July 2020 Monthly Operating Review
July 18th , 2020

sargent & greenleaf™

Agenda

Call To Order & Approval of Minutes	(Mike G.)	1:30pm	10 minutes
Financial Overview	(Milan V.)	1:40pm	20 minutes
Delaney	(Libby Z.)	2:00pm	40 minutes
Premier	(Joey M.)	2:40pm	40 minutes
S&G	(Mark L.)	3:20pm	40 minutes
Committee Reports / Board Resolutions	(Board of Directors)	4:00pm	15 minutes
Board-Only Discussion	(Board of Directors)	4:15pm	15 minutes
Adjourn		4:30pm	

July 2020 Operating Review

- Administrative (call to order, confirm APR MOR minutes, etc.)
- **Financial Review**
- Delaney
- Premier
- S&G
- Committee reports
- Appendix

Financial Review | Consolidated Summary P&L - MTD

$'000	MTD		Variance			Variance		PY MTD	Variance	
	Act	Rfc	$	%	Bud	$	%	Act	$	%
Net Revenue	**8,399**	**8,186**	**212**	**2.6%**	**9,309**	**(911)**	**(9.8%)**	**8,568**	**(170)**	**(2.0%)**
Material	4,027	3,913	114	2.9%	3,898	129	3.3%	3,598	429	11.9%
Labor	1,000	915	86	9.4%	1,109	(108)	(9.8%)	1,055	(55)	(5.2%)
Other COGS	(197)	(59)	(138)	233.3%	441	(639)	(144.7%)	511	(708)	(138.6%)
Total COGS	**4,830**	**4,769**	**62**	**1.3%**	**5,448**	**(618)**	**(11.3%)**	**5,164**	**(334)**	**(6.5%)**
Gross Margin	**3,568**	**3,418**	**151**	**4.4%**	**3,861**	**(293)**	**(7.6%)**	**3,404**	**164**	**4.8%**
Gross Margin %	*42.5%*	*41.7%*			*41.5%*			*39.7%*		
R&D	134	138	(5)	(3.4%)	161	(28)	(17.2%)	176	(43)	(24.2%)
Sales & Marketing	696	561	135	24.0%	805	(109)	(13.6%)	688	8	1.2%
Administrative	917	801	115	14.4%	767	149	19.4%	941	(24)	(2.6%)
Total Opex	**1,746**	**1,501**	**245**	**16.3%**	**1,734**	**12**	**0.7%**	**1,804**	**(58)**	**(3.2%)**
EBITDA	**1,822**	**1,917**	**(95)**	**(4.9%)**	**2,127**	**(305)**	**(14.3%)**	**1,600**	**222**	**13.9%**
EBITDA %	*21.7%*	*23.4%*			*22.8%*			*18.7%*		
Adj. EBITDA	**2,151**	**2,074**	**77**	**3.7%**	**2,183**	**(31)**	**(1.4%)**	**1,964**	**187**	**9.5%**
Adj. EBITDA %	*25.4%*	*25.3%*			*23.4%*			*22.9%*		
Net Income (Loss)	**$ (389)**	**$ (246)**	**$ (144)**	**58.5%**	**$ 645**	**$ (1,035)**	**(160.3%)**	**$ 488**	**$ (877)**	**(179.8%)**
Unincurred Standalone Costs	17	17	–	0.0%	–	$ 17	N/A	$ 86	$ (69)	(80.2%)
PF Adj EBITDA	**$ 2,134**	**$ 2,057**	**$ 77**	**3.7%**	**$ 2,183**	**$ (48)**	**(2.2%)**	**$ 1,879**	**$ 256**	**13.6%**
PF Adj. EBITDA %	*25.4%*	*25.1%*			*23.4%*			*21.9%*		

Management Discussion

Vs Rfc

- Revenue favorable $212k
  - S&G: $6k
  - Delaney: $282k
  - Premier: ($28k)
- Gross Margin favorable $151k
  - S&G: $3k
  - Delaney: $138k
  - Premier: $9
- Opex is unfavorable ($245k)
  - S&G: ($216k)
  - Delaney: ($10k)
  - Premier: ($19k)
- Adj EBITDA favorable $77k
  - S&G: ($68k)
  - Delaney: $131k
  - Premier: $13

vs PY

- Revenue unfavorable ($170k)
  - S&G: ($834k)
  - Delaney: $758k
  - Premier: ($30k)
- Gross Margin favorable $164k
  - S&G: ($0226k)
  - Delaney: $359k
  - Premier: $31k
- Opex favorable $58k
  - S&G: $172k
  - Delaney: ($86k)
  - Premier: ($28k)
- Adj EBITDA favorable $187k
  - S&G: ($153k)
  - Delaney: $314k
  - Premier: $26k

Financial Review | Consolidated Summary P&L - YTD

$'000	YTD		Var			Var		PY YTD	Variance	
	Act	Rfc	$	%	Bud	$	%	Act	$	%
Net Revenue	**55,002**	**54,790**	**212**	**0.4%**	**59,069**	**(4,067)**	**(6.9%)**	**58,254**	**(3,252)**	**(5.6%)**
Material	25,325	25,211	114	0.5%	25,087	238	0.9%	24,836	489	2.0%
Labor	6,468	6,382	86	1.3%	7,175	(707)	(9.9%)	6,767	(300)	(4.4%)
Other COGS	1,917	2,055	(138)	(6.7%)	3,049	(1,132)	(37.1%)	3,107	(1,190)	(38.3%)
Total COGS	**33,710**	**33,648**	**62**	**0.2%**	**35,311**	**(1,601)**	**(4.5%)**	**34,710**	**(1,000)**	**(2.9%)**
Gross Margin	**21,292**	**21,142**	**151**	**0.7%**	**23,758**	**(2,466)**	**(10.4%)**	**23,544**	**(2,252)**	**(9.6%)**
Gross Margin %	*38.7%*	*38.6%*			*40.2%*			*40.4%*	*0.0%*	*0.0%*
R&D	1,091	1,096	(5)	(0.4%)	1,426	(335)	(23.5%)	825	266	32.2%
Sales & Marketing	4,756	4,621	135	2.9%	6,072	(1,317)	(21.7%)	4,539	216	4.8%
Administrative	6,088	5,973	115	1.9%	5,467	621	11.4%	5,974	114	1.9%
Total Opex	**11,936**	**11,690**	**245**	**2.1%**	**12,966**	**(1,031)**	**(7.9%)**	**11,339**	**597**	**5.3%**
EBITDA	**9,357**	**9,451**	**(95)**	**(1.0%)**	**10,792**	**(1,435)**	**(13.3%)**	**12,206**	**(2,849)**	**(23.3%)**
EBITDA %	*17.0%*	*17.2%*			*18.3%*			*21.0%*	*0.0%*	*0.0%*
Adj. EBITDA	**11,357**	**11,280**	**77**	**0.7%**	**12,162**	**(805)**	**(6.6%)**	**13,075**	**(1,718)**	**(13.1%)**
Adj. EBITDA %	*20.6%*	*20.6%*			*20.6%*			*22.4%*	*0.0%*	*0.0%*
Net Income (Loss)	**$ (6,852)**	**$ (6,709)**	**$ (144)**	**2.1%**	**$ 1,386**	**$ (8,238)**	**(594.4%)**	**$ 7,117**	**$(13,970)**	**(196.3%)**
Unincurred Standalone Costs	171	171	–	0.0%	20	151	755.0%	299	(128)	(42.8%)
PF Adj EBITDA	**$ 11,186**	**$ 11,109**	$ 77	0.7%	**$ 12,142**	$ (956)	(7.9%)	**$ 12,776**	$ (1,590)	(12.4%)
PF Adj. EBITDA %	*20.3%*	*20.3%*			*20.6%*			*21.9%*		

Management Discussion

vs. Rfc

- Revenue favorable $212k
  - S&G: $6k
  - Delaney: $282k
  - Premier: ($28k)
- Gross Margin favorable $151k
  - S&G: $3k
  - Delaney: $138k
  - Premier: $9
- Opex is unfavorable ($245k)
  - S&G: ($216k)
  - Delaney: ($10k)
  - Premier: ($19k)
- Adj EBITDA favorable $77k
  - S&G: ($68k)
  - Delaney: $131k
  - Premier: $13

vs PY

- Revenue unfavorable ($3.3M)
  - S&G: ($6.4M)
  - Delaney: $2.5M
  - Premier: $0.7M
- Gross Margin unfavorable ($2.3M)
  - S&G: ($4.3M)
  - Delaney: $1.4M
  - Premier: $0.7M
- Opex unfavorable ($0.6M)
  - S&G: ($0.1M)
  - Delaney: ($0.3M)
  - Premier: ($0.2M)
- Adj EBITDA unfavorable ($1.7M)
  - S&G: ($3.5M)
  - Delaney: $1.2M
  - Premier: $0.6M

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

$'000	MTD		Variance			Variance		PY MTD	Variance	
	Act	Rfc	$	%	Bud	$	%	Act	$	%
Net Revenue	**3,425**	**3,419**	**6**	**0.2%**	**4,273**	**(848)**	**(19.9%)**	**4,259**	**(834)**	**(19.6%)**
Material	1,703	1,675	28	1.7%	1,491	212	14.2%	1,516	187	12.3%
Labor	569	467	101	21.7%	664	(95)	(14.4%)	656	(87)	(13.3%)
Other COGS	(398)	(271)	(126)	46.6%	214	(612)	(285.6%)	310	(707)	(228.4%)
Total COGS	**1,874**	**1,871**	**3**	**0.2%**	**2,369**	**(495)**	**(20.9%)**	**2,482**	**(608)**	**(24.5%)**
Gross Margin	**1,551**	**1,548**	**3**	**0.2%**	**1,904**	**(353)**	**(18.5%)**	**1,777**	**(226)**	**(12.7%)**
Gross Margin %	*45.3%*	*45.3%*			*44.6%*			*41.7%*		
R&D	134	138	(5)	(3.4%)	161	(28)	(17.2%)	176	(43)	(24.2%)
Sales & Marketing	390	285	105	37.0%	485	(95)	(19.5%)	388	2	0.6%
Administrative	381	266	115	43.3%	237	143	60.5%	513	(132)	(25.8%)
Total Opex	**905**	**689**	**216**	**31.3%**	**883**	**21**	**2.4%**	**1,077**	**(172)**	**(16.0%)**
EBITDA	**646**	**859**	**(212)**	**(24.7%)**	**1,021**	**(374)**	**(36.7%)**	**700**	**(53)**	**(7.6%)**
EBITDA %	*18.9%*	*25.1%*			*23.9%*			*16.4%*		
Adj. EBITDA	**911**	**979**	**(68)**	**(6.9%)**	**1,076**	**(165)**	**(15.4%)**	**1,064**	**(153)**	**(14.4%)**
Adj. EBITDA %	*26.1%*	*28.6%*			*25.2%*			*25.0%*		
Net Income (Loss)	**$ (991)**	**$ (731)**	**$ (260)**	**35.6%**	**$ 57**	**$ (1,048)**	**(1847.3%)**	**$ 41**	**$ (1,033)**	**(2497.1%)**
Unincurred Standalone Costs	17	17	–	0.0%	–	$ 17	N/A	$ 86	$ (69)	(80.2%)
PF Adj EBITDA	**$ 894**	**$ 962**	**$ (68)**	**-7.0%**	**$ 1,076**	**$ (182)**	**(16.9%)**	**$ 978**	**$ (85)**	**(8.6%)**
PF Adj. EBITDA %	*26.1%*	*28.1%*			*25.2%*			*23.0%*		

Management Discussion

- July net revenue favorable $6k to Rfc and down ($834k) to PY. Versus PY unfavorable variances in India ($821k), APAC less India ($496k) and EMEZ ($404k) partially offset by favorable variances in NA $775k and LAG $111k.
- Margins favorable $3k to Rfc due to the absorption rate, unfavorable ($226k) to PY due to unfavorable volume.
- OPEX higher to Rfc due to agent commissions (shipment not scheduled at time of Rfc) $55k, NetSuite consulting $44k, Value Selling $21k (timing v Rfc), Wise Strategies $25k, legal fees related to new logo $21k, payroll & Benefits $40k
- Adjusted EBITDA unfavorable ($68k) to Rfc and ($153k) to PY

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

$'000	YTD		Var			Var		PY YTD	Variance	
	Act	Rfc	$	%	Bud	$	%	Act	$	%
Net Revenue	**20,601**	**20,595**	**6**	**0.0%**	**25,482**	**(4,881)**	**(19.2%)**	**27,021**	**(6,420)**	**(23.8%)**
Material	9,048	9,020	28	0.3%	8,985	62	0.7%	9,436	(389)	(4.1%)
Labor	3,509	3,407	101	3.0%	4,123	(614)	(14.9%)	4,030	(521)	(12.9%)
Other COGS	521	647	(126)	(19.5%)	1,490	(969)	(65.0%)	1,710	(1,189)	(69.5%)
Total COGS	**13,078**	**13,075**	**3**	**0.0%**	**14,598**	**(1,520)**	**(10.4%)**	**15,176**	**(2,099)**	**(13.8%)**
Gross Margin	**7,523**	**7,520**	**3**	**0.0%**	**10,884**	**(3,361)**	**(30.9%)**	**11,845**	**(4,321)**	**(36.5%)**
Gross Margin %	*36.5%*	*36.5%*			*42.7%*			*43.8%*	*0.0%*	*0.0%*
R&D	1,091	1,096	(5)	(0.4%)	1,426	(335)	(23.5%)	825	266	32.2%
Sales & Marketing	2,425	2,320	105	4.5%	3,610	(1,184)	(32.8%)	2,267	159	7.0%
Administrative	2,582	2,467	115	4.7%	1,869	713	38.1%	2,873	(290)	(10.1%)
Total Opex	**6,099**	**5,884**	**216**	**3.7%**	**6,905**	**(806)**	**(11.7%)**	**5,965**	**134**	**2.3%**
EBITDA	**1,424**	**1,636**	**(212)**	**(13.0%)**	**3,979**	**(2,555)**	**(64.2%)**	**5,880**	**(4,456)**	**(75.8%)**
EBITDA %	*6.9%*	*7.9%*			*15.6%*			*21.8%*	*0.0%*	*0.0%*
Adj. EBITDA	**3,242**	**3,310**	**(68)**	**(2.0%)**	**5,349**	**(2,107)**	**(39.4%)**	**6,749**	**(3,507)**	**(52.0%)**
Adj. EBITDA %	*15.7%*	*16.1%*			*21.0%*			*25.0%*	*0.0%*	*0.0%*
Net Income (Loss)	**$ (8,449)**	**$ (8,188)**	**$ (260)**	**3.2%**	**$ (2,001)**	**$ (6,447)**	**322.2%**	**$ 4,025**	**$(12,474)**	**(309.9%)**
Unincurred Standalone Costs	171	171	–	0.0%	20	151	755.0%	299	(128)	(42.8%)
PF Adj EBITDA	**$ 3,071**	**$ 3,139**	$ (68)	-2.2%	**$ 5,329**	$ (2,258)	(42.4%)	**$ 6,450**	$ (3,379)	(52.4%)
PF Adj. EBITDA %	*14.9%*	*15.2%*			*20.9%*			*23.9%*		

