,681	67	1.0%
Total Assets	\$ 12,296	\$ 11,923	\$ 12,018	\$ 11,768	\$ 11,648	\$ 11,756	\$ 11,854	\$ 12,213	\$ 12,229	\$ 12,274	\$ 12,555	\$ 12,365	\$ 12,365	\$ 11,649	\$ 716	6.1%
Current Liabilities																
Accounts payable	100	681	524	758	741	783	819	810	824	850	853	813	813	345	468	135.8%
Accrued liabilities	715	155	164	273	277	283	289	294	301	306	311	314	314	268	45	17.0%
Accrued compensation	125	173	129	96	129	161	193	225	257	289	321	263	263	366	(102)	(28.0%)
Income taxes payable	877	877	877	627	627	627	627	627	627	627	627	627	627	877	(250)	(28.6%)
Total Current Liabilities	1,817	1,885	1,695	1,754	1,773	1,853	1,927	1,956	2,009	2,072	2,112	2,017	2,017	1,856	161	8.7%
Long-term liabilities																
Capital lease	67	64	60	–	–	–	–	–	–	–	–	–	–	71	(71)	(100.0%)
Deferred income taxes	(250)	(250)	(250)	–	–	–	–	–	–	–	–	–	–	(250)	250	(100.0%)
Other non-current liabilities	(5,630)	(6,502)	(6,603)	(6,344)	(6,660)	(6,950)	(7,208)	(7,127)	(7,532)	(7,838)	(7,926)	(8,196)	(8,196)	(5,874)	(2,322)	39.5%
Total Long-Term Liabilities	(5,814)	(6,689)	(6,794)	(6,344)	(6,660)	(6,950)	(7,208)	(7,127)	(7,532)	(7,838)	(7,926)	(8,196)	(8,196)	(6,054)	(2,142)	35.4%
Total Liabilities	(3,997)	(4,804)	(5,099)	(4,590)	(4,887)	(5,097)	(5,281)	(5,171)	(5,523)	(5,766)	(5,814)	(6,179)	(6,179)	(4,198)	(1,981)	47.2%
Shareholders' Equity																
Common stock	–	–	–	10,597	10,597	10,597	10,597	10,597	10,597	10,597	10,597	10,597	10,597	–	10,597	N/A
Retained earnings	5,696	6,130	6,521	5,762	5,939	6,255	6,538	6,787	7,155	7,443	7,772	7,948	7,948	5,250	2,697	51.4%
Other equity transactions	10,597	10,597	10,597	–	–	–	–	–	–	–	–	–	–	10,597	(10,597)	(100.0%)
Total Shareholders' Equity	16,293	16,727	17,118	16,359	16,536	16,852	17,135	17,383	17,752	18,040	18,369	18,544	18,544	15,847	2,697	17.0%
Total Liabilities and Shareholders' Equity	\$ 12,296	\$ 11,923	\$ 12,018	\$ 11,768	\$ 11,648	\$ 11,756	\$ 11,854	\$ 12,213	\$ 12,229	\$ 12,274	\$ 12,555	\$ 12,365	\$ 12,365	\$ 11,649	\$ 716	6.1%

Premier Full Year Financial Outlook | Cash Flow Summary

\$'000	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	FY	FY	Var	
	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	\$	%
Cash flow from operations																
Net Income (Loss)	\$ 446	\$ 433	\$ 391	\$ 177	\$ 317	\$ 282	\$ 249	\$ 369	\$ 288	\$ 329	\$ 175	\$ 254	\$ 3,710	\$ 2,951	\$ 759	25.7%
Depreciation, amortization and other	12	12	12	188	76	76	76	81	81	81	85	85	866	952	(85)	(9.0%)
<i>Change in operating assets and liabilities:</i>																
Accounts receivable	(237)	5	617	(376)	61	(176)	(128)	61	(65)	(77)	1	137	(176)	(2)	(174)	8848.3%
Inventory	(170)	(129)	(74)	123	(17)	(7)	(46)	(26)	(33)	(49)	(22)	(32)	(483)	(535)	53	(9.8%)
Prepaid expenses and other current assets	(80)	34	(8)	53	—	—	—	—	—	—	—	—	(0)	(0)	0	(0.0%)
Accounts payable	(245)	580	(156)	233	(17)	42	36	(9)	13	26	3	(40)	468	400	68	17.0%
Accrued expenses	446	(560)	9	109	4	6	6	5	7	5	5	2	45	52	(7)	(13.3%)
Accrued income taxes	—	—	—	(250)	—	—	—	—	—	—	—	—	(250)	(250)	—	0.0%
Other changes in operating assets and liabilities	(1)	(827)	(148)	477	(284)	(257)	(226)	113	(373)	(274)	(56)	(328)	(2,184)	(2,644)	460	(17.4%)
Total Cash Flow from Operations	\$ 172	\$ (451)	\$ 644	\$ 734	\$ 140	\$ (34)	\$ (33)	\$ 595	\$ (81)	\$ 41	\$ 191	\$ 78	\$ 1,996	\$ 924	\$ 1,073	116.1%
Cash flow from investing																
Additions to property, plant and equipment	\$ —	\$ (44)	\$ —	\$ (69)	\$ —	\$ —	\$ —	\$ (475)	\$ —	\$ —	\$ (345)	\$ —	\$ (933)	\$ (933)	\$ —	0.0%
Total Cash Flow from Investing	\$ —	\$ (44)	\$ —	\$ (69)	\$ —	\$ —	\$ —	\$ (475)	\$ —	\$ —	\$ (345)	\$ —	\$ (933)	\$ (933)	\$ —	0.0%
Cash flow from financing																
Common stock issued (repurchased)	—	—	—	10,597	—	—	—	—	—	—	—	—	10,597	10,597	—	0.0%
Other cash flow from financing costs	(0)	—	—	(11,533)	(140)	34	33	(120)	81	(41)	154	(78)	(11,610)	(10,597)	(1,013)	9.6%
Total Cash Flow from Financing	\$ (0)	\$ —	\$ —	\$ (936)	\$ (140)	\$ 34	\$ 33	\$ (120)	\$ 81	\$ (41)	\$ 154	\$ (78)	\$ (1,013)	\$ (0)	\$ (1,013)	177660521.3%
Net change in cash	\$ 172	\$ (495)	\$ 644	\$ (270)	\$ (0)	\$ 0	\$ (0)	\$ 0	\$ 0	\$ 0	\$ (0)	\$ 0	\$ 51	\$ (9)	\$ 60	(636.6%)
Beginning cash	309	482	(14)	630	360	360	360	360	360	360	360	360	309	309	—	—
Change in cash	172	(495)	644	(270)	(0)	0	(0)	(0)	0	0	(0)	0	51	(9)	60	(636.6%)
Ending cash	\$ 482	\$ (14)	\$ 630	\$ 360	\$ 360	\$ 360	\$ 360	\$ 360	\$ 360	\$ 360	\$ 360	\$ 360	\$ 360	\$ 300	\$ 60	20.0%

March 2020 Operating Review Meeting Agenda

- ④ Consolidated
- ④ S&G
- ④ Delaney
- ④ Premier
- ④ **Governance Reporting**
- ④ Appendix

Governance Reporting | Management Report

Disclosure Committee:

- Members include: CEO, CFO, VP Sales, VP Operations, VP and General Counsel
- Financial Review held on Thursday January 23rd, prior to the Q4 Ops meeting
- Financial Review held on Thursday April 23rd, prior to the Q1 Ops meeting

Anonymous Hotline:

- No activity

Modification of Internal Control and Authority Matrix:

- None

Governance Reporting | Management Report (Continued)

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



March 2020 Operating Review Meeting Agenda

- ④ Consolidated
- ④ S&G
- ④ Delaney
- ④ Premier
- ④ Governance Reporting
- ④ **Appendix**

S&G

Delaney

Premier

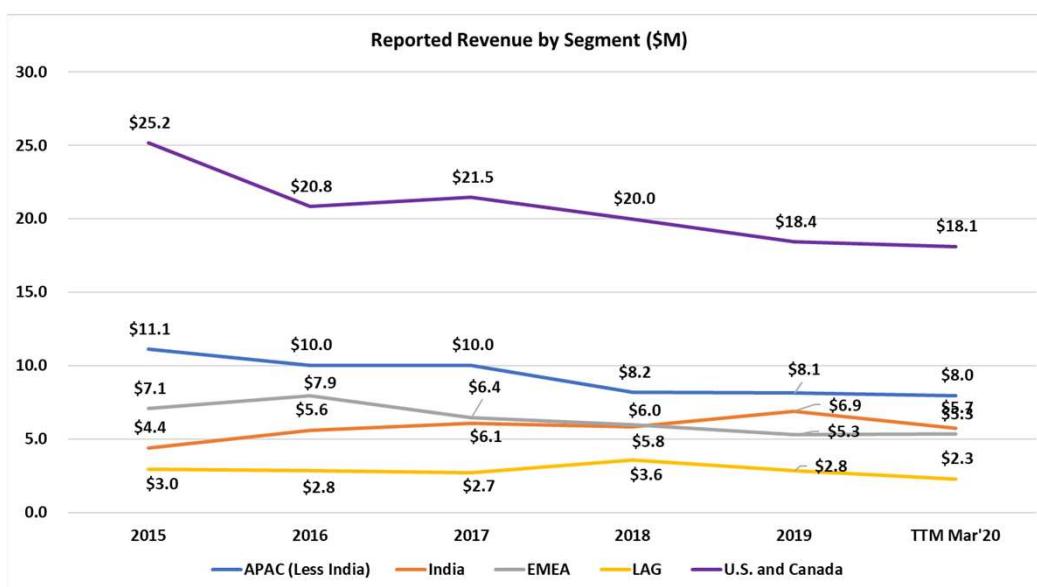
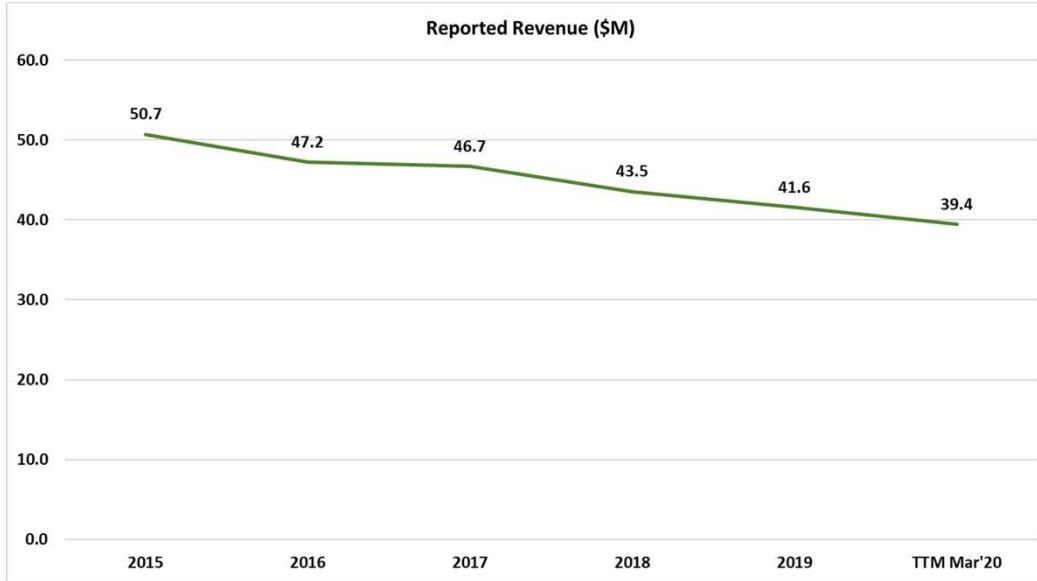