Management Discussion

- YTD July net revenue favorable $6k to Rfc and down ($6.4M) to PY. All regions unfavorable versus PY: NA ($2.1M), India ($1.6M), EMEA ($1.1M), APAC less India ($1.1M) and LAG ($0.5M).
- Margins favorable $3k to Rfc due to the absorption rate, unfavorable ($4.3M) to PY ($2.8M) in volume and ($1.5M) related to product mix and absorption rates.
- OPEX higher to Rfc due to agent commissions (shipment not scheduled at time of Rfc) $55k, NetSuite consulting $44k, Value Selling $21k (timing v Rfc), Wise Strategies $25k, legal fees related to new logo $21k, payroll & Benefits $40k
- Adjusted EBITDA unfavorable ($68k) to Rfc and ($3.5M) to PY

Financial Review| S&G 1X Costs

	Jul 20 Actual	Jul 20 Rfc	Variance $	Variance %	Jul 20 Budget	Variance $	Variance %	YTD Actual	YTD Rfc	Variance $	Variance %	YTD Budget	Variance $	Variance %
Engineering	**-**	**20**	**(20)**	**-100.0%**	**28**	**(28)**	**-100.0%**	**102**	**121**	**(20)**	**-16.2%**	**455**	**(353)**	**-77.6%**
Market Parity	-	20	(20)	-100.0%	28	(28)	-100.0%	-	43	(43)	-100.0%	378	(378)	-100.0%
OGX	-	-	-	N/A	23	(23)	-100.0%	93	93	-	0.0%	252	(159)	-63.0%
Six Sigma Training	-	-	-	N/A	-	-	N/A	9	9	-	0.0%	-	9	N/A
Marketing	**21**	**7**	**14**	**220.1%**	**1**	**20**	**4061.4%**	**146**	**131**	**14**	**10.9%**	**366**	**(220)**	**-60.1%**
Brand Refresh	21	7	14	220.1%	-	21	N/A	80	99	(19)	-19.4%	320	(240)	-75.1%
Ecommerce	-	-	-	N/A	-	-	N/A	48	78	(30)	-38.5%	30	18	60.0%
Market Parity	-	-	-	N/A	1	(1)	-100.0%	18	18	-	0.0%	16	3	16.1%
Sales	**71**	**25**	**46**	**184.0%**	**-**	**71**	**N/A**	**145**	**99**	**46**	**46.2%**	**-**	**145**	**N/A**
SmartVentures	-	-	-	N/A	-	-	N/A	30	30	-	0.0%	-	30	N/A
Value Selling	21	-	21	N/A	-	21	N/A	21	-	21	N/A	-	21	N/A
Wise Strategies	50	25	25	100.0%	-	50	N/A	95	70	25	35.7%	-	95	N/A
Admin	**164**	**69**	**95**	**138.1%**	**28**	**136**	**495.6%**	**1,129**	**1,034**	**95**	**9.2%**	**515**	**614**	**119.2%**
Legal Services (policy reviews)	-	-	-	N/A	-	-	N/A	-	-	-	N/A	20	(20)	-100.0%
HR Consultant	3	3	-	0.0%	-	3	N/A	58	58	-	0.0%	25	34	138.5%
Recruiting Fees	-	-	-	N/A	28	(28)	-100.0%	41	41	-	0.0%	101	(60)	-59.5%
NetSuite Reports Consulting	17	-	17	N/A	-	17	N/A	55	38	17	45.1%	40	15	38.2%
Lewis Lee (reporting/analysis support)	-	8	(8)	-100.0%	-	-	N/A	-	8	(8)	-100.0%	-	-	N/A
CFO transition consulting	-	-	-	N/A	-	-	N/A	11	11	-	0.0%	-	11	N/A
TSA	-	-	-	N/A	-	-	N/A	348	348	-	0.0%	189	159	83.9%
Planned Engineering Separation Project Start	-	-	-	N/A	-	-	N/A	-	-	-	N/A	40	(40)	-100.0%
IT Services - Transition Support	-	-	-	N/A	-	-	N/A	36	36	-	0.0%	41	(5)	-13.1%
RSM Consulting	29	-	29	N/A	-	29	N/A	272	243	29	12.0%	60	212	353.9%
Six Sigma Training	-	-	-	N/A	-	-	N/A	11	11	-	0.0%	-	11	N/A
KPMG Consulting	-	-	-	N/A	-	-	N/A	20	20	-	0.0%	-	20	N/A
Crowe - Opening Balance Sheet	12	-	12	N/A	-	12	N/A	12	-	12	N/A	-	12	N/A
Severence	58	58	0	0.6%	-	58	N/A	58	58	0	0.6%	-	58	N/A
Retention Bonuses	22	-	22	N/A	-	22	N/A	92	70	22	31.4%	-	92	N/A
Board Member Fees	22	-	22	N/A	-	22	N/A	115	93	22	23.7%	-	115	N/A
Manufacturing	**9**	**-**	**9**	N/A	**-**	**9**	**N/A**	**296**	**287**	**9**	**3.1%**	**57**	**239**	**419.8%**
Quality Consulting	9	-	9	N/A	-	9	N/A	218	209	9	4.3%	-	218	N/A
SmartVentures-Supply Chain Optimization	-	-	-	N/A	-	-	N/A	79	79	-	0.0%	-	79	N/A
Kaizen Training	-	-	-	N/A	-	-	N/A	-	-	-	N/A	57	(57)	-100.0%
Total	**265**	**120**	**145**	**120.7%**	**56**	**209**	**376.8%**	**1,818**	**1,673**	**145**	**8.6%**	**1,392**	**426**	**30.6%**

Financial Review | Delaney Summary P&L - MTD

$'000	MTD		Variance			Variance		PY MTD	Variance	
	Act	Rfc	$	%	Bud	$	%	Act	$	%
Net Revenue	**3,532**	**3,250**	**282**	**8.7%**	**3,428**	**104**	**3.0%**	**2,774**	**758**	**27.3%**
Material	1,859	1,706	153	9.0%	1,779	80	4.5%	1,481	378	25.5%
Labor	85	94	(9)	(9.4%)	104	(18)	(17.7%)	73	12	17.1%
Other COGS	188	188	(0)	(0.2%)	196	(9)	(4.4%)	179	8	4.7%
Total COGS	**2,132**	**1,988**	**144**	**7.2%**	**2,079**	**53**	**2.6%**	**1,733**	**399**	**23.0%**
Gross Margin	**1,401**	**1,262**	**138**	**11.0%**	**1,349**	**51**	**3.8%**	**1,042**	**359**	**34.4%**
Gross Margin %	*39.6%*	*38.8%*			*39.4%*			*37.6%*		
Sales & Marketing	231	224	7	3.1%	268	(37)	(13.8%)	222	8	3.8%
Administrative	391	387	4	0.9%	376	15	4.0%	313	77	24.7%
Total Opex	**621**	**611**	**10**	**1.7%**	**643**	**(22)**	**(3.4%)**	**536**	**86**	**16.0%**
EBITDA	**779**	**651**	**128**	**19.6%**	**706**	**73**	**10.4%**	**506**	**273**	**53.9%**
EBITDA %	*22.1%*	*20.0%*			*20.6%*			*18.2%*		
Adj. EBITDA	**821**	**689**	**131**	**19.1%**	**706**	**115**	**16.2%**	**506**	**314**	**62.1%**
Adj. EBITDA %	*23.2%*	*21.2%*			*20.6%*			*18.2%*		
Net Income (Loss)	**$ 393**	**$ 264**	**$ 129**	**48.7%**	**$ 340**	**$ 53**	**15.6%**	**$ 125**	**$ 268**	**213.7%**

Management Discussion

- July net revenue Up $282k to Rfc and up $758k to PY. Versus Rfc: Single Family up $240k, Hollow Metal up $67k, Online up $14k, Bravura up $18k, partially offset by Multi-Family down ($84k). In addition revenue reductions were favorable $27k. Versus PY: Single Family up $440k, Hollow Metal up $256k, Online up $94k, Bravura up $26k, partially offset by Multi-Family down ($80k). In addition, revenue reductions were favorable $22k.
- Margins favorable to Rfc driven by lower revenue reductions.
- OPEX approx. flat to Rfc
- Adjusted EBITDA up $131k to Rfc and up $314k to PY.

Financial Review | Delaney Summary P&L - YTD

$'000	YTD		Var			Var		PY YTD	Variance	
	Act	Rfc	$	%	Bud	$	%	Act	$	%
Net Revenue	**23,724**	**23,442**	**282**	**1.2%**	**23,236**	**488**	**2.1%**	**21,268**	**2,456**	**11.5%**
Material	12,621	12,469	153	1.2%	12,300	322	2.6%	11,637	985	8.5%
Labor	544	553	(9)	(1.6%)	688	(144)	(20.9%)	540	4	0.8%
Other COGS	1,334	1,334	(0)	(0.0%)	1,337	(3)	(0.2%)	1,226	108	8.8%
Total COGS	**14,500**	**14,356**	**144**	**1.0%**	**14,325**	**175**	**1.2%**	**13,403**	**1,097**	**8.2%**
Gross Margin	**9,224**	**9,086**	**138**	**1.5%**	**8,911**	**313**	**3.5%**	**7,865**	**1,359**	**17.3%**
Gross Margin %	*38.9%*	*38.8%*			*38.3%*			*37.0%*		
Sales & Marketing	1,795	1,788	7	0.4%	2,088	(292)	(14.0%)	1,807	(11)	(0.6%)
Administrative	2,600	2,596	4	0.1%	2,564	36	1.4%	2,326	273	11.7%
Total Opex	**4,395**	**4,384**	**10**	**0.2%**	**4,652**	**(257)**	**(5.5%)**	**4,133**	**262**	**6.3%**
EBITDA	**4,829**	**4,701**	**128**	**2.7%**	**4,259**	**570**	**13.4%**	**3,732**	**1,097**	**29.4%**
EBITDA %	*20.4%*	*20.1%*			*18.3%*			*17.5%*		
Adj. EBITDA	**4,977**	**4,846**	**131**	**2.7%**	**4,259**	**718**	**16.9%**	**3,732**	**1,245**	**33.4%**
Adj. EBITDA %	*21.0%*	*20.7%*			*18.3%*			*17.5%*		
Net Income (Loss)	**$ 188**	**$ 59**	**$ 129**	**216.9%**	**$ 1,851**	**$ (1,663)**	**(89.8%)**	**$ 988**	**$ (800)**	**(81.0%)**

Management Discussion

- July net revenue Up $282k to Rfc and up $2,456k to PY. Versus Rfc: Single Family up $240k, Hollow Metal up $67k, Online up $14k, Bravura up $18k, partially offset by Multi-Family down ($84k). In addition revenue reductions were favorable $27k. Versus PY: Single Family up $568k, Hollow Metal up $94k, Online up $897k, Multi-Family up $491k, partially offset by Bravura down ($230k) In addition, revenue reductions were favorable $636k, largely driven by tariff surcharge.
- Margins favorable to Rfc driven by lower revenue reductions.
- OPEX approx. flat to Rfc
- Adjusted EBITDA up $131k to Rfc and up $314k to PY.

$'000	MTD Act	MTD Rfc	Variance $	Variance %	Bud	Variance $	Variance %	PY MTD Act	Variance $	Variance %
Net Revenue	**1,600**	**1,629**	**(28)**	**(1.7%)**	**1,719**	**(119)**	**(6.9%)**	**1,630**	**(30)**	**(1.8%)**
Material	625	644	(19)	(3.0%)	740	(116)	(15.6%)	696	(71)	(10.3%)
Labor	346	353	(7)	(1.9%)	341	5	1.6%	326	20	6.1%
Other COGS	13	24	(11)	(47.1%)	31	(18)	(58.6%)	22	(9)	(42.3%)
Total COGS	**984**	**1,021**	**(38)**	**(3.7%)**	**1,112**	**(128)**	**(11.6%)**	**1,044**	**(61)**	**(5.8%)**
Gross Margin	**617**	**608**	**9**	**1.5%**	**607**	**9**	**1.5%**	**586**	**31**	**5.3%**
Gross Margin %	*38.5%*	*37.3%*			*35.3%*			*35.9%*		
Sales & Marketing	75	53	22	42.4%	53	22	42.1%	78	(2)	(3.2%)
Administrative	145	148	(3)	(2.2%)	154	(9)	(6.0%)	114	31	27.1%
Total Opex	**220**	**201**	**19**	**9.5%**	**207**	**13**	**6.3%**	**192**	**28**	**14.8%**
EBITDA	**397**	**406**	**(10)**	**(2.5%)**	**400**	**(4)**	**(0.9%)**	**394**	**3**	**0.7%**
EBITDA %	*24.8%*	*25.0%*			*23.3%*			*24.2%*		
Adj. EBITDA	**420**	**406**	**13**	**3.3%**	**400**	**20**	**4.9%**	**394**	**26**	**6.6%**
Adj. EBITDA %	*26.2%*	*25.0%*			*23.3%*			*24.2%*		
Net Income (Loss)	**$ 209**	**$ 221**	**$ (12)**	**(5.4%)**	**$ 249**	**$ (40)**	**(16.0%)**	**$ 321**	**$ (112)**	**(34.9%)**

Management Discussion

- July net revenue down ($28k) to Rfc and down ($30k) to PY. Versus Rfc & PY: OEM up $227k, Distributor down ($216k), Pre-Assembled down ($32k), and Cash down ($8k).
- Margins up to Rfc due to product mix, material cost favorability and lower labor and OT.
- OPEX higher to Rfc due to recruiting & relo costs.
- Adjusted EBITDA up $13k to Rfc and up $26k to PY.

Financial Review | Premier Summary P&L - YTD

$'000	YTD		Var			Var		PY YTD	Variance	
	Act	Rfc	$	%	Bud	$	%	Act	$	%
Net Revenue	**11,627**	**11,655**	**(28)**	**(0.2%)**	**11,522**	**105**	**0.9%**	**10,916**	**711**	**6.5%**
Material	4,605	4,625	(19)	(0.4%)	4,973	(368)	(7.4%)	4,751	(145)	(3.1%)
Labor	2,415	2,421	(7)	(0.3%)	2,363	51	2.2%	2,197	217	9.9%
Other COGS	62	73	(11)	(15.5%)	222	(160)	(72.1%)	171	(109)	(63.8%)
Total COGS	**7,082**	**7,119**	**(38)**	**(0.5%)**	**7,559**	**(477)**	**(6.3%)**	**7,119**	**(37)**	**(0.5%)**
Gross Margin	**4,545**	**4,536**	**9**	**0.2%**	**3,963**	**582**	**14.7%**	**3,797**	**748**	**19.7%**
Gross Margin %	*39.1%*	*38.9%*			*34.4%*			*34.8%*		
Sales & Marketing	535	513	22	4.4%	375	160	42.5%	466	69	14.8%
Administrative	906	910	(3)	(0.4%)	1,034	(128)	(12.3%)	775	132	17.0%
Total Opex	**1,441**	**1,422**	**19**	**1.3%**	**1,409**	**32**	**2.3%**	**1,241**	**201**	**16.2%**
EBITDA	**3,104**	**3,114**	**(10)**	**(0.3%)**	**2,554**	**550**	**21.5%**	**2,557**	**547**	**21.4%**
EBITDA %	*26.7%*	*26.7%*			*22.2%*			*23.4%*		
Adj. EBITDA	**3,138**	**3,124**	**13**	**0.4%**	**2,554**	**584**	**22.9%**	**2,557**	**581**	**22.7%**
Adj. EBITDA %	*27.0%*	*26.8%*			*22.2%*			*23.4%*		
Net Income (Loss)	**$ 1,408**	**$ 1,420**	**$ (12)**	**(0.8%)**	**$ 1,536**	**$ (128)**	**(8.3%)**	**$ 2,067**	**$ (659)**	**(31.9%)**

Management Discussion

- July net revenue down ($28k) to Rfc and down ($711k) to PY. Versus Rfc: OEM up $227k, Distributor down ($216k), Pre-Assembled down ($32k), and Cash down ($8k). Versus PY: OEM up $560k, Distributor up $264k, Pre-Assembled ($67k), Cash down ($42k).
- Margins up to Rfc due to product mix, material cost favorability and lower labor and OT.
- OPEX higher to Rfc due to recruiting & relo costs.
- Adjusted EBITDA up $13k to Rfc and up $581k to PY.