S&G Appendix | Squeeze Report

	Net Revenue					Adj. EBITDA					Net Debt		
	Act	Bud	Variance	PY	Variance	Act	Bud	Variance	PY	Variance	Act	Bud	PY
This Month	\$ 2,115	\$ 3,226	-34.4%	\$ 3,904	-45.8%	\$ 58	\$ 623	-90.7%	\$ 1,123	-94.8%	\$ 91,454	\$ 92,285	\$ -
Quarter to Date	\$ 9,552	\$ 10,474	-8.8%	\$ 11,342	-15.8%	\$ 1,441	\$ 2,023	-28.8%	\$ 2,693	-46.5%			
Year to Date	\$ 9,552	\$ 10,474	-8.8%	\$ 11,342	-15.8%	\$ 1,441	\$ 2,023	-28.8%	\$ 2,693	-46.5%			
LTM Trends (\$'000s)	4/30/19	5/31/19	6/30/19	7/31/19	8/31/19	9/30/19	10/31/19	11/30/19	12/31/19	1/31/20	2/29/20	3/31/20	LTM
Net Revenue	\$ 3,773	\$ 3,235	\$ 4,413	\$ 4,259	\$ 3,058	\$ 3,196	\$ 4,025	\$ 3,055	\$ 1,767	\$ 4,147	\$ 3,290	\$ 2,115	\$ 40,332
Gross Margin	1,469	1,354	2,129	1,777	567	1,403	2,039	1,126	287	1,667	1,190	555	15,564
Gross Margin %	38.9%	41.9%	48.2%	41.7%	18.6%	43.9%	50.7%	36.9%	16.3%	40.2%	36.2%	26.3%	38.6%
SG&A	765	720	980	1,077	4,272	932	980	958	684	984	954	688	13,993
Reported EBITDA	705	634	1,149	700	(3,704)	471	1,059	169	(397)	683	236	(133)	1,572
Rep. EBITDA %	18.7%	19.6%	26.0%	16.4%	(121.1%)	14.7%	26.3%	5.5%	(22.4%)	16.5%	7.2%	(6.3%)	3.9%
Adj. EBITDA	705	634	1,653	1,064	800	771	1,221	708	(172)	928	455	58	8,825
Adj. EBITDA %	18.7%	19.6%	37.5%	25.0%	26.2%	24.1%	30.3%	23.2%	(9.7%)	22.4%	13.8%	2.7%	21.9%
Capex	\$ -	\$ -	(26)	\$ 1	\$ (0)	\$ 77	\$ (0)	\$ (30)	\$ (161)	\$ (31)	\$ (17)	\$ (0)	\$ (187)
Accounts Receivable, Net	\$ 7,201	\$ 7,047	\$ 7,940	\$ 7,955	\$ 6,852	\$ 6,945	\$ 7,040	\$ 6,722	\$ 4,736	\$ 5,724	\$ 6,534	\$ 5,635	\$ 5,635
Inventory, Net	6,979	7,788	7,453	7,327	6,760	6,942	7,183	6,846	7,023	6,855	6,526	6,586	6,586
Accounts Payable	4,031	2,966	3,682	3,374	3,531	3,483	3,574	2,839	2,788	2,515	2,746	2,610	2,610
CCC	\$ 10,149	\$ 11,870	\$ 11,710	\$ 11,907	\$ 10,081	\$ 10,405	\$ 10,649	\$ 10,729	\$ 8,971	\$ 10,064	\$ 10,314	\$ 9,612	\$ 9,612
DSO	56.0	58.8	63.3	60.8	53.2	60.2	62.4	59.6	48.8	58.1	74.7	53.8	51.0
DSI	96.6	102.2	94.3	93.3	88.1	97.2	104.3	112.2	132.0	123.7	108.1	112.7	59.6
DPO	55.4	43.8	33.7	48.7	46.0	48.8	51.9	46.5	52.4	45.4	48.7	44.7	38.5
C2C	97.2	117.2	123.9	105.4	95.3	108.6	114.8	125.3	128.3	136.4	134.2	121.8	72.1
Bank revolver	\$ -	\$ 800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,250	\$ 1,250	\$ 10,000	\$ 10,000
Unclassified external debt / OID	-	44,586	44,586	44,586	44,586	44,363	44,363	44,363	92,508	92,508	92,508	92,508	92,508
OpenGate debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Debt Outstanding	-	45,386	44,586	44,586	44,586	44,363	44,363	44,363	92,508	93,758	93,758	102,508	102,508
Cash and equivalents	-	2,407	2,878	3,579	5,017	3,600	3,780	3,401	1,606	880	1,922	11,054	11,054
Total Net Debt	\$ -	\$ 42,979	\$ 41,708	\$ 41,007	\$ 39,569	\$ 40,764	\$ 40,584	\$ 40,962	\$ 90,902	\$ 92,878	\$ 91,836	\$ 91,454	\$ 91,454
Beginning Cash Balance	\$ -	\$ -	\$ 2,407	\$ 2,878	\$ 3,579	\$ 5,017	\$ 3,600	\$ 3,780	\$ 3,402	\$ 1,606	\$ 880	\$ 1,922	\$ 3,579
Add / (Less): Operating Cash Flow	-	-	(7,751)	708	(2,004)	(1,262)	(694)	(333)	(48,698)	(1,955)	1,062	481	(60,447)
Add / (Less): Investing Cash Flow	-	-	(26)	1	(0)	77	(0)	(30)	(161)	(31)	(17)	(0)	(187)
Add / (Less): Financing Cash Flow	-	-	8,248	(9)	3,443	(232)	874	(15)	47,063	1,260	(2)	8,651	69,281
Effect of FX rates / Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Cash Balance	\$ -	\$ -	\$ 2,878	\$ 3,579	\$ 5,017	\$ 3,600	\$ 3,780	\$ 3,402	\$ 1,606	\$ 880	\$ 1,922	\$ 11,054	\$ 11,054



S&G Appendix | Revenue



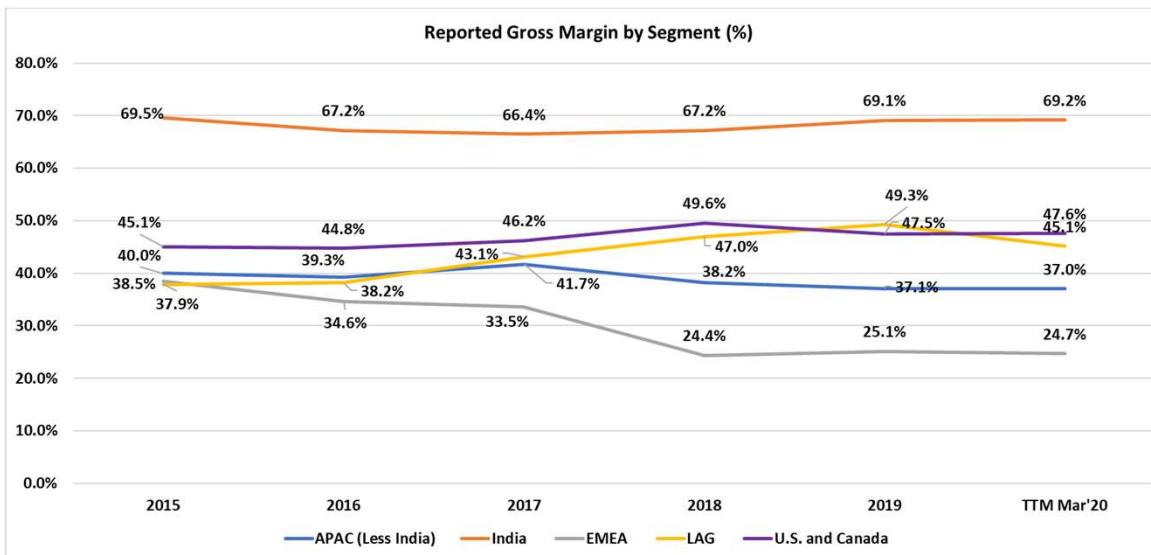
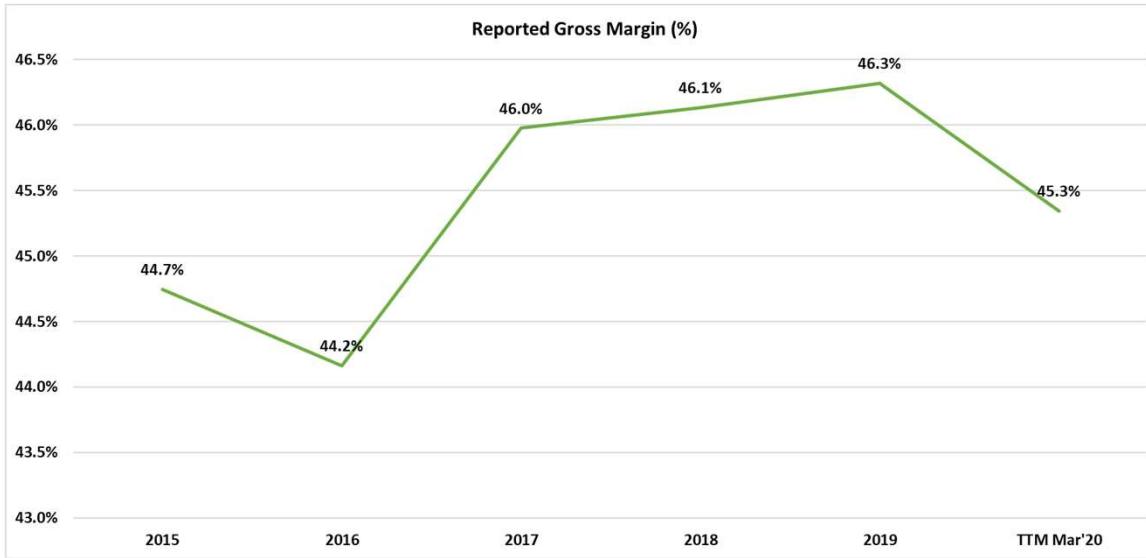
Management Discussion

- Overall (\$9.1M) decline from 2015 to 2019

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



S&G Appendix | Gross Margin (@Standard)



Management Discussion

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



S&G Financial Summary | Opex Summary MTD

\$'000	MTD		Variance		PY MTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
Opex Overview:								
Payroll	\$ 263	\$ 299	\$ (36)	(12.0%)	\$ 304	\$ (41)	(13.6%)	
Benefits	41	49	(8)	(16.1%)	91	(49)	(54.2%)	
Bonus	50	63	(13)	(20.4%)	5	45	819.2%	
Commissions	15	38	(23)	(61.0%)	58	(43)	(74.4%)	
Marketing	16	40	(24)	(60.2%)	35	(19)	(54.1%)	
Travel and Entertainment	37	67	(29)	(43.9%)	40	(3)	(6.9%)	
Rent and Facilities	1	1	0	4.3%	1	0	4.4%	
Insurance	–	–	–	N/A	–	–	N/A	
Professional Fees	160	283	(123)	(43.5%)	122	38	31.5%	
Utl., Repair, Maint., & Sec.	2	4	(3)	(61.5%)	(1)	2	(348.0%)	
IT	74	88	(14)	(15.6%)	45	29	65.2%	
Bad Debts	–	–	–	N/A	(32)	32	(100.0%)	
Supplies	9	6	3	42.6%	5	3	58.4%	
Other Expenses	20	20	(1)	(3.2%)	42	(22)	(53.1%)	
Total Opex	\$ 688	\$ 959	\$ (271)	(28.2%)	\$ 715	\$ (27)	(3.8%)	

Management Discussion

- March vs Budget – favorable \$0.3M related to timing of delayed strategic initiative spend (rebranding, recruiting fees, new product development) and implemented discretionary spending controls
 - Actual 1x adjustments were \$0.2M versus Budget of \$0.2M, delayed strategic initiative spend mentioned above offset by unplanned consulting fees



S&G Financial Summary | Opex Summary YTD

\$'000	YTD		Var		PY YTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
Opex Overview:								
Payroll	\$ 856	\$ 899	\$ (43)	(4.8%)	\$ 919	\$ (63)	(6.8%)	
Benefits	123	151	(28)	(18.8%)	277	(154)	(55.7%)	
Bonus	149	189	(40)	(21.2%)	78	71	91.6%	
Commissions	89	134	(44)	(33.2%)	153	(63)	(41.6%)	
Marketing	56	209	(153)	(73.0%)	85	(28)	(33.4%)	
Travel and Entertainment	127	188	(61)	(32.4%)	101	26	25.2%	
Rent and Facilities	4	4	0	3.3%	4	0	3.0%	
Insurance	1	1	(0)	(11.7%)	1	(0)	(12.6%)	
Professional Fees	787	1,113	(325)	(29.2%)	443	344	77.6%	
Utl., Repair, Maint., & Sec.	6	13	(7)	(56.2%)	8	(2)	(30.5%)	
IT	290	299	(9)	(3.0%)	134	156	116.2%	
Bad Debts	—	—	—	N/A	43	(43)	(100.0%)	
Supplies	28	19	8	42.0%	18	10	55.7%	
Other Expenses	110	208	(98)	(47.1%)	159	(50)	(31.1%)	
Total Opex	\$ 2,626	\$ 3,426	\$ (800)	(23.4%)	\$ 2,423	\$ 202	8.3%	

Management Discussion

- YTD vs Budget – favorable \$0.8M related to timing of delayed strategic initiative spend (rebranding, recruiting fees, new product development) and implemented discretionary spending controls
 - Actual 1x adjustments were \$0.7M versus Budget of \$1.1M, delayed strategic initiative spend mentioned above partially offset by unplanned consulting fees



S&G Financial Summary | YTD Opex Analysis

\$'000

	YTD			Explanation of Variance						Variance Impact		
	Act	Bud	Variance B / (W)	One-Time / Non-recurring		Change in Timing Run-rate Other			Total Variance B / (W)	YoY Impact B / (W)	Annualized Impact B / (W)	
Payroll	\$ 856	\$ 899	\$ (43)	\$ -	\$ -	\$ (43)	\$ -	\$ -	\$ (43)	\$ (43)	\$ (43)	
Benefits	123	151	(28)	-	-	(28)	-	-	(28)	(28)	(28)	
Bonus	149	189	(40)	-	-	(40)	-	-	(40)	(40)	(40)	
Commissions	89	134	(44)	-	-	(44)	-	-	(44)	(44)	(44)	
Marketing	56	209	(153)	-	-	(153)	-	-	(153)	(153)	(153)	
Travel and Entertainment	127	188	(61)	-	-	(61)	-	-	(61)	(61)	(61)	
Rent and Facilities	4	4	0	-	-	0	-	-	0	0	0	
Insurance	1	1	(0)	-	-	(0)	-	-	(0)	(0)	(0)	
Professional Fees	787	1,113	(325)	274	(462)	(137)	-	-	(325)	(137)	(137)	
Utl., Repair, Maint., & Sec.	6	13	(7)	-	-	(7)	-	-	(7)	(7)	(7)	
IT	290	299	(9)	324	-	(333)	-	-	(9)	(333)	(333)	
Supplies	28	19	8	-	-	8	-	-	8	8	8	
Other Expenses	110	208	(98)	-	-	(98)	-	-	(98)	(98)	(98)	
Total Opex	\$ 2,626	\$ 3,426	\$ (800)	\$ 598	\$ (462)	\$ (936)	\$ -	\$ (800)	\$ (936)	\$ (936)	\$ (936)	

Management Discussion

- Professional fees includes timing variances related to delayed spend in rebranding, recruiting expense, product development and sales effectiveness training
- IT contains 1x costs contains TSA fees.



S&G Appendix | 1X Costs

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



S&G Executive Summary | Engineering Outside Services

Project (\$000's)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL	
OGx - sustained effort	54.0	-	-	-	-	-							54.0	Assume no OGx sustained support
OGx - LMS and App software	39.2	19.6	19.6	19.6	19.6								117.6	New Keypad
Spring Bolt						20.0							20.0	UL Testing (revised timing)
ABR									15.0				15.0	UL Testing (revised timing)
New Keypad	29.6			29.6	10.0	35.0	14.8	80.0					199.0	Increased as a result of increased NRE to PQD
Russian Lock				6.0	6.0	5.0							17.0	Reduced based on new quote
Consolidated Lock Body				5.0		5.0		5.0					15.0	Reduced and revised timing, UL moved to 2021
Core Product Line Modularization						5.0	5.0	5.0					15.0	Reduced - Assumed FW work completed internal, UL moved to 2021
Tier 4 Product Offering					5.0		5.0		10.0				20.0	Revised timing - Expenses reduced assuming redesigned 1004 lock body w/ existing keypad, UL moved to 2021
Sustained + no key lock	5.0	10.0	10.0	5.0	5.0	10.0	5.0	5.0	10.0	10.0	10.0	10.0	95.0	No Change
Total	127.8	29.6	29.6	65.2	45.6	80.0	29.8	95.0	35.0	10.0	10.0	10.0	567.6	

- Committed or Incurred \$348k
- Reductions compared to AOP \$607k
 - Eliminate sustained OGx support
 - Deferred UL testing to 2021



S&G Executive Summary | Marketing Outside Services

Account (\$000's)	Description	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
Professional Fees	Update Marketing Material			5.0										5.0
Professional Fees	Printing						7.5	7.5						15.0
Professional Fees	Photo/Video Shoot				-	-			5.0	5.0				10.0
Professional Fees	Website - OGx				20.0	4.0								24.0
Professional Fees	Keypad Launch							5.0	10.0	10.0				25.0
Professional Fees	The Vault Website Hosting			1.0	1.0									2.0
Professional Fees	Tradeshow			-			0.3			0.3		0.3		0.8
Professional Fees	HubSpot				2.5		2.5			2.5		2.5		10.0
Professional Fees	Membership / Associations	3.0	3.0	3.0	-									9.0
Professional Fees	2890C/ABR							5.0	5.0					10.0
Professional Fees	Trademark Applications				-	-	-	5.0	8.0	8.0	2.0			23.0
Professional Fees	Trademark Searches					7.5	7.5							15.0
Professional Fees	PR							3.0						3.0
Professional Fees	Digital Ads (Amazon)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0		12.0
Professional Fees	SEMRush	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1		1.2
Professional Fees	No Key									-				-
Professional Fees	Mimeo Print on Demand	0.5	0.5	0.5			0.5	0.5	0.5	0.5	0.5	0.5		5.0
Professional Fees		4.6	4.6	13.1	29.6	12.6	11.9	19.1	32.6	32.4	3.6	1.6	4.4	170.0
Promotional Material	SWAG							5.0	5.0					10.0
Promotional Material				-	-									10.0
Advertising	Ads					2.0	2.0	14.0	14.0	2.0	2.0	2.0		40.0
Advertising						2.0	2.0	14.0	14.0	2.0	2.0	2.0		40.0
Tradeshows		3.6	26.0	11.8	4.5	-	-	4.8	10.0	-	8.3	-	-	69.0
Total Marketing		8.2	30.6	24.9	34.1	14.6	13.9	37.9	56.6	34.4	13.9	3.6	6.4	289.0

- Committed expenses highlighted
 - Tradeshows paid for in advance, refund or credits being investigated for cancelations
 - Potential to defer trademark applications to later in the year, not included
- Reductions compared to AOP of \$170k
- Expenses supported by detailed marketing budget corresponding to product launches and brand refresh



S&G Human Resources | Recruitment and HR Update

Recruiting Update (4/21/20)

POSITION	BUDGETED START	ESTIMATED START	AOP ANNUAL SALARY	ESTIMATED ANNUAL SALARY	2020 AOP SALARY	EST 2020 SALARY	IMPACT To 2020 EBITDA F/(U)	RECRUITING STATUS	HIRING MANAGER	Candidates in Pipeline
Quality Manager	Jan	Mar	100K	100k	100k	0	100k	Successful candidate identified; offer on-hold	C. Saunders	Steve Scrivner
Customer Relationship Director	Feb	April	175K	160k	158k	40K	118k	Onsite interview with Alvaro Camargo (3/12). Phone screen Ryan Middlebrook to be scheduled. On-hold until Q4	M. LeMire	Alvaro Camargo, Ryan Middlebrook
Industry Market Manager, Financial	Mar	Mar	115K	115k	95k	0	95k	Phone screen completed 3/23; M. Williams to interview, date TBD	M. Williams	Jason Duke
Training Manager & Tech Writer	Apr	Apr	75K	75K	56K	0	56k	3 phone screens completed; 1 candidate on-site interview (3/06); reviewing additional candidates	K. Edney	Michael Yarberry
Software Engineer	Jul	Apr	125K	125k	63k	0	63k	Reviewing resumes; sourcing via LinkedIn	D. Ratliff	N/A
Executive Assistant	Feb	Jul	65k	65k	59k	0	59k	Planned start Q3.	M. LeMire	N/A
Inside Sales, APAC	Mar	Jun	65k	65k	54k	0	54k	Planned start in June	M. Williams	N/A

*BUSINESS CRITICAL POSITION

* POSITIONS ON HOLD

- CRD position is business critical. Position to support Customer Relationship Management(NetSuite), sales pricing, technical service team, and booking/sales order scheduling. These support areas are in need of leadership to drive pipeline to booking growth and overall customer satisfaction. On hold until Q4.
- Other positions on hold. *Note, a candidate for the Quality Position has been chosen. However, an offer has not been extended at this time.*
- Held positions will result in a reduction of wages as compared to the AOP of \$545k
- Wage freeze will result in a reduction of wages as compared to the AOP of \$128k
- One equity adjustment will result in a wage increase of \$14k annualized and \$10k to the AOP



S&G Appendix | AR and AP Aging Detail

\$ 000's

AR Aging					AP Aging			
Days	Jan-20	Feb-20	Mar-20		Days	Jan-20	Feb-20	Mar-20
0-30	4,887	5,563	4,692		0-30	1,603	1,899	1,448
30-60	325	348	328		30-60	651	622	844
60-90	215	192	232		60-90	191	211	309
>90	516	651	604		>90	69	14	8
Total Gross AR	5,944	6,754	5,856		Total AP	2,514	2,746	2,610
Reserves	(220)	(220)	(221)					
Total Net AR	5,724	6,534	5,635					

Management Discussion

Payments Received:

- DFAS \$560k
- NCR India \$200k
- MBA \$100k

Slow pay A/R > than 16 days past due

- DFAS \$231k
- ARYA \$217k
- PT WIRATANU \$127k

Note: NCR has increased payment terms from 60 to 90 days

March 2020 Operating Review Meeting Agenda

- ④ Consolidated
- ④ S&G
- ④ Delaney
- ④ Premier
- ④ Governance Reporting
- ④ **Appendix**