Financial Review | Consolidated Balance Sheet

	Jul 20		Variance		Jul 20	Variance	
$'000	**Act**	**Rfc**	**$**	**%**	**Bud**	**$**	**%**
Current Assets							
Cash and cash equivalents	$ 6,170	$ 3,880	$2,290	59.0%	$ 6,250	$ (79)	(1.3%)
Accounts receivable, gross	13,288	13,747	(460)	-3.3%	12,663	624	4.9%
Accounts receivable, reserves	(262)	(257)	(5)	2.1%	(137)	(125)	91.8%
Accounts receivable, net	13,025	13,491	(465)	-3.4%	13,131	(106)	(0.8%)
Inventory, gross	19,223	20,874	(1,651)	-7.9%	22,306	(3,083)	(13.8%)
Inventory, reserves	(2,284)	(2,290)	6	-0.3%	(2,687)	404	(15.0%)
Inventory, net	16,939	18,584	(1,645)	-8.9%	19,618	(2,679)	(13.7%)
Prepaid expenses and other current assets	(42)	(39)	(2)	6.0%	204	(246)	(120.4%)
Current portion of deferred taxes	1,765	1,765	–	0.0%	–	1,765	N/A
Other current assets	–	–	–	N/A	49,912	(49,912)	(100.0%)
Total Current Assets	**37,858**	**37,680**	**178**	**0.5%**	**89,116**	**(51,258)**	**(57.5%)**
Non-Current Assets							
Property, plant & equipment, gross	14,497	14,415	82	0.6%	16,272	(1,774)	(10.9%)
Accumulated depreciation	(2,325)	(2,326)	0	0.0%	(2,949)	623	(21.1%)
Property, plant & equipment, net	12,172	12,090	83	0.7%	13,323	(1,151)	(8.6%)
Goodwill	89,310	89,310	0	0.0%	64,694	24,616	38.0%
Identifiable intangible assets, gross	25,100	25,100	–	0.0%	15,100	10,000	66.2%
Accumulated amortization	(1,797)	(1,903)	106	-5.6%	(3,014)	1,217	(40.4%)
Identifiable intangible assets, net	23,303	23,302	0	0.0%	12,086	11,217	92.8%
Deferred financing cost	2,754	2,759	(5)	-0.2%	2,570	184	7.2%
Deferred tax asset	(1,761)	(1,753)	(8)	0.5%	672	(2,433)	(362.3%)
Other non-current assets	49,727	49,727	–	0.0%	131	49,596	37770.8%
Total Non-Current Assets	**175,505**	**175,436**	**69**	**0.0%**	**93,476**	**82,029**	**87.8%**
Total Assets	**$213,363**	**$213,116**	**$ 247**	**0.1%**	**$182,592**	**$30,771**	**16.9%**
Current Liabilities							
Current portion of long-term debt	$ 2,313	$ 2,081	$ 231	11.1%	$ 1,850	$ 463	25.0%
Notes payable	–	–	–	N/A	–	–	N/A
Accounts payable	4,212	3,892	320	8.2%	5,105	(893)	(17.5%)
Accrued liabilities	3,233	3,333	(100)	-3.0%	3,417	(184)	(5.4%)
Accrued compensation	1,476	1,276	200	15.7%	884	592	67.1%
Income taxes payable	(41)	(35)	(6)	18.4%	762	(803)	(105.4%)
Short-term unearned revenue	53	81	(28)	-35.2%	56	(4)	(7.0%)
Total Current Liabilities	**11,245**	**10,628**	**617**	**5.8%**	**12,073**	**(828)**	**(6.9%)**
Long-term liabilities							
Long-term debt less current maturities	89,270	89,501	(231)	-0.3%	90,212	(942)	(1.0%)
Capital lease	46	–	46	N/A	–	46	N/A
Deferred income taxes	961	963	(2)	-0.2%	(831)	1,791	(215.6%)
Other non-current liabilities	588	631	(43)	-6.8%	3,792	(3,204)	(84.5%)
Total Long-Term Liabilities	**90,865**	**91,096**	**(230)**	**-0.3%**	**93,173**	**(2,308)**	**(2.5%)**
Total Liabilities	**102,111**	**101,724**	**387**	**0.4%**	**105,247**	**(3,136)**	**(3.0%)**
Shareholders' Equity							
Common stock	124,690	124,690	0	0.0%	72,725	51,966	71.5%
Retained earnings	(13,809)	(13,688)	(122)	0.9%	3,249	(17,058)	(525.0%)
Accumulated other comprehensive income	389	389	–	0.0%	1,370	(981)	(71.6%)
Other equity transactions	–	–	–	N/A	1	(1)	(100.0%)
Total Shareholders' Equity	**111,270**	**111,392**	**(122)**	**-0.1%**	**77,345**	**33,925**	**43.9%**
Total Liabilities and Shareholders' Equity	**$213,381**	**$213,116**	**$ 265**	**0.1%**	**$182,591**	**$30,789**	**16.9%**

Management Discussion

- **Strong cash position driven by reduction of inventory.**

Financial Review | Consolidated Cash Flow

$'000	YTD Act	YTD Rfc	Variance $	Variance %	YTD Bud	Variance $	Variance %	PY YTD Act	Variance $	Variance %
Cash flow from operations										
Net Income (Loss)	$(6,852)	$(6,705)	$ (147)	2.2%	$ 1,386	$(8,238)	(594.4%)	$ 7,117	$(13,970)	(196.3%)
Depreciation, amortization and other	7,947	7,948	(1)	(0.0%)	5,556	2,391	43.0%	(42,356)	50,304	(118.8%)
Change in operating assets and liabilities:										
Accounts receivable	(2,610)	(3,075)	465	(15.1%)	(2,690)	80	(3.0%)	(9,186)	6,576	(71.6%)
Inventory	5,048	3,403	1,645	48.3%	(413)	5,461	(1321.9%)	(8,700)	13,748	(158.0%)
Prepaid expenses and other current assets	313	311	2	0.8%	8	305	3588.4%	(287)	601	(209.0%)
Accounts payable	705	385	320	83.3%	1,415	(709)	(50.2%)	3,136	(2,431)	(77.5%)
Accrued expenses	(297)	(197)	(100)	50.8%	55	(352)	(634.7%)	1,309	(1,606)	(122.7%)
Accrued income taxes	134	141	(6)	(4.6%)	(236)	370	(156.8%)	258	(124)	(48.1%)
Other changes in operating assets and liabilities	276	90	187	208.2%	786	(510)	(64.9%)	1,669	(1,393)	(83.5%)
Total Cash Flow from Operations	**$ 4,665**	**$ 2,300**	**$2,365**	**102.8%**	**$ 5,867**	**$(1,202)**	**(20.5%)**	**$(47,039)**	**$ 51,704**	**(109.9%)**
Cash flow from investing										
Additions to property, plant and equipment	$ (808)	$ (726)	$ (82)	11.3%	$(1,945)	$ 1,137	(58.4%)	$(12,091)	$ 11,283	(93.3%)
Total Cash Flow from Investing	**$ (808)**	**$ (726)**	**$ (82)**	**11.3%**	**$(1,945)**	**$ 1,137**	**(58.4%)**	**$(27,191)**	**$ 26,383**	**(97.0%)**
Cash flow from financing										
Repayment of debt	(925)	(924)	(1)	0.2%	(446)	(479)	107.4%	–	(925)	N/A
Capital lease	(3)	–	(3)	N/A	–	(3)	N/A	–	(3)	N/A
Common stock issued (repurchased)	–	(0)	0	(100.0%)	(0)	0	(100.0%)	40,228	(40,228)	(100.0%)
Other cash flow from financing costs	353	341	13	3.7%	189	164	87.0%	(7,034)	7,387	(105.0%)
Total Cash Flow from Financing	**$ (575)**	**$ (583)**	**$ 8**	**(1.3%)**	**$ (257)**	**$ (318)**	**123.8%**	**$ 77,780**	**$(78,355)**	**(100.7%)**
Net change in cash	**$ 3,281**	**$ 991**	**$2,290**	**231.2%**	**$ 3,665**	**$ (383)**	**(10.5%)**	**$ 3,550**	**$ (269)**	**(7.6%)**
Beginning cash	2,893	2,893	–	0.0%	2,585	308	11.9%	336	2,557	761.3%
Change in cash	3,281	991	2,290	231.2%	3,665	(383)	(10.5%)	3,550	(269)	(7.6%)
Ending cash	**$ 6,170**	**$ 3,883**	**$2,287**	**58.9%**	**$ 6,250**	**$ (79)**	**(1.3%)**	**$ 3,886**	**$ 2,285**	**58.8%**

Financial Review | Consolidated 13-Week Cash Flow Projection

In US$	Forecast 8/10	Forecast 8/17	Forecast 8/24	Forecast 8/31	Forecast 9/7	Forecast 9/14	Forecast 9/21	Forecast 9/28	Forecast 10/5	Forecast 10/12	Forecast 10/19	Forecast 10/26	Forecast 11/2
Cash Inflows - Operational													
Collections from customers (Actual)	-	-	-	-	-	-	-	-	-	-	-	-	-
Collections from customers based on projected aging (Forecast)	2,867	1,935	1,729	1,228	1,906	707	483	678	344	132	123	145	70
Collections from new forecasted sales	-	-	-	-	-	988	1,602	1,198	1,158	2,088	2,072	1,508	1,419
Total AR Collections	2,867	1,935	1,729	1,228	1,906	1,696	2,085	1,876	1,502	2,220	2,195	1,653	1,490
Other non-AR inflows	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Inflows - Operational	2,867	1,935	1,729	1,228	1,906	1,696	2,085	1,876	1,502	2,220	2,195	1,653	1,490
Cash Outflows - Operational													
Product inventory	(1,370)	(1,466)	(1,210)	(861)	(497)	(1,071)	(960)	(1,190)	(1,110)	(1,139)	(1,022)	(848)	(693)
Payroll	(465)	(280)	(282)	(260)	(405)	(340)	(222)	(320)	(405)	(320)	(222)	(320)	(405)
Commissions	(165)	-	-	-	-	(165)	-	(60)	-	(165)	-	-	-
Bonus	-	-	-	-	-	-	-	-	-	-	-	-	-
Facilities & other (Freight)	(77)	(118)	(315)	(110)	(77)	(140)	(315)	(110)	(77)	(140)	(315)	(70)	(110)
Professional services	(147)	(75)	(127)	(75)	(75)	(75)	(135)	(75)	(75)	(75)	(75)	(117)	(75)
Marketing	-	-	-	-	-	-	-	-	-	-	-	-	-
Recruiter fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenses (Insurance, TSA, CC)	(125)	(78)	(70)	-	-	(673)	(12)	(534)	(150)	(50)	(3)	-	(94)
Total Cash Outflows - Operational	(2,349)	(2,016)	(2,004)	(1,306)	(1,054)	(2,464)	(1,644)	(2,289)	(1,817)	(1,889)	(1,637)	(1,355)	(1,377)
Cashflows - Financial and Other													
Revolving Loan Draw (Paydown)	-	-	-	-	-	-	-	-	-	-	-	-	-
Term Loan paydowns	-	-	-	-	-	-	-	(463)	-	-	-	-	-
Interest and financial amortization	-	-	-	-	-	-	-	(1,718)	-	-	-	-	-
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	-	-	-	-	-	-	-	(2,681)	-	-	-	-	-
TOTAL CASH FLOW	518	(81)	(275)	(78)	852	(768)	441	(3,094)	(314)	331	558	298	113
Cash Rollforward													
Beginning cash balance	5,354	5,872	5,791	5,517	5,438	6,291	5,523	5,963	2,869	2,555	2,886	3,444	3,742
Cash activity	518	(81)	(275)	(78)	852	(768)	441	(3,094)	(314)	331	558	298	113
ENDING CASH BALANCE	5,872	5,791	5,517	5,438	6,291	5,523	5,963	2,869	2,555	2,886	3,444	3,742	3,854
Debt Summary													
Rolled debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit facility	91,582	91,582	91,582	91,582	91,582	91,582	91,582	91,119	91,119	91,119	91,119	91,119	91,119
TOTAL DEBT	91,582	91,582	91,582	91,582	91,582	91,582	91,582	91,119	91,119	91,119	91,119	91,119	91,119
TOTAL NET DEBT	85,710	85,791	86,065	86,144	85,291	86,059	85,619	88,250	88,564	88,233	87,675	87,377	87,265
AVAILABILITY	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
ENDING CASH BALANCE - S&G	794	1,089	1,494	1,580	1,822	1,834	1,932	(466)	(407)	(193)	206	474	471
ENDING CASH BALANCE - Delaney	4,376	3,895	3,210	3,012	3,538	3,266	3,437	3,080	2,720	2,762	2,785	2,739	2,705
ENDING CASH BALANCE - Premier	703	807	813	846	931	422	594	256	242	317	453	529	678
ENDING CASH BALANCE - Consolidated	5,872	5,791	5,517	5,438	6,291	5,523	5,963	2,869	2,555	2,886	3,444	3,742	3,854

Management Discussion

- Cash projection aligns with reforcast.
- Capex for Premier assumes $1.2M of spend over the next 13 weeks.