S&G

Delaney

Premier



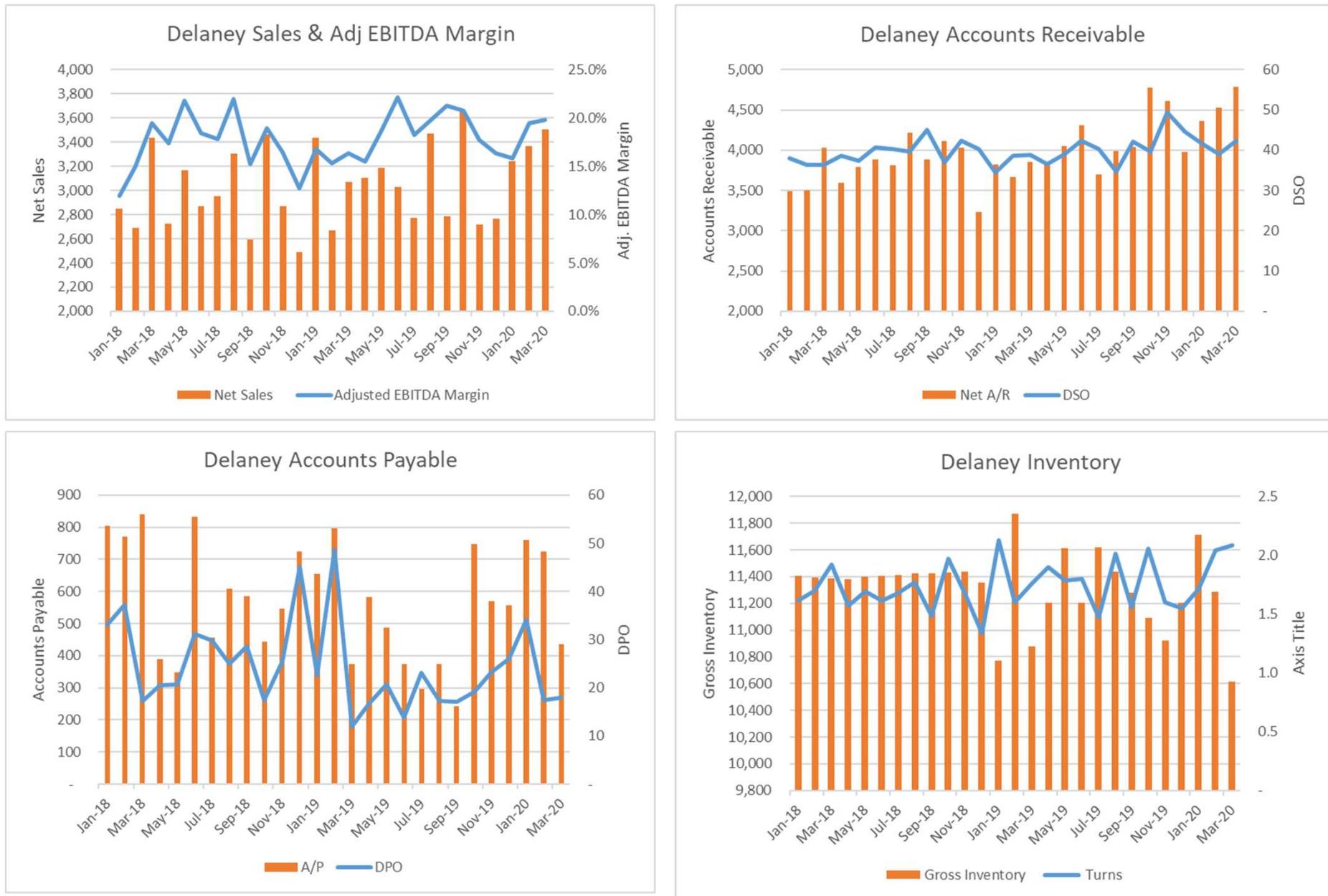
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Delaney Appendix | Squeeze Report

	Net Revenue					Adj. EBITDA					Net Debt		
	Act	Bud	Variance	PY	Variance	Act	Bud	Variance	PY	Variance	Act	Bud	PY
This Month	\$ 3,508	\$ 3,531	-0.7%	\$ 3,071	14.2%	\$ 696	\$ 700	-0.6%	\$ 501	38.9%	\$ -	\$ -	\$ -
Quarter to Date	\$ 10,117	\$ 9,979	1.4%	\$ 9,172	10.3%	\$ 1,866	\$ 1,739	7.3%	\$ 1,484	25.7%			
Year to Date	\$ 10,117	\$ 9,979	1.4%	\$ 9,172	10.3%	\$ 1,866	\$ 1,739	7.3%	\$ 1,484	25.7%			
LTM Trends (\$'000s)	4/30/19	5/31/19	6/30/19	7/31/19	8/31/19	9/30/19	10/31/19	11/30/19	12/31/19	1/31/20	2/29/20	3/31/20	LTM
Net Revenue	\$ 3,105	\$ 3,186	\$ 3,031	\$ 2,774	\$ 3,467	\$ 2,787	\$ 3,653	\$ 2,717	\$ 2,764	\$ 3,240	\$ 3,369	\$ 3,508	\$ 37,600
Gross Margin	1,068	1,192	1,130	1,042	1,292	1,117	1,419	1,087	1,021	1,259	1,266	1,340	14,234
<i>Gross Margin %</i>	34.4%	37.4%	37.3%	37.6%	37.3%	40.1%	38.9%	40.0%	36.9%	38.9%	37.6%	38.2%	37.9%
SG&A	587	601	460	536	608	523	662	605	547	746	630	651	7,156
Reported EBITDA	481	591	670	506	684	594	757	482	474	513	636	690	7,078
<i>Rep. EBITDA %</i>	15.5%	18.6%	22.1%	18.2%	19.7%	21.3%	20.7%	17.7%	17.2%	15.8%	18.9%	19.7%	18.8%
Adj. EBITDA	481	591	670	506	684	594	757	482	474	513	656	696	7,105
<i>Adj. EBITDA %</i>	15.5%	18.6%	22.1%	18.2%	19.7%	21.3%	20.7%	17.7%	17.2%	15.8%	19.5%	19.8%	18.9%
Capex	\$ (39)	\$ (23)	\$ (132)	\$ (42)	\$ (49)	\$ (35)	\$ 22	\$ (15)	\$ (24)	\$ (23)	\$ (10)	\$ (13)	\$ (383)
Accounts Receivable, Net	\$ 3,816	\$ 4,052	\$ 4,312	\$ 3,700	\$ 3,990	\$ 4,035	\$ 4,779	\$ 4,611	\$ 3,974	\$ 4,363	\$ 4,531	\$ 4,782	\$ 4,782
Inventory, Net	9,706	10,141	9,768	10,214	10,036	9,877	9,687	9,521	9,823	9,795	9,877	9,189	9,189
Accounts Payable	583	492	470	295	373	337	748	569	558	760	725	436	436
CCC	\$ 12,939	\$ 13,701	\$ 13,610	\$ 13,619	\$ 13,653	\$ 13,574	\$ 13,718	\$ 13,563	\$ 13,240	\$ 13,397	\$ 13,683	\$ 13,535	\$ 13,535
Beginning Cash Balance	\$ 176	\$ 443	\$ 248	\$ 247	\$ 247	\$ 308	\$ (37)	\$ 391	\$ (78)	\$ 669	\$ 415	\$ 810	\$ 176
Add / (Less): Operating Cash Flow	335	(112)	301	122	468	(302)	(68)	233	146	292	(120)	1,051	2,346
Add / (Less): Investing Cash Flow	(39)	(23)	(132)	(42)	(49)	(35)	22	(15)	(24)	(23)	(10)	(13)	(383)
Add / (Less): Financing Cash Flow	(28)	(60)	(170)	(19)	10	(8)	6	(21)	—	(524)	524	(0)	(291)
Effect of FX rates / Other	—	—	—	—	—	—	—	—	—	—	—	—	—
Ending Cash Balance	\$ 443	\$ 248	\$ 247	\$ 308	\$ 675	\$ (37)	\$ (78)	\$ 588	\$ 44	\$ 415	\$ 810	\$ 1,848	\$ 1,848



Delaney Appendix | Financial Trends





Delaney Financial Summary | Opex Summary - MTD

\$'000	MTD		Variance		PY MTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
<u>Opex Overview:</u>								
Payroll	\$ 227	\$ 226	\$ 1	0.3%	\$ 196	\$ 31	15.9%	
Overtime	5	3	2	78.4%	3	2	62.2%	
Benefits	23	26	(3)	(12.3%)	32	(9)	(27.0%)	
Bonus	36	35	1	2.7%	34	2	6.5%	
Commissions	179	184	(4)	(2.4%)	169	10	5.9%	
Marketing	88	116	(28)	(24.3%)	137	(49)	(35.8%)	
Travel and Entertainment	14	19	(5)	(24.9%)	27	(13)	(48.2%)	
Rent and Facilities	4	4	(0)	(5.1%)	3	1	38.9%	
Insurance	24	29	(5)	(17.0%)	34	(10)	(30.3%)	
Professional Fees	10	7	4	53.9%	37	(27)	(72.8%)	
Ut., Repair, Maint., & Sec.	4	7	(3)	(42.1%)	6	(2)	(29.8%)	
Office Expenses	2	—	2	N/A	1	1	173.8%	
IT	8	9	(2)	(18.9%)	7	1	14.5%	
Bad Debts	3	3	—	0.0%	1	2	200.0%	
Supplies	5	4	1	23.6%	7	(2)	(24.4%)	
Other Expenses	18	19	(1)	(3.2%)	17	1	4.4%	
Total Opex	\$ 651	\$ 691	\$ (40)	(5.9%)	\$ 711	\$ (61)	(8.5%)	



Delaney Financial Summary | Opex Summary - YTD

\$'000	YTD		Var		PY YTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
<u>Opex Overview:</u>								
Payroll	\$ 657	\$ 655	\$ 2	0.3%	\$ 586	\$ 72	12.2%	
Overtime	12	9	3	34.0%	9	3	39.1%	
Benefits	71	77	(5)	(6.6%)	82	(10)	(12.7%)	
Bonus	108	102	6	6.4%	101	7	6.5%	
Commissions	509	512	(2)	(0.5%)	501	8	1.7%	
Marketing	373	400	(27)	(6.7%)	318	56	17.5%	
Travel and Entertainment	44	57	(13)	(22.9%)	56	(12)	(21.6%)	
Rent and Facilities	13	13	0	3.1%	11	3	26.3%	
Insurance	83	94	(12)	(12.2%)	97	(14)	(14.2%)	
Professional Fees	24	20	4	18.6%	73	(49)	(67.6%)	
Utl., Repair, Maint., & Sec.	18	25	(7)	(26.8%)	21	(3)	(15.3%)	
Office Expenses	7	—	7	N/A	8	(0)	(4.9%)	
IT	24	29	(5)	(17.8%)	20	4	19.0%	
Bad Debts	9	9	—	0.0%	3	6	200.0%	
Supplies	16	14	2	16.3%	11	5	45.1%	
Other Expenses	58	62	(5)	(7.6%)	55	3	5.4%	
Total Opex	\$ 2,027	\$ 2,077	\$ (50)	(2.4%)	\$ 1,950	\$ 77	4.0%	



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Delaney Appendix | Monthly CoGS by Component