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	7,418	7,477	7,514	7,248	7,253	7,224	7,038	7,056	7,043
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**	**9,268**	**9,327**	**9,364**	**9,098**	**9,103**	**9,074**	**8,888**	**8,906**	**8,894**
EBITDA for defined Period	22,358	22,172	21,368	21,152	21,028	20,238	20,425	20,127	20,352	20,070	20,101	20,726
Less:												
Unfinanced Capital Expenditures	1,133	1,159	1,178	1,046	1,114	1,059	1,422	2,330	3,148	3,087	3,018	2,858
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	200	179	(116)	(114)	(80)	(149)	1	(12)	1
Operating Cash Flow	**19,025**	**18,813**	**17,990**	**17,906**	**17,734**	**17,295**	**17,118**	**15,877**	**15,353**	**14,982**	**15,095**	**15,867**
Fixed Charge Coverage Ratio	1.88	1.96	1.86	1.93	1.90	1.85	1.88	1.74	1.69	1.69	1.69	1.78
Minimum Ratio	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
In Compliance	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
TTM Minimum Operating Cash Flow	11,102	10,545	10,661	10,195	10,260	10,301	10,008	10,013	9,982	9,777	9,796	9,783
TTM Operating Cash Flow Cushion	7,922	8,268	7,328	7,711	7,474	6,995	7,110	5,864	5,372	5,205	5,298	6,085

Amounts for January 2019 through October 2019 defined per credit agreement

Financial Review | Financial Covenants

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	5,000	-	-	-	-	-	-
Plus: Term Loan Balance	92,508	92,508	92,045	92,045	92,045	92,044	91,583	91,583	91,583	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	3,573	4,138	2,940	4,857	5,000
Total Debt	91,981	91,040	97,045	97,045	97,045	92,044	86,583	88,010	87,445	88,181	86,263	85,658
EBITDA for the Defined Period (calculated in the manner required by Section 6.1 of the Compliance Certificate)	22,358	22,172	21,368	21,152	21,028	20,238	20,425	20,127	20,352	20,070	20,101	20,726
TTM Adjusted EBITDA	22,358	22,172	21,368	21,152	21,028	20,238	20,425	20,127	20,352	20,070	20,101	20,726
Total Debt to EBITDA Ratio (ratio of Total Debt to Adjusted EBITDA for the Defined Period)	4.11	4.11	4.54	4.59	4.62	4.55	4.24	4.37	4.30	4.39	4.29	4.13
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	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Minimum TTM EBITDA required	15,997	15,833	16,877	16,877	16,877	16,008	15,058	15,306	15,208	15,336	15,002	15,574
TTM EBITDA Cushion	6,361	6,339	4,491	4,275	4,150	4,231	5,367	4,821	5,144	4,734	5,098	5,152

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Summary review

Good News / Positives to Business and Plan

- **July net revenue up $758K to PY. Adjusted EBITDA up $314K to PY.**
- **Single Family** surged amid supply chain issues for our competitors – up $440K to PY. This is not sustainable as our inventory of high demand items has been depleted.
- **Callan Factory** allowed (1) additional container for August and (3) for September with no surcharge.
- **Hollow Metal** quoting is active with high conversion rates - $1.4M awarded in July.

Risks / Challenges to the Business and Plan

- Supply Chain Issues/Backorders
  - July month-end inventory was down $3M vs. PY.
  - The Philippines has experienced a surge in covid cases which has led to mandatory quarantines to some regions. As of today our factory is still operational, however the port in Manila will likely be affected.
  - Dealers and SF Builders are anticipating slow-downs due to shortages of OSB, Plywood, Lumber, and Labor.

Market outlook and expectations

- Multi-Family sales were down in July due to inventory shortages, which will continue in August and September. Hollow Metal remains strong, which means projects are being started.
- Single Family Builders are scrambling to secure products and report demand is still strong. Competitor lead times have extended to 8-10 weeks, presenting some opportunity but inventory concerns will limit our ability to fully take advantage.
- Online continues to do well, but sales are leveling off due to increased in-store shopping. We are continuously expanding our catalog offering to eCommerce partners to increase market share.

Focus and priorities

- Supply Chain: managing factory lead times, communicating to sales teams, managing customer expectations, offering substitutions where possible.
- MF Smartlock: Andrew is working on a Business Plan, opportunity still looks strong, need to hire Product & Market Manager or MF Smartlock Specialist
- Bravura: new catalog is nearly completed, new website to be approved
- Strategic Growth Initiatives: driving growth through National Account programs, increased Builder focus as competitors experience shortages. Participating in Drees Homes RFP - $5M opportunity over 4 years.
- NetSuite Implementation: reviewing GAPs, SFH Integration may be a bigger project than anticipated – waiting for pricing for integration.

Risks

- COVID-19 continues to be a concern as schools reopened and exposure risks increase. Currently no positive cases or quarantines.
- Supply Chain Issues/Backorders
  - We anticipate a reduction in revenue of $100K - $200K due to container delays in August and September.

Key Initiatives | Supply Chain

Inventory BY Item Class

Item Class Description	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020
BARN DOOR HARDWARE	$360,412	$392,525	$345,038	$347,937	$432,818	$565,735	$471,295	$448,727	$338,479	$336,471	$386,617	$387,404	$374,498	$346,561
BATH ACCESSORIES	$511,333	$536,734	$650,951	$622,362	$581,211	$644,898	$610,316	$514,185	$531,546	$433,222	$472,820	$471,299	$415,478	$321,578
BRAVURA GR2 BOX	$2,307,991	$2,443,623	$2,393,623	$2,545,912	$2,554,432	$2,513,749	$2,523,456	$2,561,713	$2,514,089	$2,463,022	$2,421,325	$2,380,486	$2,320,061	$2,239,104
BUILDERS HARDWARE	$269,675	$303,699	$342,427	$341,832	$333,901	$305,101	$399,593	$343,327	$351,255	$264,005	$253,703	$248,164	$251,666	$256,896
CALLAN TOTAL	$2,123,616	$1,826,192	$1,914,945	$1,649,926	$1,345,717	$1,358,317	$1,659,712	$1,992,796	$1,393,335	$1,380,985	$1,352,265	$1,355,594	$1,009,107	$969,016
COMMERCIAL TOTAL	$1,295,593	$1,200,067	$1,233,628	$1,165,820	$1,142,259	$1,170,508	$1,147,881	$1,098,477	$1,025,208	$934,915	$893,428	$792,788	$857,068	$820,826
DELANEY GR2 VIEW	$832,499	$820,100	$806,431	$789,414	$792,533	$783,897	$772,233	$780,286	$732,561	$720,134	$699,345	$670,468	$643,225	$643,674
DELANEY GR3 TOTAL	$2,491,989	$2,495,858	$2,327,129	$2,489,815	$2,478,431	$2,517,628	$2,339,388	$2,495,518	$2,434,927	$2,305,203	$2,022,139	$1,849,726	$1,631,341	$1,586,712
DIGITAL DOOR LOCKS TOTAL	$249,535	$241,919	$229,430	$217,504	$248,078	$250,682	$250,534	$277,483	$264,939	$251,956	$237,654	$254,503	$235,486	$235,324
HINGES TOTAL	$138,402	$147,817	$152,972	$138,713	$132,671	$149,140	$138,289	$128,247	$132,759	$123,322	$111,501	$121,523	$107,081	$103,466
Grand Total	**$10,798,217**	**$10,689,812**	**$10,656,360**	**$10,585,327**	**$10,330,185**	**$10,511,684**	**$10,604,780**	**$10,914,591**	**$9,970,304**	**$9,481,100**	**$9,105,058**	**$8,746,012**	**$8,091,503**	**$7,763,489**

- Average Inventory runs $10.6M

Factory Lead Times

FACTORY	STANDARD LEAD TIME	CURRENT LEAD TIME
KAMBO	105	135
TONGLUNG SUBIC	105	225
TONGLUNG TAIWAN	105	120
SSS DOOR	90	90
SSS EXIT	100	100
SSS-COMMERCIAL	100	100
METEK	105	105
SUNCASTLE	105	105
PROMIA	105	105
AOPO	105	105
NINGBO	105	105
JINTAN	120	120

- KAMBO represents 37% of our purchases.
- TONG LUNG represents 19% of our purchases.

Inventory Projection

Month	COGS	Purchases	Ending Inventory
July			$ 8,084
August	$ 1,370	$ 1,018	$ 7,732
September	$ 1,428	$ 1,437	$ 7,741
October	$ 1,564	$ 2,218	$ 8,395
November	$ 1,238	$ 1,726	$ 8,883
December	$ 1,420	$ 1,850	$ 9,313

- Our traditional brick & mortar accounts were hit hard due to Covid shutdowns and a shift to online purchasing, particularly in the Northeast and Midwest.
- The momentum in MF & SF will be disrupted due to Inventory shortages. Covid has changed many customers approach to pursuing MF projects.

MF Smartlock Milestones

Milestone	Status	Owner	Date(s)	Status Update
ES1 Electronic Design	🔵	Tom/BL	1/30-3/27	Complete
ES1 Mechanical Design	🔵	Tom/TL	1/30-3/27	Complete
ES1 FW Development	🔵	BuLogics	1/30-3/31	Complete
ES1 Prototype Testing	🔵	Tom/TL	3/31-5/8	Complete – Several issues discovered, see PCB revision below
Internal Fire Test	🔵	Tong Long	3/31-4/7	Complete
Packaging Design	🟢	Tong Long	5/4-7/30	Confirmation pending
PCBA Revision (ES2)	🟡	Tom/TL	5/11-8/17	ESD protection, short circuit, and card credential issues
FW Revision (ES2)	🟢	Tom/TL	5/11-8/17	
App Development	🔴	Stratis IOT	5/13-8/31	NVRAM issue discovered impacting PCBA design and App development
User/Install Manuals	🟢	TL/Delaney	6/1-8/31	
UL Fire Test	🟢	S&G/TL	TBD	S&G Compliance Manager working with UL on proposed testing dates
Mfg. Fixtures/JIGS	🔵	Tong Lung	7/13-8/14	Complete
Product Validation	⚪	S&G/Delaney	8/17-9/21	
Production/Cycle Testing	⚪	Tom/TL	8/17-9/21	
ITS G2 Test	⚪	Tong Long	8/31-10/1	
FCC Certification	⚪	Tong Lung	10/1-11/16	Start date dependent on PCBA completion
Bluetooth Certification	⚪	Tong Lung	10/1-11/16	Start date dependent on PCBA completion
Pilot Run	⚪	Tong Lung	11/16-12/7	
MP Material Prep	⚪	Tong Lung	12/7-1/11	
Mass Production	⚪	Tong Lung	1/11	

PRIMARY GATING ITEM – Functional Units

Activity

- Two (2) samples ready for UL testing
- Obtain final pricing from Tong Lung
- Define EOL (end of line) Testing
- Obtain source for mechanical test firmware from Bulogics

Status

- S&G Compliance 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

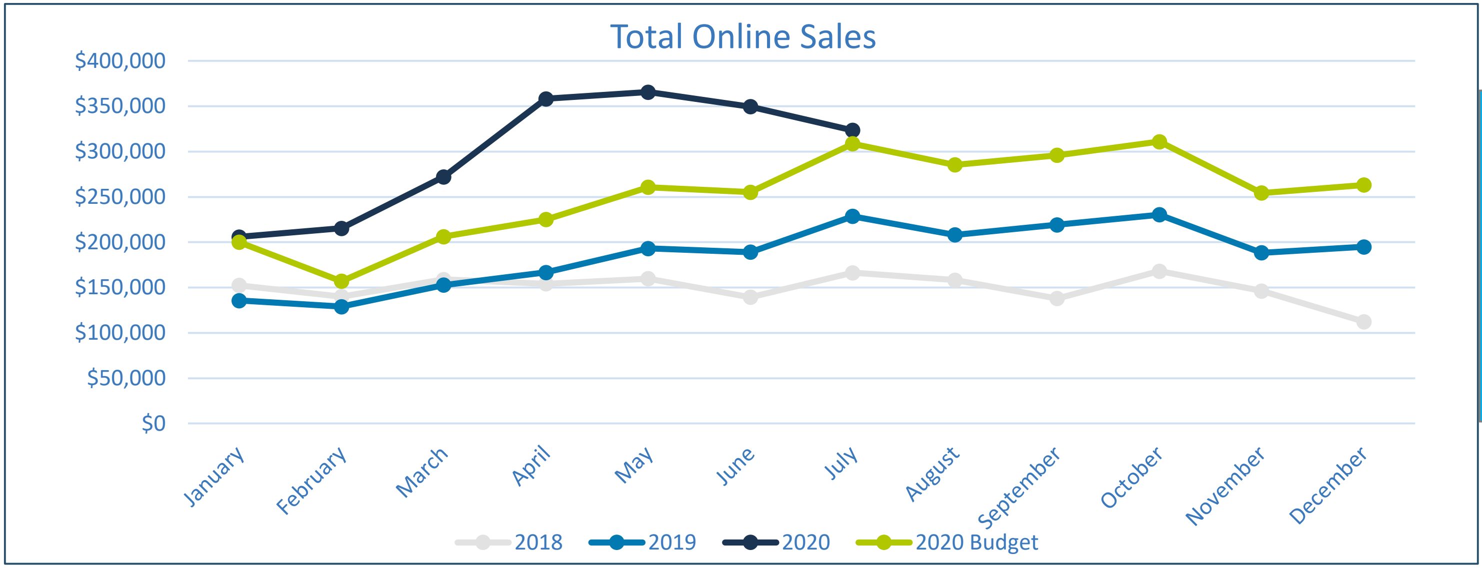
DESIGN PARTNERS

- 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.

July Total Sales = **$323,419**

Up 41% vs. 2019

Exceeded July AOP by 4.5%



July Risks: Lower inventory in Top 50 Selling Items Online – Est. lost sales between all accounts = $45k

July Sales by Partner (Ranked in Sales):

- Home Depot $115,759 – 77% Growth vs. July 2019
- Lowes $97,160 –299% Growth vs. July 2019
- Build.com $53,025– 25% Growth vs. July 2019
- Wayfair $46,111 – 33% Growth vs. July 2019
- Amazon $6,213 – No growth due to no July Prime day

# of Orders

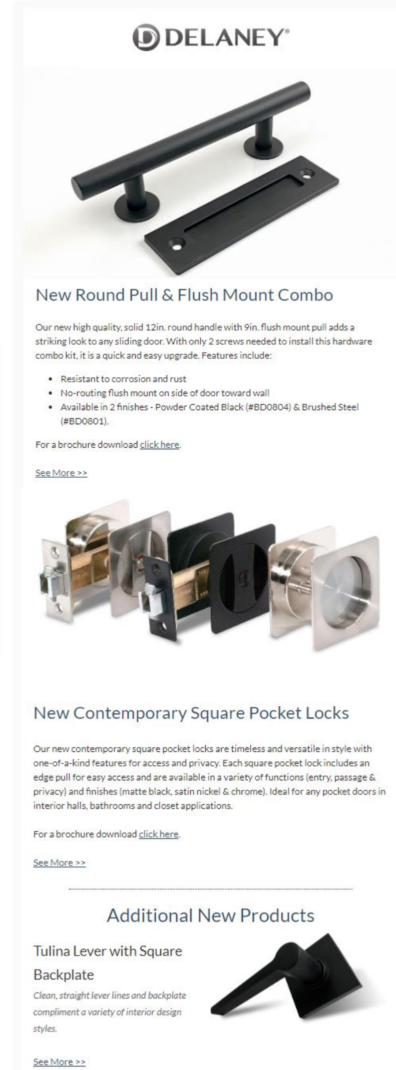
July 2020 – Total# of orders 5,124 (22 Billing Days)
versus 2019 - Total# of orders 2,714 (22 Billing Days)
Average Sales per order - $ 44.42

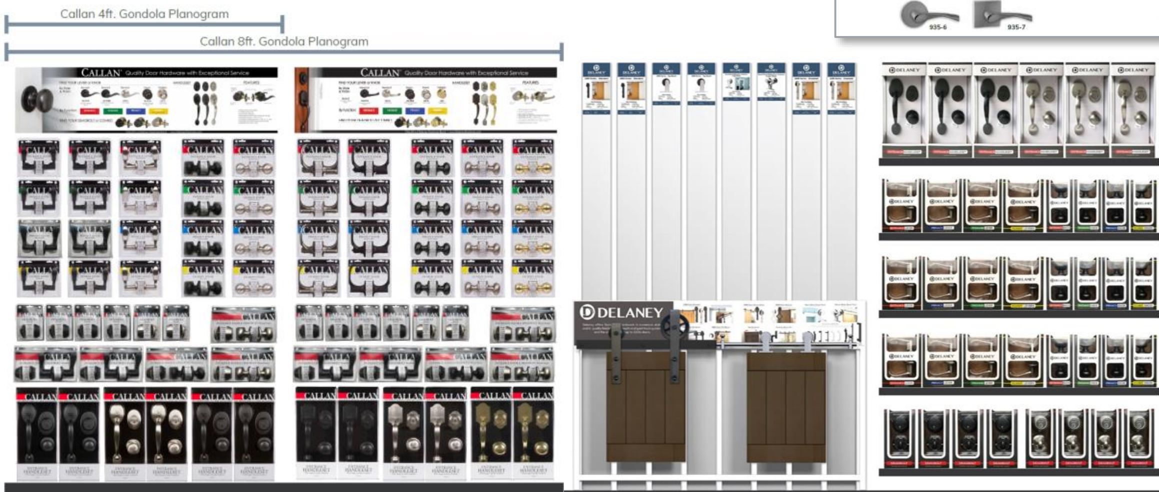
# of Units:

July # of Line Items 2020 = 7,280
July # of Line Items 2019 = 4,580

Key Initiatives | Marketing

- Finalizing Bravura Catalog
- Barndoor Pulls Product Launch with dealer & customer communications
- Created lead generation plan & campaign options for review
- Designing planogram program sales tools for sales team (12 total)





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Good News / Positives to Business and Plan

July sales unfavorable to AOP by $119k / (6.9%) and $28k / (1.7%) to Rfc. Down $30k / (1.8%) to PY. EBITDA up $20k / 4.9% to AOP and $13k / 3.3% to Rfc. Up $26k / 6.6% to PY.