\$'000	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY	FY	Var	
	Act	Act	Act	Fcst	Bud	\$	%									
Material																
Material costs at standard	\$ 1,663	\$ 1,815	\$ 1,863	\$ 1,624	\$ 1,582	\$ 1,924	\$ 1,748	\$ 1,665	\$ 1,698	\$ 1,900	\$ 1,564	\$ 1,789	\$ 20,834	\$ 20,698	\$ 135	0.7%
Purchase price variance	- (0)	(0)	-	-	-	-	-	-	-	-	-	-	(0)	- (0)	N/A	
Freight in	28	9	11	13	13	13	13	13	13	13	13	13	166	156	10	6.2%
Cost revision	15	17	15	15	15	15	15	15	15	15	15	15	182	180	2	0.9%
Scrap costs	3	3	4	3	3	3	3	3	3	3	3	3	37	36	1	1.4%
Total Material COGS	\$ 1,710	\$ 1,843	\$ 1,893	\$ 1,655	\$ 1,613	\$ 1,955	\$ 1,779	\$ 1,696	\$ 1,729	\$ 1,931	\$ 1,595	\$ 1,820	\$ 21,218	\$ 21,070	\$ 147	0.7%
Labor																
Direct labor	\$ 1	\$ (5)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4)	\$ -	\$ (4)	N/A
Indirect labor	65	58	66	83	86	83	86	86	83	86	83	86	954	995	(41)	(4.1%)
Indirect labor - overtime	6	8	9	8	8	8	8	8	8	8	8	8	94	96	(2)	(1.7%)
Indirect labor - benefits	9	8	9	9	9	9	9	9	9	9	9	9	110	109	1	0.6%
Total Labor COGS	\$ 81	\$ 69	\$ 84	\$ 101	\$ 104	\$ 101	\$ 104	\$ 104	\$ 101	\$ 104	\$ 101	\$ 104	\$ 1,155	\$ 1,200	\$ (46)	(3.8%)
Other																
Repairs and maintenance	\$ -	\$ 0	\$ -	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 9	\$ 12	\$ (3)	(22.2%)
Freight out	133	128	137	122	121	132	134	128	131	137	122	139	1,564	1,566	(2)	(0.2%)
Rent / facilities	41	41	42	41	41	41	41	41	41	42	42	42	495	495	0	0.1%
Utilities	7	6	5	6	5	6	7	7	5	6	6	6	73	75	(1)	(1.7%)
Other cost of sales	10	15	7	12	12	13	13	13	13	12	13	13	146	153	(7)	(4.5%)
Total Other COGS	\$ 190	\$ 190	\$ 191	\$ 183	\$ 181	\$ 193	\$ 196	\$ 189	\$ 191	\$ 200	\$ 182	\$ 201	\$ 2,288	\$ 2,301	\$ (13)	(0.6%)
Total COGS	\$ 1,981	\$ 2,103	\$ 2,168	\$ 1,938	\$ 1,897	\$ 2,249	\$ 2,079	\$ 1,989	\$ 2,021	\$ 2,234	\$ 1,878	\$ 2,124	\$ 24,660	\$ 24,571	\$ 89	(3.7%)



Delaney Appendix | AR and AP Aging Detail

	AR Aging			AP Aging	
	Mar	Feb		Mar	Feb
Current	4,135	3,869	Current	422	169
30 Days	534	569	31-60	92	104
60 Days	84	65	61-90	4	77
90 Days	16	17	90+	141	69
+ 90 Days	35	31	Total AP	659	419
Reserves	(23)	-			
Net A/R	4,781	4,551			

March 2020 Operating Review Meeting Agenda

- ④ Consolidated
- ④ S&G
- ④ Delaney
- ④ Premier
- ④ Governance Reporting
- ④ **Appendix**

S&G

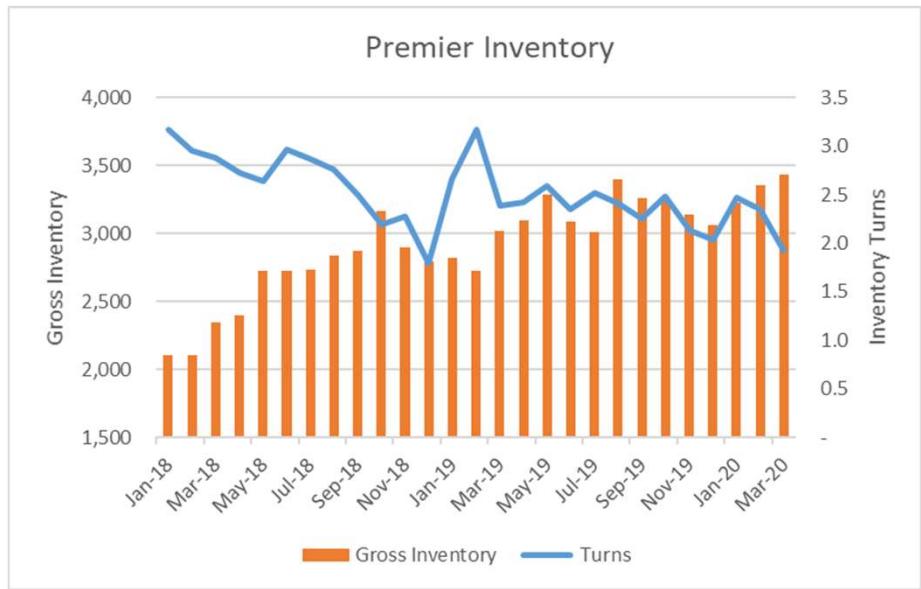
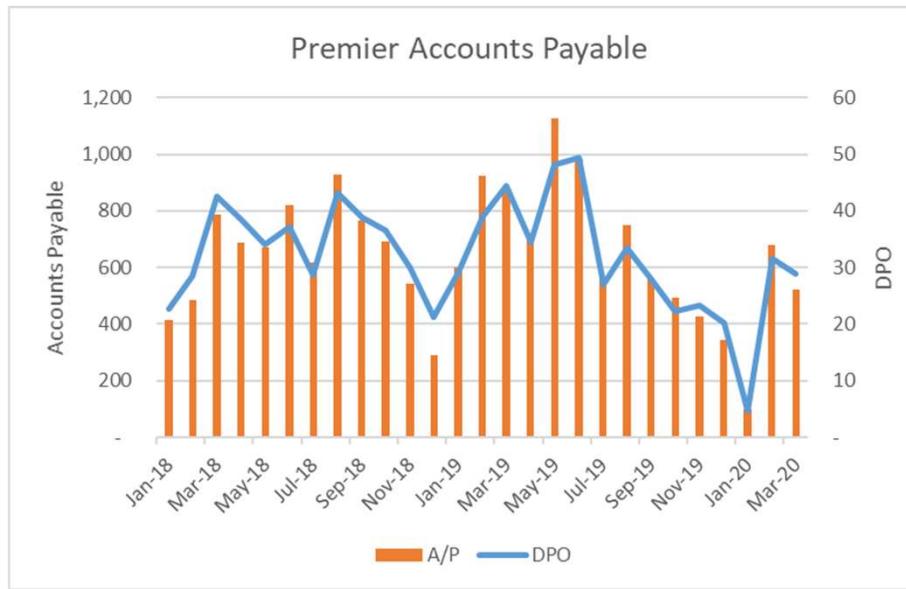
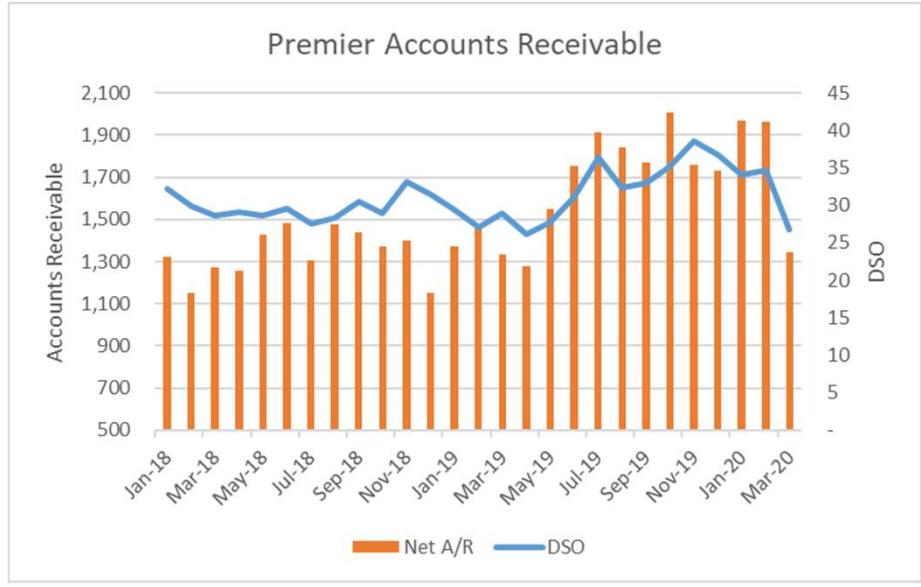
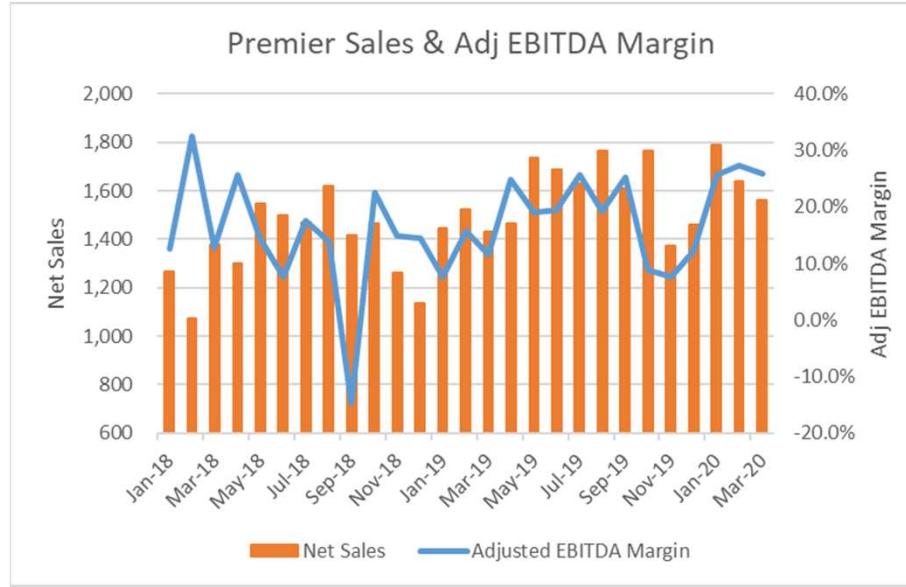
Delaney