YTD sales favorable to AOP by $105k / 0.9% but down $28k / (0.2%) to Rfc. Up $711k / 6.5% to PY.

Gross margins continue to remain strong due to mix and favorable steel costs. No degradation to sell prices to date. Will be more opportunistic and aggressive with price targets in developing territories as new capacity comes online.

Adjusted YTD EBITDA up $584k / 22.9% to AOP and $13k / 0.4% to Rfc. Up $581k / 22.7% versus PY.

YTD bookings and backlog remain solid

New customers onboarded in July totaled $7k (Anderson Metals (MS) & ETAS (TX) – both oem accounts)

Risks / Challenges to the Business and Plan

COVID-19

The virus continues to bring dynamic issues and challenges, but supply chains have been minimally impacted to date. All three Atlanta employees have returned from quarantines. No cases to date in Houston facility. LA continues to be one of the leading states reporting positive cases with per capita positivity rates among the highest in the nation. That, along with economic UE incentives that recently expired, has impacted our personnel situation in Monroe.

Construction Climate

ABI billings index up 1% in July. Overall construction spending declined for the fourth month in a row. It is possible that many non-residential jobs are in jeopardy following the completion of the ones that begun before the start of the pandemic. No major concerns at this moment, but we are actively monitoring the situation nationally and especially in the regions that could more directly affect us.

Personnel/Equipment Constraints

Mechanical breakdowns were a hindrance in H1. New equipment will start arriving in August/September as concrete work is now done. Will still be some time before CNC equipment will be programmed and functionally operating. Personnel constraints continue with less efficiency due to Covid required spacing/distancing as well as general lack of availability. O/T continues with spend already at 98.7% of 2019 total. Employee burnout and fatigue are ongoing concerns. OT is necessary to drive top line until new equipment is operational.

Other Significant Matters / Events

Bob West, AHC onboarded 7-15-20 and made first calls in OK, AR, and MO the first week in August.

While OSHA issues were resolved months ago, injured employee has retained counsel and filed a third-party suit against the manufacturer of the punch press involved. At present it is still an issue between employee, WC, and now Nidec Minster Corp.

Megamet site visit conducted 7-29/30 by JM and AM. Good overall visit and diligence work continues to move forward.

Key Initiatives | Premier Capacity/CAPEX

<u>**Capex Approved Spend $1.6M:**</u>

- **Salvagnini Panel Bender (Doors)** **$750,000**
- **Amada EMK 3612 Turret Punch (Doors)** **$399,000**
- **Amada AE2510NT Turret Punch (Frames)** **$232,900**
- **Ermaksan CNC Press Brake (Doors)** **$113,890**
- **Miscellaneous Tooling, Prep, Etc.** <u>**$104,210**</u>

$1,600,000

Machine	Delivery	Install	Training	Largely deployed
Ermaksan Press	8/4/2020	8/18/2020	9/7-9/9	10/30/2020
Amada Turret	8/18/2020	8/18/2020	9/1-9/4	10/30/2020
Amada Turret	8/18/2020	8/18/2020	9/1-9/4	10/30/2020
Salvagnini Bender	9/7-9/11	9/7-9/11	9/7-9/11	11/30/2020

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- July Bookings and Revenue performance were both consistent with an approximate 20% shortfall to Plan. Opportunity pipeline and slippage from in-month backlog, particularly in mechanical locks, outlooks upside for August.
- Unusually high increase in share of mechanical lock (i.e. 8077 padlock) orders driving volume and demand on labor

Hits

- July Revenue Flat to Rfc
- July Backlog favorable $2.3M to AOP and $4.3M to PY
- July Bookings favorable $440k to PY

Misses

- July Revenue unfavorable ($848k)/(20%) to AOP and unfavorable ($834k)/(20%) to PY
- July Bookings unfavorable ($686k)/(17%) to AOP and Rfc
- July Backlog unfavorable ($1.0M)/(8%) to Rfc

Market outlook to AOP and expectations

Region	Outlook	Risk Areas	Risk Core-Customers	Near-term Opportunities
APAC	81%	China, Japan, Philippines	SQ, Tristar/Dutech	Hanson for Hyosung in India ($800k)
India	84%	-	Arya, AGS, NCR	Note: @90% of 2020 Bookings target offset by delay of shipments
EMEA	75%	Germany, Italy, Portugal, Spain	Caradonna, Format	Post Bank ($210k), Privat Bank ($1.2M), Russian ATM ($900k)
LAG	79%	Argentina, Columbia, Mexico	American Locks, GSI, Mapa	B-Box ($2.7M)
NA	86%	-	Lockmasters, Timemaster	Independent Hardware ($300k), MBA ($350k), Scripps Safe ($300k)

Focus and priorities

- Sales force effectiveness: Value Selling training ‘Assessment’ completed with moderately impressive results on the Sales Management and Reps, particularly in categories of ‘Hunting’ and ‘Coachable’; Industry Market Manager (IMM) positions have been posted
- Operational objectives: On-time-delivery + Quality
- New Product Development: Resolved new keypad UL screen test (Passed) and driving toward regaining lost time for early Q4 commercial launch

Risks

- First COVID-19 case at Nicholasville facility and one direct exposure – reinforcing PPE and diligence
- High mechanical lock product mix is taxing the reduced headcount in manufacturing labor due to attrition and temp labor released in April

Summary

- Distribution improvements and industry trends continue to erode the importance of a distributed fulfillment position; footprint closure would **potentially reduce inventory requirements by $440K - $500K, freeing NWC for reinvestment**
- CH facilities **could be closed by Q3 2021, with 3 months notice, $160K closing costs** ($90K severance, $20K lease termination, $50K facility closure / winddown)
- Multiple strategic alternatives exist to managing the SA operation as is (listed in order of increasing disruption)
    - Move to lower-cost EU geo: Shift warehouse operations; reduce OPEX and optimize inventory
    - Leverage 3rd party fulfillment: Outsource warehouse operations, reduce OPEX (incur service exp.) and optimize inventory
    - Implement OEM consignment: Eliminate warehouse operations, eliminate OPEX, reduce inventory, increase customer partnership
    - Facility closure: consolidate into existing KY facility would result in a **net EBITDA improvement of $250K (20% revenue loss scenario) or $400K (10% revenue loss scenario)** (annual): net personnel expense reduction of $104K personnel ($360K payroll and benefits for 4 CH staff with back-fill customer service and sales) and $145K other OPEX expenses; working capital improvement of , $440K through inventory reduction / consolidation; **net neutral financially at 61% REV retention**

Background

- **EMEA has experienced declining growth (10% YoY, Q1/Q2 2019 to 2020)** with flat relative contribution to S&G business, at the **lowest regional Gross Margin (~30%) with incremental OPEX** for management of fulfillment ops
- S&G growth in **other regions has not required local fulfillment capability** and could be mirrored in EMEA with minimal impacts to top-line, offset by reduced expenses
- CH operations consist of 4 individuals (warehouse, purchasing, customer service, administrative), $670K inventory, **delivering $3,685K sales ($164K EBITDA, 4.4% EBITDA margin)**

Next steps

- Confirm administration of footprint consolidation to be managed by Mike Brislin
- Enhance planning, with detail to be provided in August MOR (held in September), to include: timeline, primary workstreams and POCs, sales retention / socialization plan, customer support plan
- Assess fulfillment alternatives and impact to cost savings opportunity, impact to customer service, and customer sales retention

Business Strategy | SA Footprint Analysis

Increasing disruption and corresponding savings potential

	Maintain SA facility	Shift to low-cost EU geography	3rd party fulfillment	OEM consignment	Close facility; US fulfillment
	($500) *Inv. Red.[1] - $0*	**$250K** *Inv. Red.[1] - $160K*	**$230K** *Inv. Red.[1] - $500K*	**$365K** *Inv. Red.[1] - $500K*	**$250K (20% sales red.) / $400K (10% sales red.)** *Inv. Red.[1] - $440K*
Savings (Expense), $K	• 100% sales retention • (Labor) • (Rent / facilities) • (Freight) • (Inventory) • (Admin)	• (5% sales reduction) • Labor - fulfillment labor ~50% SA baseline, offset w/ backfill on CSR and retain sales personnel • Rent / facilities – 50% red. • (Freight) • (Inventory reduction) minimal w/ liquidation; less than facility closure • (Reduced admin) • (One-time facility closure expenses) • (One-time facility move / set up expense)	• (5% sales reduction) • Labor - offset w/ backfill on CSR and retain sales personnel • Rent / facilities • (Freight) • Inventory - partial reduction, liquidation • Admin • (One-time facility closure expenses) • (Management expense) - estimate 5% sales charge • (One-time expense for integration / set-up)	• (5% sales reduction) • Labor - offset w/ backfill on CSR and retain sales personnel • Rent / facilities • (Freight) • Inventory - partial reduction, liquidation • Admin • (One-time facility closure expenses)	• (20% sales impact) • Labor - offset w/ backfill on CSR and retain sales personnel • Rent / facilities • (Freight) • Inventory - partial reduction, liquidation • Admin • (One-time facility closure expenses)
Advantages	• Retain customer relationships / support • Rapid fulfillment • Strategic alignment for forward assembly or product assignment	• Retain customer relationships / support • Reduced OPEX • Rapid fulfillment • Strategic alignment for forward assembly or product assignment	• Retain customer relationships / support • Reduced OPEX, addt'l allocation to 3rd party • Rapid fulfillment • Strategic alignment for forward assembly or product assignment	• Retain and potentially enhance customer rel. • Eliminate OPEX • Require customer integ. • Rapid fulfillment for priority customers • Strategic alignment for forward assembly or product assignment	• Eliminate OPEX • Reduced inventory
Disadvant	• Increased OPEX • Excess inventory	• Limited sales impact • Excess inventory • Potential disruption during move	• Limited sales impact • Increased supply chain complexity • Excess inventory	• Limited sales impact • Excess inventory	• Expected sales impact and customer disruption • Increase customer coord. • Increased order lead time

1. Working capital adjustment; inventory reduction varies based on scenario fulfillment requirements

Business Strategy | Operations Functions Requiring Attention

Operations capabilities

Function / *Opportunity, $K*	Competency	Execution risks	Remediation	Resourcing
Production *TBD*	• Produce consistent / quality products • Meet demand requirements • Optimize equipment and personnel efficiency • Minimize downtime / disruption by proactive prod. planning and maintenance	• Production delays • Customer delays / disruption • Poor quality • Inefficient resource allocation / waste • Missed sales potential	• Transition production planning to Mike Brislin (new hire / role) • Implement reporting capabilities to emphasize data driven approach • Manage to and monitor KPIs	• Evaluate existing team comp. • Consider VP of Operations • Internal competency required to integrate with team and ensure day-to-day execution and improvement • Investment exit will require demonstration of internal capability / personnel
Quality *$290K (minus 3P exp.)*	• Ensure consistent production output / spec. • Maintain functionality and brand reputation	• Warranty, scrap, and internal rework expense • Negative customer impacts / relationships • Degraded brand / market perception • Ineff. use of labor / equip.	• Accelerated action / implementation of quality capability and reporting w/ 3rd party engagement • Cultural and process improvement with focus on quality being cultivated	• Engaged Olmstead Results for immediate support / capab. • Quality Manager position open and pursuing hire • Internal capability required to avoid disruption to prod. and customer relationships
Supply chain *$890K*	• Source & manage vendor act. • Ensure competitive purchasing (TCO) • Align w/ production plan and strategic objectives • Evolve approach and vendor network during strategic evolution of business	• Operations disruption / inefficiency • Depressed margins (COGS) • Lost customer sales • Quality impacts	• Implement procurement best-practices / processes • Develop insightful reporting and KPIs / dashboards • Standardize vendor engage. • Execute RFPs across priority categories	• Consider VP of supply chain (cross-business); internal competency req. to sustain benefits & manage vendors • Consider 3rd party engagement to accelerate analysis and vendor engage. / RFP (capture savings)
Logistics (freight) *$350K[1] P1 $185+ addt'l proposed P2 (net $117K)*	• Enable timely delivery (inbound / outbound) • Contract comp. relationships / rates int. and for cust. • Prevent disruption to supply chain / prod.	• Production disruption • Delayed customer orders • Depressed margins • Customer disruption	• SmartVentures (3P) engaged for support identifying opportunities to improve rates and contract terms • P2 proposal (Delaney): SKU specific freight optimization, payment & audit func., Import duties and drawbacks, etc.	• Limited internal capability • 3rd party accelerated savings w/o transition of competency or tools for future replication • May require recurring engagement of SmartVentures to retain benefits

1. $250K initial savings estimate provided by SmartVentures (3rd party); additional potential identified through engagement

July 2020 Operating Review

- Administrative (call to order, confirm APR MOR minutes, etc.)
- Executive Summary
- Financial Review
- Key initiatives
- **Committee reports**
- Appendix

July 2020 Operating Review

- Administrative (call to order, confirm APR MOR minutes, etc.)
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- **Appendix**

Appendix| Consolidated COGS by Component

$'000	Jul 20		Variance		Jul 20	Variance		YTD		Variance		YTD	Variance	
	Act	Rfc	$	%	Bud	$	%	Act	Rfc	$	%	Bud	$	%
Material														
Material costs at standard	$ 4,135	$ 3,881	$ 254	6.5%	$ 3,871	$ 264	6.8%	$ 24,833	$ 24,707	$ 126	0.5%	$ 24,942	$ (109)	(0.4%)
Purchase price variance	(123)	(55)	(68)	123.5%	(69)	(54)	78.8%	(399)	(331)	(68)	20.6%	(559)	160	(28.6%)
Freight in	93	59	34	57.4%	70	22	31.8%	779	700	79	11.3%	523	256	49.0%
Cost revision	15	25	(10)	-40.0%	25	(10)	(40.0%)	105	115	(10)	-8.7%	175	(70)	(39.9%)
Scrap costs	19	(6)	25	-397.4%	(9)	27	(317.1%)	42	31	11	35.2%	(51)	93	(183.6%)
Consumables	(28)	9	(37)	-402.1%	9	(37)	(402.1%)	(101)	(64)	(37)	58.3%	57	(158)	(276.1%)
Total Material COGS	**$ 4,110**	**$ 3,913**	**$ 197**	**5.0%**	**$ 3,898**	**$ 212**	**5.4%**	**$ 25,259**	**$ 25,158**	**$ 101**	**0.4%**	**$ 25,087**	**$ 172**	**0.7%**
Labor														
Direct labor	$ 442	$ 423	$ 18	4.3%	$ 499	$ (57)	(11.5%)	$ 2,963	$ 2,954	$ 9	0.3%	$ 3,152	$ (189)	(6.0%)
Direct labor - bonus	–	6	(6)	-100.0%	–	–	N/A	19	28	(9)	-33.2%	–	19	N/A
Direct labor - overtime	42	32	9	28.9%	64	(22)	(35.1%)	279	275	5	1.8%	415	(136)	(32.7%)
Direct labor - benefits	125	63	62	97.4%	114	11	9.8%	845	783	62	7.9%	798	48	6.0%
Indirect labor	286	252	34	13.4%	296	(10)	(3.4%)	1,872	1,584	288	18.2%	1,863	9	0.5%
Indirect labor – bonus	–	11	(11)	-100.0%	–	–	N/A	32	49	(17)	-35.4%	–	32	N/A
Indirect labor - overtime	12	11	1	7.1%	11	1	7.1%	83	80	3	4.4%	79	4	4.8%
Indirect labor – benefits	107	115	(8)	-7.3%	124	(18)	(14.1%)	404	633	(229)	-36.2%	867	(463)	(53.4%)
Total Labor COGS	**$ 1,013**	**$ 915**	**$ 99**	**10.8%**	**$ 1,109**	**$ (95)**	**(8.6%)**	**$ 6,497**	**$ 6,385**	**$ 112**	**1.8%**	**$ 7,175**	**$ (678)**	**(9.4%)**
Other														
Repairs and maintenance	$ 14	$ 28	$ (14)	-49.3%	$ 31	$ (17)	(54.3%)	$ 206	$ 238	$ (32)	-13.6%	$ 204	$ 2	0.8%
Absorption	(715)	(620)	(95)	15.2%	(157)	(558)	356.3%	(2,537)	(2,484)	(53)	2.1%	(1,097)	(1,440)	131.3%
Freight out	114	107	7	6.8%	114	–	0.0%	785	826	(42)	-5.1%	776	9	1.2%
Rent / facilities	165	172	(7)	-4.1%	186	(20)	(11.0%)	1,550	1,557	(7)	-0.4%	1,224	326	26.7%
Utilities	61	44	16	37.3%	48	13	26.0%	329	309	20	6.5%	351	(22)	(6.3%)
Other cost of sales	190	210	(20)	-9.4%	219	(29)	(13.3%)	1,615	1,668	(53)	-3.2%	1,591	24	1.5%
Total Other COGS	**$ (171)**	**$ (59)**	**$ (111)**	**188.1%**	**$ 441**	**$ (612)**	**(138.6%)**	**$ 1,947**	**$ 2,114**	**$ (167)**	**-7.9%**	**$ 3,049**	**$ (1,102)**	**(36.1%)**
Total COGS	**$ 4,953**	**$ 4,769**	**$ 184**	**3.9%**	**$ 5,448**	**$ (495)**	**(141.8%)**	**$ 33,703**	**$ 33,657**	**$ 46**	**0.1%**	**$ 35,311**	**$ (1,608)**	**(44.9%)**

Appendix| S&G COGS by Component

$'000	Jul 20		Variance		Jul 20	Variance		YTD		Variance		YTD	Variance	
	Act	Rfc	$	%	Bud	$	%	Act	Rfc	$	%	Bud	$	%
Material														
Material costs at standard	$ 1,758	$ 1,674	$ 84	5.0%	$ 1,494	$ 264	17.7%	$ 8,966	$ 8,882	$ 84	1.0%	$ 9,057	$ (90)	(1.0%)
Purchase price variance	(123)	(55)	(68)	123.5%	(69)	(54)	78.8%	(399)	(331)	(68)	20.6%	(559)	160	(28.6%)
Freight in	80	46	34	73.7%	57	22	39.0%	621	588	34	5.8%	432	190	44.0%
Cost revision	–	10	(10)	-100.0%	10	(10)	(100.0%)	(4)	6	(10)	-168.0%	70	(74)	(105.8%)
Scrap costs	16	(9)	25	-268.3%	(12)	27	(234.6%)	(36)	(61)	25	-40.4%	(72)	35	(49.0%)
Consumables	(28)	9	(37)	-402.1%	9	(37)	(402.1%)	(101)	(64)	(37)	58.3%	57	(158)	(276.1%)
Total Material COGS	**$ 1,703**	**$ 1,675**	**$ 28**	**1.7%**	**$ 1,491**	**$ 212**	**14.2%**	**$ 9,048**	**$ 9,020**	**$ 28**	**0.3%**	**$ 8,985**	**$ 62**	**0.7%**
Labor														
Direct labor	$ 244	$ 230	$ 14	6.2%	$ 301	$ (57)	(19.0%)	$ 1,563	$ 1,549	$ 14	0.9%	$ 1,800	$ (237)	(13.2%)
Direct labor - overtime	14	–	14	N/A	37	(22)	(61.3%)	66	52	14	27.3%	207	(141)	(68.1%)
Direct labor - benefits	125	63	62	97.4%	114	11	9.8%	845	783	62	7.9%	798	48	6.0%
Indirect labor	172	147	25	16.9%	182	(10)	(5.6%)	913	888	25	2.8%	1,099	(186)	(16.9%)
Indirect labor – bonus	–	5	(5)	-100.0%	–	–	N/A	–	5	(5)	-100.0%	–	–	N/A
Indirect labor - overtime	1	–	1	N/A	–	1	N/A	5	4	1	20.8%	–	5	N/A
Indirect labor – benefits	13	22	(9)	-40.0%	31	(18)	(56.9%)	117	126	(9)	-7.0%	219	(102)	(46.7%)
Total Labor COGS	**$ 569**	**$ 467**	**$ 101**	**21.7%**	**$ 664**	**$ (95)**	**(14.4%)**	**$ 3,509**	**$ 3,407**	**$ 101**	**3.0%**	**$ 4,123**	**$ (614)**	**(14.9%)**
Other														
Repairs and maintenance	$ 3	$ 17	$ (14)	-81.0%	$ 20	$ (17)	(83.8%)	$ 98	$ 112	$ (14)	-12.3%	$ 128	$ (30)	(23.4%)
Absorption	(558)	(464)	(95)	20.4%	–	(558)	N/A	(1,220)	(1,125)	(95)	8.4%	–	(1,220)	N/A
Rent / facilities	91	98	(7)	-7.2%	111	(20)	(18.3%)	1,023	1,030	(7)	-0.7%	702	320	45.6%
Utilities	34	17	16	96.2%	21	13	59.4%	151	134	16	12.3%	164	(14)	(8.2%)
Other cost of sales	33	60	(28)	-45.6%	62	(29)	(47.1%)	469	497	(28)	-5.5%	495	(26)	(5.3%)
Total Other COGS	**$ (398)**	**$ (271)**	**$ (126)**	**46.6%**	**$ 214**	**$ (612)**	**(285.6%)**	**$ 521**	**$ 647**	**$ (126)**	**-19.5%**	**$ 1,490**	**$ (969)**	**(65.0%)**
Total COGS	**$ 1,874**	**$ 1,871**	**$ 3**	**0.2%**	**$ 2,369**	**$ (495)**	**(285.7%)**	**$ 13,078**	**$ 13,075**	**$ 3**	**0.0%**	**$ 14,598**	**$ (1,520)**	**(79.2%)**

Appendix | Delaney COGS by Component

$'000	Jul 20		Variance		Jul 20	Variance		YTD		Variance		YTD	Variance	
	Act	Rfc	$	%	Bud	$	%	Act	Rfc	$	%	Bud	$	%
Material														
Material costs at standard	$ 1,821	$ 1,675	$ 146	8.7%	$ 1,748	$ 73	4.2%	$ 12,371	$ 12,222	$ 150	1.2%	$ 12,083	$ 288	2.4%
Freight in	18	13	5	36.3%	13	5	36.3%	117	112	5	4.2%	91	26	28.3%
Cost revision	15	15	–	0.0%	15	–	0.0%	109	109	(0)	0.0%	105	4	4.0%
Scrap costs	5	3	2	79.1%	3	2	79.1%	25	22	2	10.7%	21	4	17.2%
Total Material COGS	**$ 1,859**	**$ 1,706**	**$ 153**	**9.0%**	**$ 1,779**	**$ 80**	**4.5%**	**$ 12,621**	**$ 12,465**	**$ 157**	**1.3%**	**$ 12,300**	**$ 322**	**2.6%**
Labor														
Indirect labor	69	77	(8)	-10.8%	86	(17)	(20.2%)	448	456	(8)	-1.8%	570	(122)	(21.4%)
Indirect labor - overtime	7	8	(1)	-9.7%	8	(1)	(9.7%)	48	49	(1)	-1.7%	56	(8)	(14.3%)
Indirect labor – benefits	9	9	0	2.8%	9	(0)	(1.1%)	52	52	0	0.5%	63	(10)	(16.8%)
Total Labor COGS	**$ 85**	**$ 94**	**$ (9)**	**-9.4%**	**$ 104**	**$ (18)**	**(17.7%)**	**$ 544**	**$ 557**	**$ (12)**	**-2.2%**	**$ 688**	**$ (144)**	**(20.9%)**
Other														
Repairs and maintenance	$ –	$ 1	$ (1)	-100.0%	$ 1	$ (1)	(100.0%)	$ 1	$ 8	$ (8)	-91.5%	$ 7	$ (6)	(90.0%)
Freight out	134	127	8	5.9%	134	(0)	(0.0%)	923	915	8	0.8%	910	13	1.4%
Rent / facilities	41	41	(0)	0.0%	41	(0)	(0.0%)	288	288	(0)	0.0%	287	1	0.4%
Utilities	6	7	(1)	-19.0%	7	(1)	(19.0%)	40	41	(1)	-3.1%	44	(4)	(9.4%)
Other cost of sales	7	13	(6)	-43.8%	13	(6)	(46.9%)	82	87	(5)	-5.4%	89	(7)	(7.5%)
Total Other COGS	**$ 188**	**$ 188**	**$ (0)**	**-0.2%**	**$ 196**	**$ (9)**	**(4.4%)**	**$ 1,334**	**$ 1,340**	**$ (6)**	**-0.5%**	**$ 1,337**	**$ (3)**	**(0.2%)**
Total COGS	**$ 2,132**	**$ 1,988**	**$ 144**	**7.2%**	**$ 2,079**	**$ 53**	**(17.5%)**	**$ 14,500**	**$ 14,362**	**$ 138**	**1.0%**	**$ 14,325**	**$ 175**	**(18.5%)**

Appendix| Premier COGS by Component

$'000	Jul 20		Variance		Jul 20	Variance		YTD		Variance		YTD	Variance	
	Act	Rfc	$	%	Bud	$	%	Act	Rfc	$	%	Bud	$	%
Material														
Material costs at standard	$ 604	$ 644	$ (40)	-6.2%	$ 740	$ (136)	(18.4%)	$ 4,463	$ 4,505	$ (42)	-0.9%	$ 4,973	$ (510)	(10.3%)
Freight in	7	–	7	N/A	–	7	N/A	58	–	58	N/A	–	58	N/A
Scrap costs	14	–	14	N/A	–	14	N/A	84	70	14	19.6%	–	84	N/A
Total Material COGS	**$ 625**	**$ 644**	**$ (19)**	**-3.0%**	**$ 740**	**$ (116)**	**(15.6%)**	**$ 4,605**	**$ 4,575**	**$ 30**	**0.7%**	**$ 4,973**	**$ (368)**	**(7.4%)**
Labor														
Direct labor	$ 199	$ 194	$ 5	2.6%	$ 198	$ 1	0.5%	$ 1,419	$ 1,405	$ 14	1.0%	$ 1,352	$ 67	5.0%
Direct labor - bonus	4	6	(2)	-32.8%	–	4	N/A	27	28	(2)	-6.5%	–	27	N/A
Direct labor - overtime	42	32	10	30.1%	27	15	53.3%	232	223	10	4.3%	208	24	11.5%
Indirect labor	77	29	48	167.9%	29	48	167.9%	575	239	336	140.6%	194	380	195.6%
Indirect labor – bonus	6	6	1	11.4%	–	6	N/A	44	43	1	1.5%	–	44	N/A
Indirect labor - overtime	7	3	4	123.7%	3	4	123.7%	31	27	4	14.6%	23	8	33.5%
Indirect labor – benefits	12	84	(72)	-85.3%	84	(72)	(85.3%)	86	455	(369)	-81.1%	585	(499)	(85.3%)
Total Labor COGS	**$ 346**	**$ 353**	**$ (7)**	**-1.9%**	**$ 341**	**$ 5**	**1.6%**	**$ 2,415**	**$ 2,421**	**$ (6)**	**-0.3%**	**$ 2,363**	**$ 51**	**2.2%**
Other														
Repairs and maintenance	$ 26	$ 10	$ 16	166.4%	$ 10	$ 16	166.4%	$ 135	$ 118	$ 16	13.9%	$ 69	$ 65	94.5%
Absorption	(202)	(157)	(45)	28.9%	(157)	(45)	28.9%	(1,404)	(1,359)	(45)	3.3%	(1,097)	(308)	28.1%
Freight out	(18)	(20)	2	-9.3%	(20)	2	(10.6%)	(139)	(89)	(50)	56.1%	(134)	(4)	3.3%
Rent / facilities	32	34	(1)	-4.1%	34	(1)	(4.1%)	238	239	(1)	-0.6%	235	3	1.4%
Utilities	20	20	(0)	-2.4%	20	(0)	(2.4%)	133	133	(0)	-0.4%	142	(10)	(6.7%)
Other cost of sales	154	137	18	12.8%	144	11	7.3%	1,100	1,084	16	1.5%	1,007	93	9.2%
Total Other COGS	**$ 13**	**$ 24**	**$ (11)**	**-47.1%**	**$ 31**	**$ (18)**	**(58.6%)**	**$ 62**	**$ 127**	**$ (65)**	**-51.1%**	**$ 222**	**$ (160)**	**(72.1%)**
Total COGS	**$ 984**	**$ 1,021**	**$ (38)**	**-3.7%**	**$ 1,112**	**$ (128)**	**(72.6%)**	**$ 7,082**	**$ 7,123**	**$ (41)**	**-0.6%**	**$ 7,559**	**$ (477)**	**(77.4%)**