Premier

Premier Appendix | Squeeze Report

	Net Revenue					Adj. EBITDA					Net Debt		
	Act	Bud	Variance	PY	Variance	Act	Bud	Variance	PY	Variance	Act	Bud	PY
This Month	\$ 1,560	\$ 1,509	3.4%	\$ 1,430	9.1%	\$ 403	\$ 278	45.0%	\$ 320	26.0%	\$ -	\$ -	\$ -
Quarter to Date	\$ 4,990	\$ 4,642	7.5%	\$ 4,396	13.5%	\$ 1,310	\$ 932	40.6%	\$ 897	46.1%			
Year to Date	\$ 4,990	\$ 4,642	7.5%	\$ 4,396	13.5%	\$ 1,310	\$ 932	40.6%	\$ 897	46.1%			
LTM Trends (\$'000s)	4/30/19	5/31/19	6/30/19	7/31/19	8/31/19	9/30/19	10/31/19	11/30/19	12/31/19	1/31/20	2/29/20	3/31/20	LTM
Net Revenue	\$ 1,464	\$ 1,737	\$ 1,689	\$ 1,630	\$ 1,764	\$ 1,610	\$ 1,765	\$ 1,371	\$ 1,459	\$ 1,790	\$ 1,640	\$ 1,560	\$ 19,479
Gross Margin	504	654	639	586	692	629	690	428	473	673	652	603	7,222
<i>Gross Margin %</i>	34.4%	37.6%	37.8%	35.9%	39.2%	39.1%	39.1%	31.2%	32.4%	37.6%	39.8%	38.6%	37.1%
SG&A	174	178	179	192	172	187	194	205	296	215	206	200	2,398
Reported EBITDA	330	476	460	394	519	442	496	223	176	458	446	403	4,824
<i>Rep. EBITDA %</i>	22.5%	27.4%	27.2%	24.2%	29.4%	27.4%	28.1%	16.3%	12.1%	25.6%	27.2%	25.8%	24.8%
Adj. EBITDA	330	476	460	394	519	442	496	223	176	458	449	403	4,827
<i>Adj. EBITDA %</i>	22.5%	27.4%	27.2%	24.2%	29.4%	27.4%	28.1%	16.3%	12.1%	25.6%	27.4%	25.8%	24.8%
Capex	\$ (94)	\$ (9)	\$ -	\$ (35)	\$ (5)	\$ (17)	\$ (191)	\$ (51)	\$ -	\$ -	\$ (44)	\$ -	\$ (447)
Accounts Receivable, Net	\$ 1,278	\$ 1,548	\$ 1,752	\$ 1,911	\$ 1,844	\$ 1,770	\$ 2,005	\$ 1,761	\$ 1,731	\$ 1,969	\$ 1,963	\$ 1,346	\$ 1,346
Inventory, Net	2,846	3,019	2,915	2,845	3,243	3,123	3,067	2,965	2,883	3,053	3,182	3,256	3,256
Accounts Payable	708	1,126	984	562	748	564	491	427	345	100	681	524	524
CCC	\$ 3,416	\$ 3,441	\$ 3,684	\$ 4,194	\$ 4,339	\$ 4,330	\$ 4,581	\$ 4,299	\$ 4,270	\$ 4,921	\$ 4,465	\$ 4,078	\$ 4,078
Beginning Cash Balance	\$ 18	\$ 1	\$ 21	\$ 76	\$ 76	\$ (1)	\$ 220	\$ 189	\$ (197)	\$ 309	\$ 482	\$ (14)	\$ 18
Add / (Less): Operating Cash Flow	94	47	(39)	(58)	(34)	226	(172)	(47)	554	172	(451)	644	938
Add / (Less): Investing Cash Flow	(94)	(9)	-	(35)	(5)	(17)	(191)	(51)	-	-	(44)	-	(447)
Add / (Less): Financing Cash Flow	(17)	(18)	94	16	8	12	(53)	17	(0)	(0)	-	-	58
Effect of FX rates / Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Cash Balance	\$ 1	\$ 21	\$ 76	\$ (1)	\$ 45	\$ 220	\$ (197)	\$ 107	\$ 357	\$ 482	\$ (14)	\$ 630	\$ 630

Premier Appendix | Financial Trends



Premier Appendix | Opex Summary - MTD



\$'000	MTD		Variance		PY MTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
<u>Opex Overview:</u>								
Payroll	\$ 105	\$ 107	\$ (2)	(1.7%)	\$ 97	\$ 8	8.7%	
Benefits	35	36	(2)	(4.6%)	31	3	10.4%	
Bonus	21	21	(0)	(0.6%)	14	7	47.9%	
Severance	—	—	—	N/A	(3)	3	(100.0%)	
Commissions	8	8	0	5.9%	4	4	122.6%	
Marketing	4	4	0	4.3%	7	(3)	(37.9%)	
Travel and Entertainment	4	4	(0)	(7.9%)	4	(1)	(16.0%)	
Rent and Facilities	0	0	(0)	(8.5%)	0	0	19.0%	
Professional Fees	6	5	1	18.0%	4	2	49.9%	
Utl., Repair, Maint., & Sec.	4	3	1	48.0%	2	2	97.4%	
IT	3	3	(0)	(1.2%)	2	1	43.6%	
Supplies	3	3	1	25.3%	2	2	105.5%	
Other Expenses	7	6	1	22.6%	3	4	165.7%	
Total Opex	\$ 200	\$ 199	\$ 1	0.4%	\$ 166	\$ 34	20.4%	

Premier Appendix | Opex Summary - YTD



\$'000	YTD		Var		PY YTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
<u>Opex Overview:</u>								
Payroll	\$ 315	\$ 303	\$ 12	4.0%	\$ 288	\$ 27	9.4%	
Benefits	112	108	3	3.1%	106	6	5.8%	
Bonus	62	62	(0)	(0.6%)	42	20	47.9%	
Severance	–	–	–	N/A	(10)	10	(100.0%)	
Commissions	26	23	2	9.6%	16	10	65.2%	
Marketing	14	12	1	12.3%	22	(9)	(39.3%)	
Travel and Entertainment	20	11	9	75.0%	8	12	156.7%	
Rent and Facilities	1	1	(0)	(11.7%)	1	(0)	(4.0%)	
Professional Fees	16	15	2	11.1%	11	5	41.1%	
Utl., Repair, Maint., & Sec.	13	8	5	55.1%	10	3	32.2%	
IT	9	8	1	8.5%	6	3	39.7%	
Supplies	9	8	0	3.9%	7	1	20.4%	
Other Expenses	25	20	5	24.1%	10	14	138.4%	
Total Opex	\$ 621	\$ 581	\$ 40	6.8%	\$ 518	\$ 103	19.9%	

Premier Appendix | Monthly CoGS by Component

\$'000	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY	FY	Var	
	Act	Act	Act	Fcst	Bud	\$	%									
Material																
Material costs at standard	\$ 710	\$ 650	\$ 590	\$ 670	\$ 786	\$ 766	\$ 740	\$ 839	\$ 774	\$ 838	\$ 671	\$ 707	\$ 8,741	\$ 8,803	\$ (61)	(0.7%)
Freight in	7	6	13	—	—	—	—	—	—	—	—	—	26	—	26	N/A
Scrap costs	14	12	12	—	—	—	—	—	—	—	—	—	37	—	37	N/A
Total Material COGS	\$ 730	\$ 668	\$ 614	\$ 670	\$ 786	\$ 766	\$ 740	\$ 839	\$ 774	\$ 838	\$ 671	\$ 707	\$ 8,804	\$ 8,803	\$ 1	0.0%
Labor																
Direct labor	\$ 215	\$ 194	\$ 191	\$ 198	\$ 184	\$ 198	\$ 198	\$ 191	\$ 198	\$ 191	\$ 191	\$ 157	\$ 2,304	\$ 2,280	\$ 24	1.1%
Direct labor - bonus	4	4	4	—	—	—	—	—	—	—	—	—	11	—	11	N/A
Direct labor - overtime	39	33	25	28	25	27	27	27	27	32	26	22	339	342	(4)	(1.1%)
Indirect labor	87	80	85	29	26	29	29	27	29	27	27	20	494	325	169	52.0%
Indirect labor - bonus	6	6	6	—	—	—	—	—	—	—	—	—	19	—	19	N/A
Indirect labor - overtime	4	3	3	3	4	4	3	4	2	5	4	5	43	43	(0)	(0.8%)
Indirect labor - benefits	12	12	12	84	82	84	84	83	84	83	83	78	782	997	(214)	(21.5%)
Total Labor COGS	\$ 367	\$ 331	\$ 326	\$ 341	\$ 321	\$ 341	\$ 341	\$ 333	\$ 340	\$ 338	\$ 331	\$ 282	\$ 3,992	\$ 3,987	\$ 5	0.1%
Other																
Repairs and maintenance	\$ 43	\$ 16	\$ 4	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 152	\$ 119	\$ 33	28.1%
Absorption	(222)	(197)	(199)	(157)	(157)	(157)	(157)	(157)	(157)	(157)	(157)	(157)	(2,028)	(1,880)	(148)	7.9%
Freight out	(15)	(29)	(14)	(18)	(21)	(21)	(20)	(23)	(21)	(23)	(18)	(19)	(242)	(238)	(4)	1.8%
Rent / facilities	33	33	39	34	34	34	34	34	34	34	34	34	407	402	5	1.2%
Utilities	20	18	19	20	20	20	20	20	20	20	20	20	240	244	(4)	(1.6%)
Other cost of sales	161	147	168	144	144	144	144	144	144	144	144	144	1,771	1,726	45	2.6%
Total Other COGS	\$ 19	\$ (11)	\$ 17	\$ 33	\$ 30	\$ 30	\$ 31	\$ 28	\$ 30	\$ 28	\$ 33	\$ 32	\$ 300	\$ 373	\$ (73)	(19.7%)
Total COGS	\$ 1,117	\$ 987	\$ 957	\$ 1,044	\$ 1,137	\$ 1,137	\$ 1,112	\$ 1,200	\$ 1,144	\$ 1,204	\$ 1,035	\$ 1,021	\$ 13,095	\$ 13,162	\$ (67)	(19.5%)

Premier Appendix | AR and AP Aging Detail

	AR Aging			AP Aging	
	Mar	Feb		Mar	Feb
Current	885	1,422	Current	524	681
30 Days	396	366			
60 Days	64	110			
90 Days	2	66			
Reserves	-	-			
Net A/R	1,346	1,964			

Premier Appendix | YTD Sales by Customer - OEM

Customer	2020	2019	\$ Diff	% Diff
CENTRAL STATES MANUFACT	\$441	\$347	\$94	27.1%
METAL MART	\$212	\$193	\$19	9.9%
R&M STEEL COMPANY	\$111	\$87	\$24	26.9%
PINNACLE STRUCTURES INC	\$110	\$56	\$54	96.7%
REED'S METALS, LLC	\$89	\$88	\$1	1.5%
MOORE'S FEED	\$85	\$1	\$84	16752.8%
MCELROY METAL MILL INC	\$84	\$85	(\$1)	-1.2%
MCELROY METAL SERVICE C	\$79	\$40	\$40	99.8%
GREENVILLE STEEL LTD	\$72	\$16	\$56	343.3%
IDEAL STEEL, LLC	\$65	\$70	(\$5)	-7.7%
STANDARD INDUSTRIAL STR	\$58	\$71	(\$13)	-18.9%
METAL BUILDING PRODUCTS	\$48	\$47	\$1	2.1%
LUCAS METAL WORKS INC	\$47	\$27	\$20	74.1%
EAGLE NATIONAL STEEL LL	\$47	\$35	\$12	35.0%
REED'S METALS LLC	\$42	\$52	(\$10)	-18.5%
COWELL STEEL STRUCTURES	\$42	\$27	\$15	57.7%
CUNNINGHAM STEEL	\$40	\$22	\$18	81.5%
S&S STEEL BUILDINGS INC	\$38	\$83	(\$45)	-54.4%
ROSENBERG VENTURES II,	\$36	\$60	(\$24)	-40.7%
MEDLIN'S METAL ROOFING	\$35	\$17	\$18	106.3%
BRAZOS METAL BUILDING S	\$35	\$9	\$26	275.9%
SERVICE & MANUFACTURING	\$35	\$56	(\$21)	-38.1%
UNITED STEEL STRUCTURES	\$34	\$44	(\$11)	-24.2%
SBI METAL BUILDINGS AND	\$28	\$30	(\$2)	-7.1%
TAYLOR & SONS PIPE & ST	\$27	\$74	(\$47)	-63.4%
TRINITY METAL BUILDINGS	\$25	\$10	\$14	140.0%
REED'S METALS OF BENTON	\$22	\$4	\$18	436.6%
GOLDIN METALS INC	\$20	\$17	\$3	19.4%
REED'S METAL OF JACKSON	\$19	\$18	\$1	4.6%
BBM STEEL BUILDINGS, IN	\$15	\$0	\$15	#DIV/0!
All Other	\$424	\$520	(\$96)	-18.4%
Total	\$2,463	\$2,206	\$258	11.7%

Includes Freight

Premier Appendix | YTD Sales by Customer - Distributor

Customer	2020	2019	\$ Diff	% Diff
ARKANSAS BOLT COMPANY	\$469	\$230	\$239	103.9%
THE DELANEY CO	\$240	\$322	(\$82)	-25.4%
BEACH DOOR SERVICE	\$188	\$110	\$78	70.9%
TAL-KNO BUILDING PRODUC	\$141	\$146	(\$5)	-3.6%
COMMERCIAL DOORS INC	\$105	\$32	\$73	224.9%
TEXDOOR LTD	\$99	\$35	\$64	183.6%
DOOR KING	\$84	\$19	\$65	334.6%
LUNSFORD DOOR &	\$82	\$159	(\$77)	-48.6%
FIBREBOND CORPORATION	\$74	\$105	(\$31)	-29.5%
BILL THROWER CO INC	\$54	\$17	\$37	221.0%
PIONEER MATERIAL INC	\$53	\$22	\$31	136.3%
COMMERCIAL DOOR & HARDW	\$52	\$36	\$16	45.4%
QUALITY HARDWARE & SPEC	\$51	\$73	(\$22)	-30.5%
COKER'S DOORS & MOULDIN	\$50	\$17	\$34	202.1%
SEVEN OAKS DOORS & HARD	\$50	\$45	\$5	10.6%
DURANOTIC DOOR, INC	\$48	\$0	\$48	#DIV/0!
AVAILABLE SUPPLY INC	\$47	\$44	\$3	6.8%
BUILDING SPECIALTIES	\$47	\$112	(\$64)	-57.7%
DOOR & HARDWARE ASSOCIA	\$40	\$27	\$13	49.7%
PERIMETER DOOR & HARDWA	\$36	\$22	\$14	66.1%
DOOR GALLERY OF FLORIDA	\$36	\$8	\$28	370.7%
TEXARKANA DOOR & WINDOW	\$33	\$15	\$18	114.6%
OVERHEAD DOOR COMPANY O	\$33	\$19	\$14	71.3%
BIL-DEN GLASS	\$33	\$9	\$24	258.0%
TWIN CITY DOOR & HARDWA	\$30	\$31	(\$1)	-2.5%
BOYD CONSTRUCTION SPECI	\$28	\$9	\$19	212.9%
VICTORIA BUILDERS SUPPL	\$26	\$32	(\$6)	-18.5%
VNS CORPORATION	\$24	\$3	\$20	581.0%
JENKINS MILLWORK LLC	\$24	\$0	\$24	#DIV/0!
BESTLINE DOORS	\$23	\$16	\$7	46.1%
All Other	\$418	\$647	-\$229	-35.4%
Total	\$2,718	\$2,363	\$355	15.0%

Includes Freight

Premier Appendix | 2020 NMHC Construction Survey



NMHC collected 135 responses from leading multifamily construction firms for the NMHC COVID-19 Construction Survey, Round 1. The survey was open from March 27th to April 1st, 2020. The multi-family market affects Delaney and Premier with our hardware and hollow metal applications designed specifically for this market.

Note: for percentage calculations, blank answers were omitted from the total.

In jurisdictions where you operate, are you experiencing construction delays?

Yes	55%
No	42%
N/A	3%

For respondents who reported experiencing construction delays:

Are you experiencing delays in permitting?

Yes	76%
No	18%
N/A	7%

Are you experiencing delays in starts?

Yes	59%
No	24%
N/A	16%

Are you experiencing delays in construction related to a construction moratorium?

Yes	62%
No	38%
N/A	0%

For respondents who reported delays in construction related to a construction moratorium:

Does your local moratorium include multifamily construction projects?

Yes	82%
No	13%
N/A	4%

Are you impacted by lack of materials?

Yes	24%
No	73%
N/A	3%

Are you seeing price increases in materials?

Yes	5%
No	88%
N/A	7%

Are you impacted by availability of labor?

Yes	41%
No	57%
N/A	2%

Have you implemented any new strategies to deal with the current hurdles?

Yes	73%
No	23%
N/A	5%

For respondents who reported implementing new strategies to deal with the current hurdles:

What new strategies have you implemented to deal with the current situation (respondents could select multiple options - cannot be summed to 100%)

Sourcing materials from alternative locations	43%
Sourcing alternative building materials	16%
Using technology to replace in-person transactions like inspections and approvals	67%
Staggering shifts to reduce on-site exposure	52%
Offering workforce incentives or other benefits	14%
Other	14%

Premier Appendix | 2020 NMHC Construction Survey



Housing starts plummeted 22.3 percent in March to a seasonally adjusted annual rate of 1,216,000, according to new data from the U.S. Census Bureau and Department of Housing and Urban Development. Single-family starts declined 17.5 percent and multifamily starts of five units or more plunged 32 percent.

"Single-family starts began an expected, virus-related decline in March," said National Association of Home Builders Chief Economist Robert Dietz. "Construction activity is expected to fall as virus mitigation efforts result in increased unemployment, economic uncertainty and lost business activity."

Housing starts fell by double digits across all regions with the Northeast hit the hardest, falling 42.5 percent on a month-over-month basis. Construction of single-family homes plummeted in three regions, but gained 6.1 percent in the West compared to the previous month.

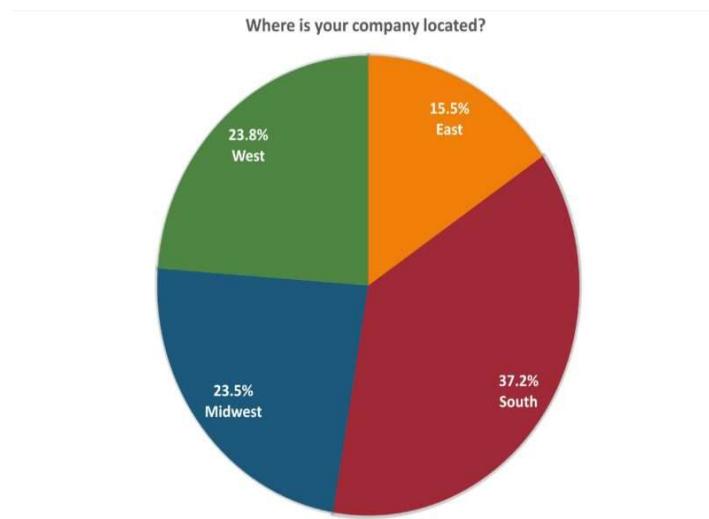
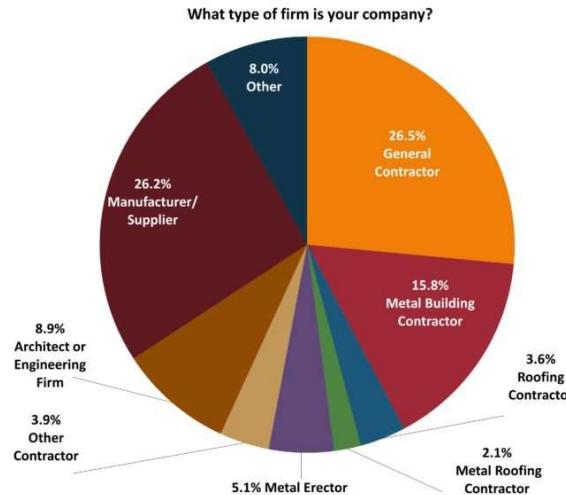
Construction starts fell in March despite the majority of states allowing home building to continue during the pandemic as an essential business activity.

Building permit authorizations also slipped in March, falling 6.8 percent from February to a SAAR of 1,353,000. Permit authorizations for single-family homes dropped 12 percent, but permits for buildings of five units or more rose 5.2 percent.

Regional month-over-month authorizations fell across the board, but on a yearly basis increased in the South and West.

Premier Appendix | 2020 NMHC Construction Survey

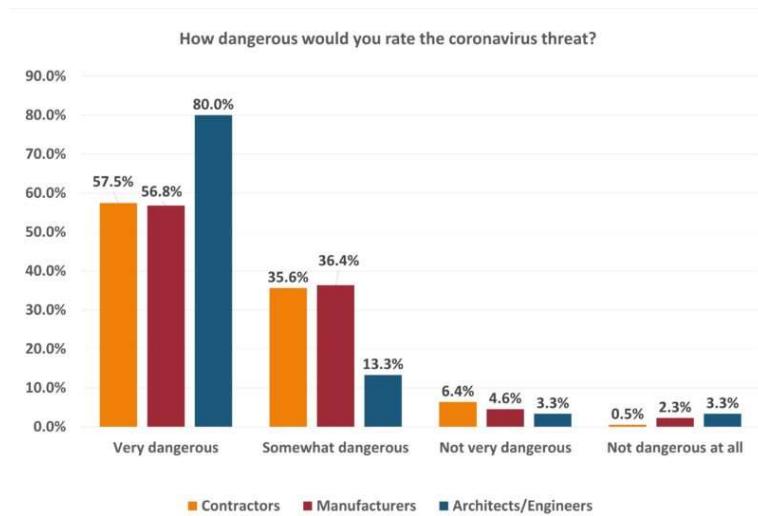
MCN surveyed its audience to capture the latest information from the ground up. This has a direct relational impact to the OEM markets that Premier serves. Readers reported on their attitudes toward the coronavirus, how their companies are coping and what they expect to happen.



Regional Breakdown by States

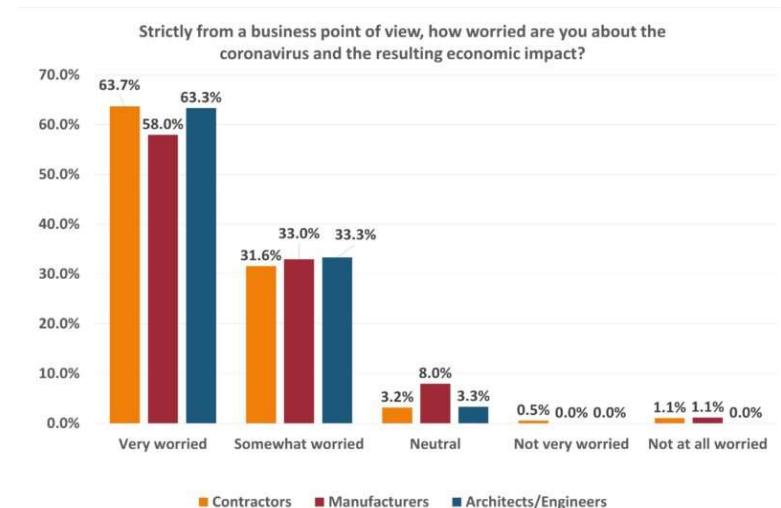
- East (N.Y., N.J., Del, Conn., Mass., R.I., Vt., N.H., Pa., W.Va., Maine, Md., D.C.)
- South (Va., Ky., Tenn., Ark., La., Miss., Ala., Ga., N.C., S.C., Fla., Okla., Texas)
- Midwest (Minn., Iowa, Mo., Ill., Wis., Mich., Ind., Ohio, Neb., S.D., N.D., Kan.)
- West (Idaho, Mont., Utah, N.M., Ariz., Colo., Wyo., Calif., Nev., Ore., Wash., Hawaii, Alaska)

Premier Appendix | 2020 NMHC Construction Survey

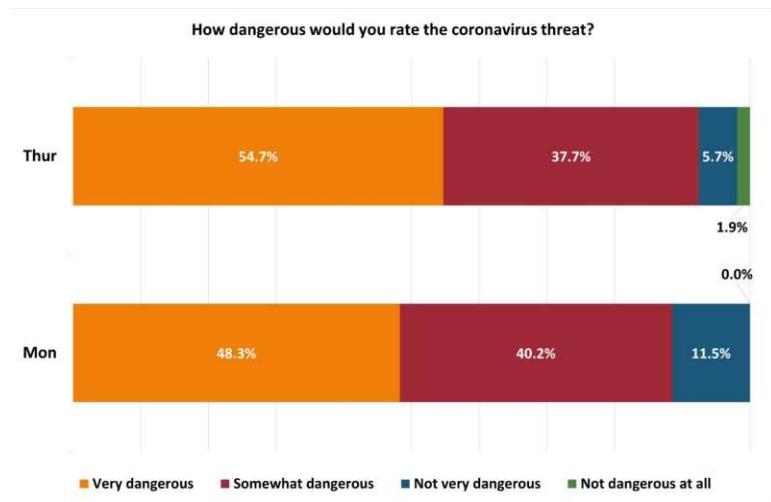


We asked respondents to break out the threat to business from the overall coronavirus threat. Not surprisingly given the current economic situation, a vast majority of contractors, manufacturers and architects/engineers are worried or very worried about the business side of the pandemic. Of those who are neutral, which is a small percentage, manufacturers are most likely to be neutral.