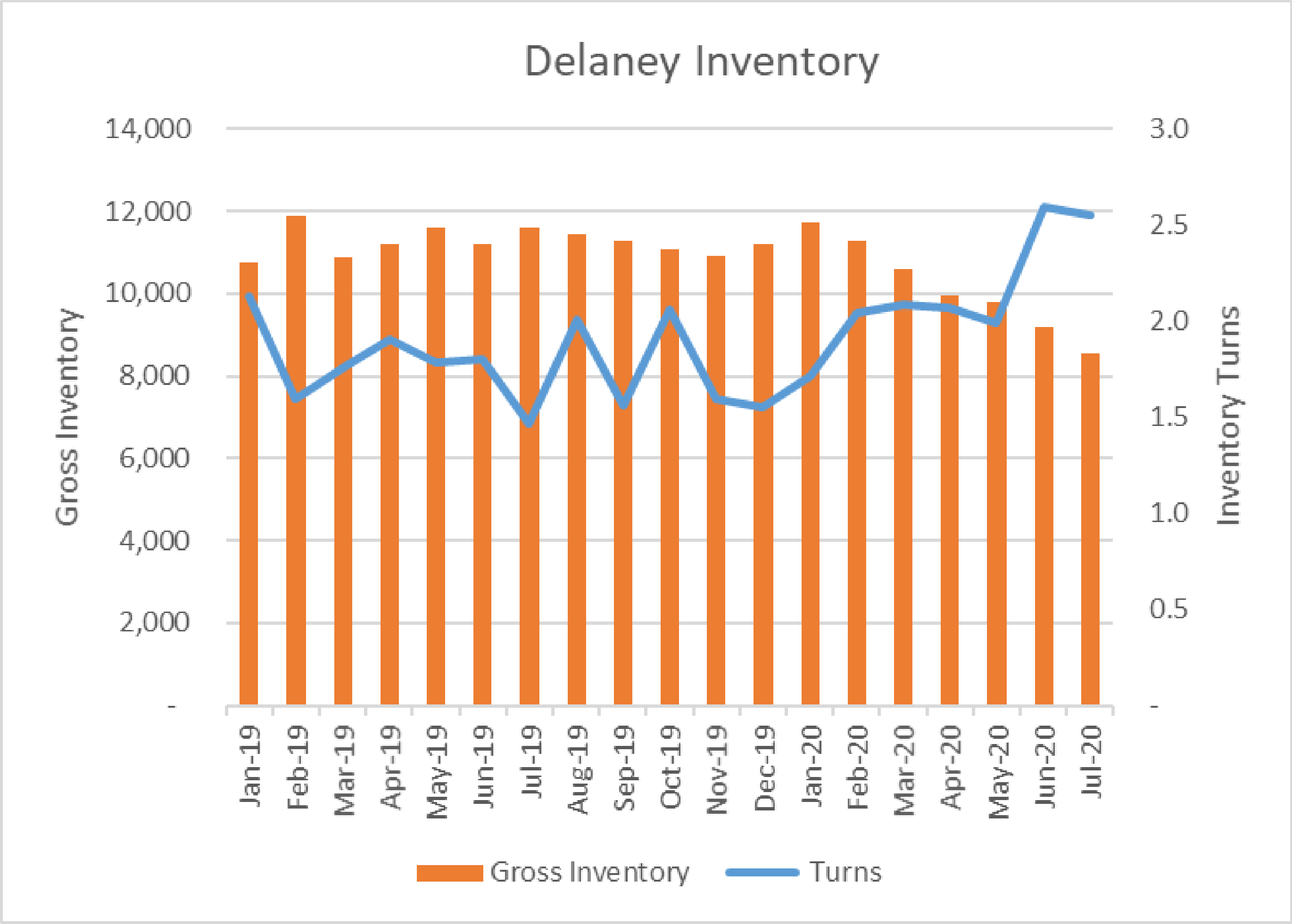
Financial Review| S&G Balance Sheet

	Jul 20		Variance		Jul 20	Variance	
$'000	**Act**	**Rfc**	**$**	**%**	**Bud**	**$**	**%**
Current Assets							
Cash and cash equivalents	$ 2,384	$ 755	$1,629	215.9%	$ (31)	$ 2,415	(7751.5%)
Accounts receivable, gross	6,926	7,225	(300)	-4.1%	6,837	88	1.3%
Accounts receivable, reserves	(223)	(223)	–	0.0%	(137)	(86)	63.1%
Accounts receivable, net	6,702	7,002	(300)	-4.3%	6,701	2	0.0%
Inventory, gross	7,718	8,550	(832)	-9.7%	7,676	42	0.5%
Inventory, reserves	(640)	(640)	–	0.0%	(502)	(138)	27.5%
Inventory, net	7,078	7,910	(832)	-10.5%	7,174	(96)	(1.3%)
Prepaid expenses and other current assets	(321)	(291)	(30)	10.4%	(24)	(297)	1232.5%
Current portion of deferred taxes	1,765	1,765	–	0.0%	–	1,765	N/A
Other current assets	–	–	–	N/A	49,912	(49,912)	(100.0%)
Total Current Assets	**17,608**	**17,141**	**467**	**2.7%**	**63,732**	**(46,124)**	**(72.4%)**
Non-Current Assets							
Property, plant & equipment, gross	11,731	11,764	(33)	-0.3%	12,865	(1,134)	(8.8%)
Accumulated depreciation	(1,768)	(1,768)	0	0.0%	(1,729)	(38)	2.2%
Property, plant & equipment, net	9,963	9,996	(33)	-0.3%	11,136	(1,173)	(10.5%)
Goodwill	36,667	36,667	0	0.0%	42,050	(5,382)	(12.8%)
Identifiable intangible assets, gross	15,100	15,100	–	0.0%	15,100	–	0.0%
Accumulated amortization	(1,381)	(1,381)	0	0.0%	(3,014)	1,634	(54.2%)
Identifiable intangible assets, net	13,719	13,719	0	0.0%	12,086	1,634	13.5%
Deferred financing cost	2,754	2,759	(5)	-0.2%	2,570	184	7.2%
Other non-current assets	49,727	49,727	–	0.0%	131	49,596	37770.8%
Total Non-Current Assets	**112,831**	**112,868**	**(37)**	**0.0%**	**67,973**	**44,858**	**66.0%**
Total Assets	**$130,439**	**$130,009**	**$ 430**	**0.3%**	**$131,704**	**$ (1,265)**	**(1.0%)**
Current Liabilities							
Current portion of long-term debt	$ 2,313	$ 2,081	$ 231	11.1%	$ 1,850	$ 463	25.0%
Accounts payable	3,381	2,802	579	20.7%	3,559	(178)	(5.0%)
Accrued liabilities	1,936	1,912	24	1.3%	1,975	(39)	(2.0%)
Accrued compensation	718	623	95	15.2%	125	593	475.0%
Income taxes payable	(41)	(44)	3	-6.8%	128	(170)	(132.2%)
Short-term unearned revenue	53	81	(28)	-35.2%	56	(4)	(7.0%)
Total Current Liabilities	**8,359**	**7,455**	**904**	**12.1%**	**7,695**	**665**	**8.6%**
Long-term liabilities							
Long-term debt less current maturities	89,270	89,501	(231)	-0.3%	90,212	(942)	(1.0%)
Deferred income taxes	(2)	–	(2)	#DIV/0!	(831)	829	(99.7%)
Other non-current liabilities	4,682	4,665	16	0.4%	87	4,595	5300.2%
Total Long-Term Liabilities	**93,950**	**94,167**	**(217)**	**-0.2%**	**89,468**	**4,482**	**5.0%**
Total Liabilities	**102,309**	**101,622**	**687**	**0.7%**	**97,162**	**5,147**	**5.3%**
Shareholders' Equity							
Common stock	40,300	40,300	–	0.0%	40,228	72	0.2%
Retained earnings	(12,541)	(12,302)	(238)	1.9%	(7,057)	(5,484)	77.7%
Accumulated other comprehensive income	389	389	–	0.0%	1,370	(981)	(71.6%)
Other equity transactions	–	–	–	N/A	1	(1)	(100.0%)
Total Shareholders' Equity	**28,148**	**28,387**	**(238)**	**-0.8%**	**34,542**	**(6,394)**	**(18.5%)**
Total Liabilities and Shareholders' Equity	**$130,457**	**$130,009**	**$ 448**	**0.3%**	**$131,704**	**$ (1,247)**	**(0.9%)**

Financial Review | Delaney Balance Sheet

$'000	Jul 20 Act	Jul 20 Rfc	Variance $	Variance %	Jul 20 Bud	Variance $	Variance %
Current Assets							
Cash and cash equivalents	$ 3,000	$ 2,424	$ 576	23.8%	$ 4,728	$ (1,728)	(36.6%)
Accounts receivable, gross	4,691	4,658	33	0.7%	–	4,691	N/A
Accounts receivable, reserves	(39)	(34)	(5)	16.2%	–	(39)	N/A
Accounts receivable, net	4,652	4,625	27	0.6%	4,527	125	2.8%
Inventory, gross	8,528	9,022	(494)	-5.5%	11,223	(2,695)	(24.0%)
Inventory, reserves	(1,643)	(1,650)	6	-0.4%	(2,008)	364	(18.1%)
Inventory, net	6,884	7,372	(488)	-6.6%	9,216	(2,331)	(25.3%)
Prepaid expenses and other current assets	131	130	2	1.4%	184	(53)	(28.7%)
Total Current Assets	**14,668**	**14,550**	**118**	**0.8%**	**18,655**	**(3,987)**	**(21.4%)**
Non-Current Assets							
Property, plant & equipment, gross	1,079	1,098	(18)	-1.7%	1,809	(729)	(40.3%)
Accumulated depreciation	(280)	(282)	2	-0.7%	(934)	654	(70.0%)
Property, plant & equipment, net	799	816	(16)	-2.0%	875	(76)	(8.6%)
Goodwill	35,536	35,536	0	0.0%	17,221	18,315	106.4%
Identifiable intangible assets, gross	6,200	6,200	–	0.0%	–	6,200	N/A
Accumulated amortization	(262)	(262)	(0)	0.0%	–	(262)	N/A
Identifiable intangible assets, net	5,938	5,938	(0)	0.0%	–	5,938	N/A
Deferred tax asset	(1,761)	(1,753)	(8)	0.5%	672	(2,433)	(362.3%)
Total Non-Current Assets	**40,512**	**40,537**	**(25)**	**-0.1%**	**18,768**	**21,745**	**115.9%**
Total Assets	**$ 55,180**	**$ 55,087**	**$ 93**	**0.2%**	**$ 37,422**	**$17,758**	**47.5%**
Current Liabilities							
Accounts payable	278	330	(52)	-15.8%	735	(457)	(62.2%)
Accrued liabilities	1,095	1,127	(32)	-2.9%	1,147	(52)	(4.6%)
Accrued compensation	460	543	(83)	-15.3%	534	(74)	(13.8%)
Income taxes payable	–	9	(9)	-100.0%	7	(7)	(100.0%)
Total Current Liabilities	**1,833**	**2,010**	**(177)**	**-8.8%**	**2,423**	**(590)**	**(24.3%)**
Long-term liabilities							
Other non-current liabilities	3,085	2,944	141	4.8%	9,580	(6,495)	(67.8%)
Total Long-Term Liabilities	**3,085**	**2,944**	**141**	**4.8%**	**9,580**	**(6,495)**	**(67.8%)**
Total Liabilities	**4,918**	**4,954**	**(36)**	**-0.7%**	**12,003**	**(7,084)**	**(59.0%)**
Shareholders' Equity							
Common stock	51,790	51,790	–	0.0%	21,900	29,890	136.5%
Retained earnings	(1,528)	(1,656)	129	-7.8%	3,519	(5,047)	(143.4%)
Total Shareholders' Equity	**50,262**	**50,133**	**129**	**0.3%**	**25,419**	**24,843**	**97.7%**
Total Liabilities and Shareholders' Equity	**$ 55,180**	**$ 55,087**	**$ 93**	**0.2%**	**$ 37,422**	**$17,758**	**47.5%**

Appendix | Delaney Inventory Trends



Appendix| Premier Balance Sheet

$'000	Jul 20 Act	Jul 20 Rfc	Variance $	Variance %	Jul 20 Bud	Variance $	Variance %
Current Assets							
Cash and cash equivalents	$ 787	$ 701	$ 85	12.2%	$ 1,553	$ (766)	(49.3%)
Accounts receivable, gross	1,671	1,864	(193)	-10.4%	–	1,671	N/A
Accounts receivable, net	1,671	1,864	(193)	-10.4%	1,904	(233)	(12.2%)
Inventory, gross	2,977	3,302	(326)	-9.9%	3,406	(430)	(12.6%)
Inventory, net	2,977	3,302	(326)	-9.9%	3,229	(252)	(7.8%)
Prepaid expenses and other current assets	148	122	26	21.4%	44	104	233.9%
Total Current Assets	**5,583**	**5,990**	**(407)**	**-6.8%**	**6,730**	**(1,147)**	**(17.0%)**
Non-Current Assets							
Property, plant & equipment, gross	1,687	1,554	133	8.6%	1,598	89	5.6%
Accumulated depreciation	(278)	(276)	(2)	0.7%	(286)	8	(2.8%)
Property, plant & equipment, net	1,410	1,278	131	10.3%	1,312	97	7.4%
Goodwill	17,107	17,107	(0)	0.0%	5,423	11,684	215.4%
Identifiable intangible assets, gross	3,800	3,800	–	0.0%	–	3,800	N/A
Accumulated amortization	(155)	(261)	106	-40.5%	–	(155)	N/A
Identifiable intangible assets, net	3,645	3,645	0	0.0%	–	3,645	N/A
Total Non-Current Assets	**22,161**	**22,030**	**131**	**0.6%**	**6,736**	**15,426**	**229.0%**
Total Assets	**$ 27,744**	**$ 28,020**	**$ (276)**	**-1.0%**	**$ 13,465**	**$14,279**	**106.0%**
Current Liabilities							
Accounts payable	553	760	(206)	-27.2%	810	(257)	(31.7%)
Accrued liabilities	202	294	(92)	-31.3%	294	(92)	(31.3%)
Accrued compensation	298	109	189	172.5%	225	73	32.5%
Total Current Liabilities	**1,053**	**1,163**	**(110)**	**-9.4%**	**1,956**	**(903)**	**(46.2%)**
Long-term liabilities							
Capital lease	46	–	46	N/A	–	46	N/A
Deferred income taxes	963	963	(0)	0.0%	–	963	N/A
Other non-current liabilities	(7,179)	(6,978)	(200)	2.9%	(5,874)	(1,304)	22.2%
Total Long-Term Liabilities	**(6,170)**	**(6,015)**	**(154)**	**2.6%**	**(5,874)**	**(295)**	**5.0%**
Total Liabilities	**(5,116)**	**(4,852)**	**(264)**	**5.4%**	**(3,918)**	**(1,198)**	**30.6%**
Shareholders' Equity							
Common stock	32,601	32,601	0	0.0%	10,597	22,004	207.6%
Retained earnings	259	271	(12)	-4.4%	6,787	(6,528)	(96.2%)
Total Shareholders' Equity	**32,860**	**32,872**	**(12)**	**0.0%**	**17,383**	**15,477**	**89.0%**
Total Liabilities and Shareholders' Equity	**$ 27,744**	**$ 28,020**	**$ (276)**	**-1.0%**	**$ 13,465**	**$14,278**	**106.0%**