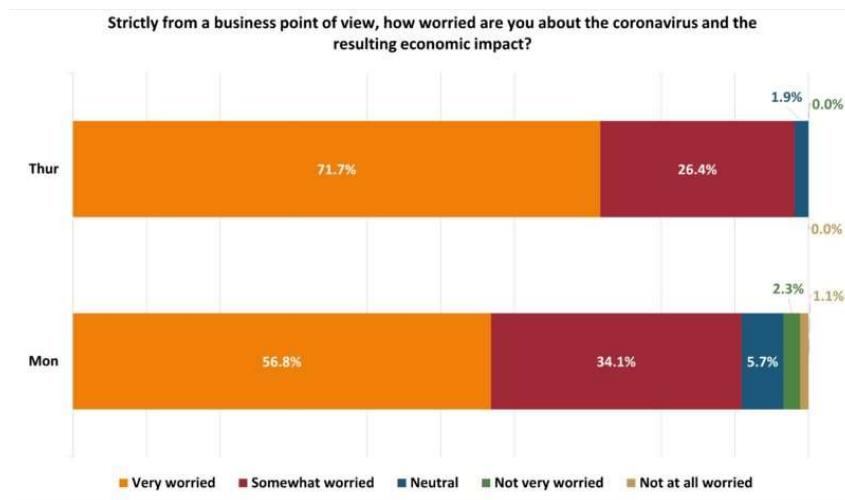
Architects and engineers are far more likely to see the coronavirus as a very dangerous threat compared to contractors and manufacturers. Excluding that cohort, over 55% of respondents rate the threat as very dangerous and over 35% rate it as somewhat dangerous. Of architects and engineers who do see the coronavirus as a threat, far more see it as substantial one.



Premier Appendix | 2020 NMHC Construction Survey

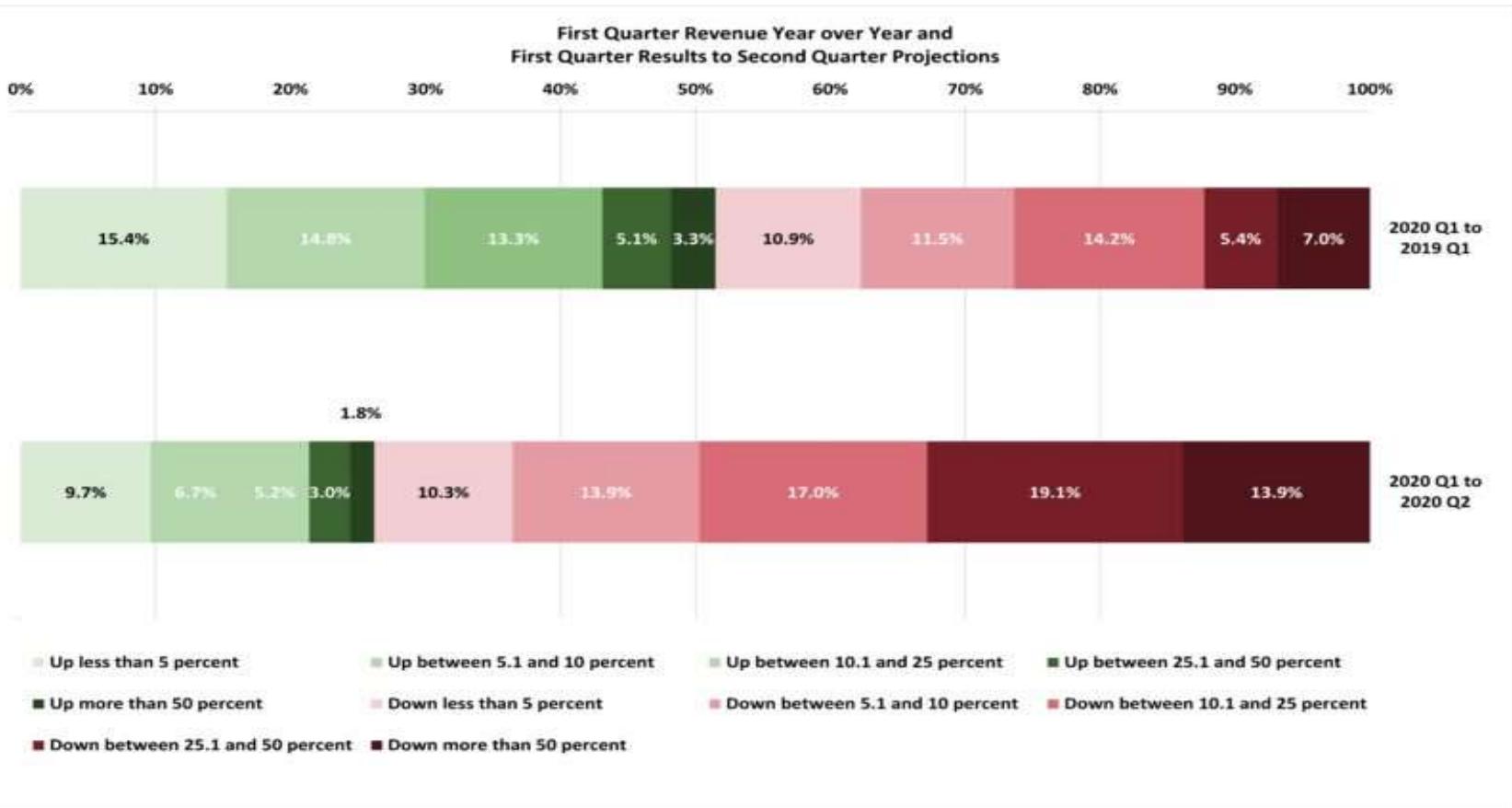


One of the most interesting aspects of our survey was in the changing attitudes by our audience toward the coronavirus over time. Of those respondents who completed the survey on Monday, March 30, 88.5% saw the coronavirus pandemic as a threat. By Thursday, April 2, 92.4% of respondents saw it as a threat. But even more interesting is the percentage who saw it as not dangerous at all increased. In a survey of this size, when breaking these cohorts, that small number could be substantially changed by just a few respondents.



Shift in attitudes during even a few days is more prominent in the feelings our audience had about business. On Monday, just under 10% of respondents didn't seem very concerned, rating their feelings as neutral, not very worried or not at all worried. By Thursday, though, those numbers had plummeted to almost zero.

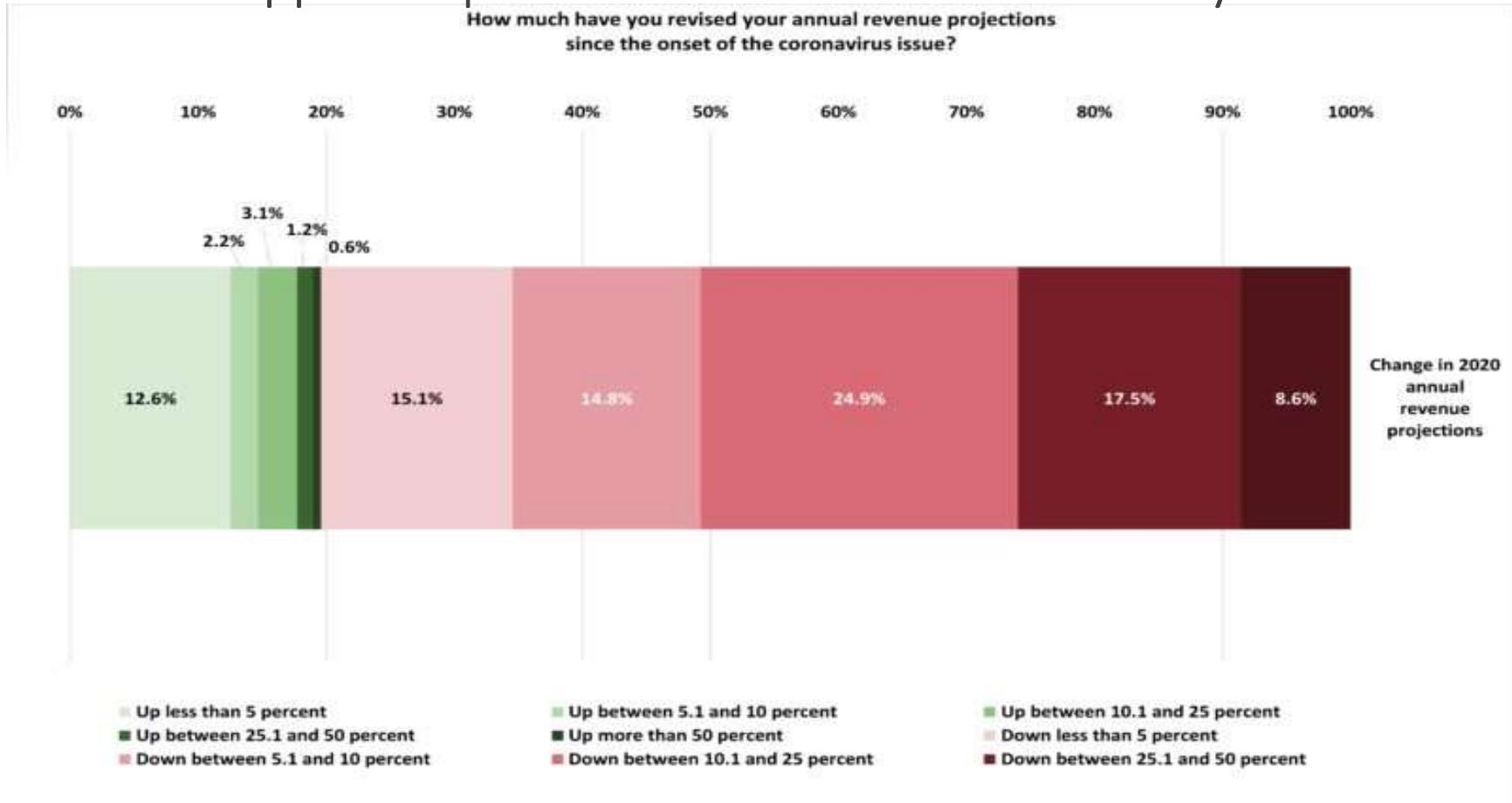
Premier Appendix | 2020 NMHC Construction Survey



We asked contractors to compare 2020 first quarter revenue to 2019 first quarter revenue (top bar). It is apparent that about half of the contractors saw increased revenues while half saw declining revenues. In fact, 22.2% had revenue increases of greater than 10%. That outlook shifted dramatically with the onset of the economic downturn as a result of the coronavirus pandemic.

The bottom bar compares first quarter revenue from this year to second quarter projections. At this point, slightly more than a quarter expect increased revenues. Given that the first quarter is often plagued by poor weather and slow starts, and the second quarter includes part of the peak building season, it's clear that contractors anticipate a significant downturn. Perhaps it's surprising that still more than 25% of respondents are forecasting increased revenues.

Premier Appendix | 2020 NMHC Construction Survey



Looking at annual revenue projections, you can see contractors have revised them downward significantly. 26.1% indicate they have lowered 2020 revenue projects more than 10%. Still, about 20% of our contractor audience anticipates 2020 will continue to be a year of revenue growth, although a very slim few (1.8%) expect growth greater than 10%.