Appendix| S&G Cash Flow

	YTD	YTD	Variance		YTD	Variance		PY YTD	Variance	
$'000	**Act**	**Rfc**	**$**	**%**	**Bud**	**$**	**%**	**Act**	**$**	**%**
Cash flow from operations										
Net Income (Loss)	$ (8,449)	$ (8,188)	$ (260)	3.2%	$ (2,001)	$ (6,447)	322.2%	$ 504	$ (8,953)	(1776.3%)
Depreciation, amortization and other	3,947	3,947	(1)	(0.0%)	3,136	811	25.8%	199	3,747	1879.3%
Change in operating assets and liabilities:										
Accounts receivable	(1,972)	(2,272)	300	(13.2%)	(1,965)	(7)	0.4%	(907)	(1,065)	117.4%
Inventory	(68)	(900)	832	(92.4%)	(151)	82	(54.6%)	461	(530)	(114.8%)
Prepaid expenses and other current assets	356	325	30	9.3%	–	356	N/A	(192)	547	(285.5%)
Accounts payable	652	73	579	792.0%	771	(119)	(15.5%)	409	243	59.5%
Accrued expenses	(191)	(215)	24	(11.3%)	–	(191)	N/A	769	(960)	(124.8%)
Accrued income taxes	134	131	3	2.3%	–	134	N/A	266	(132)	(49.6%)
Other changes in operating assets and liabilities	6,681	6,600	82	1.2%	11	6,670	58729.8%	(8,553)	15,235	(178.1%)
Total Cash Flow from Operations	**$ 1,090**	**$ (498)**	**$ 1,588**	**(318.6%)**	**$ (198)**	**$ 1,288**	**(650.0%)**	**$ (7,043)**	**$ 8,133**	**(115.5%)**
Cash flow from investing										
Additions to property, plant and equipment	$ (48)	$ (81)	$ 33	(40.7%)	$ (1,182)	$ 1,134	(95.9%)	$ (25)	$ (23)	94.9%
Total Cash Flow from Investing	**$ (48)**	**$ (81)**	**$ 33**	**(40.7%)**	**$ (1,182)**	**$ 1,134**	**(95.9%)**	**$ (25)**	**$ (23)**	**94.9%**
Cash flow from financing										
Proceeds from the issuance (repayment) of short-term del	$ –	$ –	$ –	N/A	$ –	$ –	N/A	$ (800)	$ 800	(100.0%)
Repayment of debt	(925)	(924)	(1)	0.2%	(446)	(479)	107.4%	–	(925)	N/A
Other cash flow from financing costs	353	344	9	2.6%	189	164	87.0%	9,040	(8,686)	(96.1%)
Total Cash Flow from Financing	**$ (572)**	**$ (579)**	**$ 8**	**(1.3%)**	**$ (257)**	**$ (315)**	**122.5%**	**$ 8,240**	**$ (8,811)**	**(106.9%)**
Net change in cash	**$ 470**	**$ (1,159)**	**$ 1,629**	**(140.5%)**	**$ (1,637)**	**$ 2,107**	**(128.7%)**	**$ 1,172**	**$ (702)**	**(59.9%)**
Beginning cash	1,914	1,914	–	0.0%	1,606	308	19.2%	–	1,914	N/A
Change in cash	470	(1,159)	1,629	(140.5%)	(1,637)	2,107	(128.7%)	1,172	(702)	(59.9%)
Ending cash	**$ 2,383**	**$ 755**	**$ 1,628**	**215.6%**	**$ (31)**	**$ 2,414**	**(7750.3%)**	**$ 3,579**	**$ (1,196)**	**(33.4%)**

Appendix | Delaney Cash Flow

$'000	YTD Act	YTD Rfc	Variance $	Variance %	YTD Bud	Variance $	Variance %	PY YTD Act	Variance $	Variance %
Cash flow from operations										
Net Income (Loss)	$ 188	$ 63	$ 125	199.2%	$ 1,851	$ (1,663)	(89.8%)	$ 988	$ (800)	(81.0%)
Depreciation, amortization and other	4,636	2,703	1,934	71.5%	1,887	2,750	145.8%	1,828	2,808	153.6%
Change in operating assets and liabilities:										
Accounts receivable	(698)	(671)	(27)	4.1%	(553)	(145)	26.3%	(474)	(224)	47.4%
Inventory	2,739	4,187	(1,448)	(34.6%)	84	2,655	3173.5%	(1,147)	3,886	(338.7%)
Prepaid expenses and other current assets	61	63	(2)	(2.8%)	8	53	622.4%	(37)	98	(266.9%)
Accounts payable	(155)	(103)	(52)	50.6%	178	(333)	(187.4%)	(510)	355	(69.6%)
Accrued expenses	(40)	(7)	(32)	443.0%	30	(69)	(233.0%)	(9)	(30)	331.5%
Accrued income taxes	–	9	(9)	(100.0%)	14	(14)	(100.0%)	(8)	8	(100.0%)
Other changes in operating assets and liabilities	(4,318)	(4,385)	67	(1.5%)	735	(5,054)	(687.3%)	(231)	(4,088)	1772.5%
Total Cash Flow from Operations	**$ 2,414**	**$ 1,859**	**$ 554**	**29.8%**	**$ 4,234**	**$ (1,820)**	**(43.0%)**	**$ 401**	**$ 2,013**	**502.3%**
Cash flow from investing										
Additions to property, plant and equipment	$ (83)	$ (101)	$ 18	(18.0%)	$ (175)	$ 92	(52.7%)	$ (334)	$ 251	(75.2%)
Total Cash Flow from Investing	**$ (83)**	**$ (101)**	**$ 18**	**(18.0%)**	**$ (175)**	**$ 92**	**(52.7%)**	**$ (334)**	**$ 251**	**(75.2%)**
Cash flow from financing										
Other cash flow from financing costs	0	(4)	4	(100.0%)	0	(0)	(100.0%)	(84)	84	(100.0%)
Total Cash Flow from Financing	**$ 0**	**$ (4)**	**$ 4**	**(100.0%)**	**$ 0**	**$ (0)**	**(100.0%)**	**$ (84)**	**$ 84**	**(100.0%)**
Net change in cash	**$ 2,331**	**$ 1,755**	**$ 576**	**32.8%**	**$ 4,059**	**$ (1,728)**	**(42.6%)**	**$ (17)**	**$ 2,348**	**(13561.5%)**
Beginning cash	669	669	–	0.0%	669	–	0.0%	325	344	106.0%
Change in cash	2,331	1,755	576	32.8%	4,059	(1,728)	(42.6%)	(17)	2,348	(13561.5%)
Ending cash	**$ 3,000**	**$ 2,424**	**$ 576**	**23.8%**	**$ 4,728**	**$ (1,728)**	**(36.5%)**	**$ 308**	**$ 2,692**	**875.4%**

Appendix| Premier Cash Flow

	YTD	YTD	Variance		YTD	Variance		PY YTD	Variance	
$'000	**Act**	**Rfc**	**$**	**%**	**Bud**	**$**	**%**	**Act**	**$**	**%**
Cash flow from operations										
Net Income (Loss)	$ 1,408	$ 1,421	$ (12)	(0.9%)	$ 1,536	$ (128)	(8.3%)	$ 2,067	$ (659)	(31.9%)
Depreciation, amortization and other	1,695	1,298	397	30.6%	533	1,162	217.9%	499	1,196	239.7%
Change in operating assets and liabilities:										
Accounts receivable	61	(132)	193	(145.8%)	(172)	233	(135.2%)	(758)	818	(108.0%)
Inventory	46	116	(70)	(60.3%)	(346)	392	(113.3%)	(226)	272	(120.4%)
Prepaid expenses and other current assets	(104)	(78)	(26)	33.6%	(0)	(104)	518991500.2%	22	(126)	(561.5%)
Accounts payable	208	415	(206)	(49.8%)	466	(257)	(55.2%)	272	(64)	(23.5%)
Accrued expenses	(66)	26	(92)	(357.6%)	26	(92)	(357.6%)	(52)	(14)	27.2%
Accrued income taxes	–	–	–	#DIV/0!	(250)	250	(100.0%)	–	–	N/A
Other changes in operating assets and liabilities	(2,090)	(2,128)	38	(1.8%)	39	(2,129)	(5456.2%)	(1,647)	(444)	27.0%
Total Cash Flow from Operations	**$ 1,158**	**$ 936**	**$ 222**	**23.7%**	**$ 1,831**	**$ (673)**	**(36.8%)**	**$ 178**	**$ 980**	**549.6%**
Cash flow from investing										
Additions to property, plant and equipment	$ (677)	$ (544)	$ (133)	24.5%	$ (588)	$ (89)	15.2%	$ (189)	$ (489)	259.4%
Total Cash Flow from Investing	**$ (677)**	**$ (544)**	**$ (133)**	**24.5%**	**$ (588)**	**$ (89)**	**15.2%**	**$ (189)**	**$ (489)**	**259.4%**
Cash flow from financing										
Capital lease	(3)	–	(3)	N/A	–	(3)	N/A	–	(3)	N/A
Common stock issued (repurchased)	–	(0)	0	(100.0%)	(0)	0	(100.0%)	–	–	N/A
Other cash flow from financing costs	(0)	(0)	0	(100.0%)	(0)	0	(100.0%)	(2)	2	(100.0%)
Total Cash Flow from Financing	**$ (3)**	**$ (0)**	**$ (3)**	**1160.8%**	**$ (0)**	**$ (3)**	**606729.8%**	**$ (2)**	**$ (1)**	**72.5%**
Net change in cash	**$ 477**	**$ 392**	**$ 85**	**21.8%**	**$ 1,243**	**$ (766)**	**(61.6%)**	**$ (12)**	**$ 489**	**(4000.1%)**
Beginning cash	309	309	–	0.0%	309	–	0.0%	11	298	2719.7%
Change in cash	477	392	85	21.8%	1,243	(766)	(61.6%)	(12)	489	(4000.1%)
Ending cash	**$ 787**	**$ 701**	**$ 85**	**12.2%**	**$ 1,553**	**$ (766)**	**(49.3%)**	**$ (1)**	**$ 788**	**(62499.0%)**

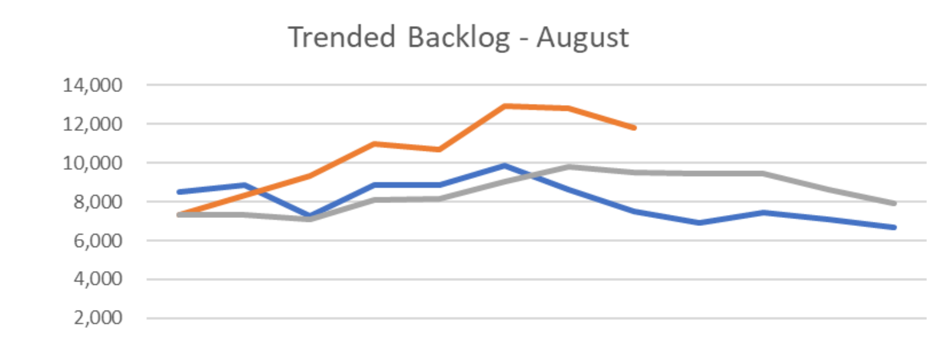
Appendix| S&G Incurred Standalone Costs

$'000	Description	July Act	July Bud	Variance $	Variance %	YTD Act	YTD Bud	Variance $	Variance %
IT		**33**	**30**	**2**	**8.1%**	**224**	**206**	**19**	**9.2%**
Manager	Salary and Benefits	10	10	-	0.0%	64	65	(1)	-1.4%
Direct Technology Charges	Office 365, AvePoint, WebRoot, Duo MFA, voice services, Creo, Windchill	5	5	(0)	-4.3%	28	37	(8)	-23.2%
ERP tranisition licensing fees	Licensing	11	11	-	0.0%	74	74	-	0.0%
Data Communications	Licensing	7	4	3	62.0%	58	30	28	93.4%
Legal		**-**	**13**	**(13)**	**-100.0%**	**189**	**88**	**101**	**114.4%**
External legal fees and other expenses	Legal Fees	-	11	(11)	-100.0%	189	74	115	155.0%
Patent fees	Patent Fees	-	2	(2)	-100.0%	-	14	(14)	-100.0%
Finance		**5**	**37**	**(32)**	**-86.7%**	**127**	**232**	**(105)**	**-45.1%**
CFO	Salary and Benefits	-	24	(24)	-100.0%	114	147	(33)	-22.3%
Base compensation (2 FTEs)	Salary and Benefits	5	13	(9)	-63.5%	13	84	(72)	-84.9%
Sales		**25**	**46**	**(21)**	**-45.3%**	**156**	**287**	**(131)**	**-45.6%**
VP of Sales	Salary and Benefits	25	25	-	0.0%	156	157	(1)	-0.4%
Customer Relationship Manager	Salary and Benefits	-	21	(21)	-100.0%	-	130	(130)	-100.0%
HR		**2**	**2**	**-**	**0.0%**	**12**	**12**	**-**	**0.0%**
Business Travel and Accident	Business Travel and Accident	0	0	-	0.0%	2	2	-	0.0%
Global Emergency Travel Services	Global Emergency Travel Services	1	1	-	0.0%	10	10	-	0.0%
Trade Compliance		**1**	**1**	**-**	**0.0%**	**9**	**9**	**-**	**0.0%**
Export Compliance Daily/ICPA annual fee	Export Compliance Daily/ICPA annual fee	0	0	-	0.0%	1	1	-	0.0%
Trade Flow software license	Trade Flow software license	1	1	-	0.0%	8	8	-	0.0%
Bonuses	Incremental management bonuses	**21**	**63**	**(42)**	**-66.9%**	**197**	**440**	**(243)**	**-55.3%**
Risk	Incremental cost of business insurances	**17**	**12**	**5**	**37.5%**	**135**	**85**	**50**	**59.2%**
Freight	Adjust freight to actual charges versus allocation	**77**	**77**	**(0)**	**-0.4%**	**492**	**541**	**(50)**	**-9.2%**
401(k) compensation	Estimated incremental 401(k) expense	**14**	**22**	**(8)**	**-37.3%**	**85**	**142**	**(57)**	**-40.0%**
Total Standalone Costs		**194**	**304**	**(110)**	**-36.1%**	**1,625**	**2,040**	**(415)**	**-20.4%**

Appendix| S&G PF Standalone Costs

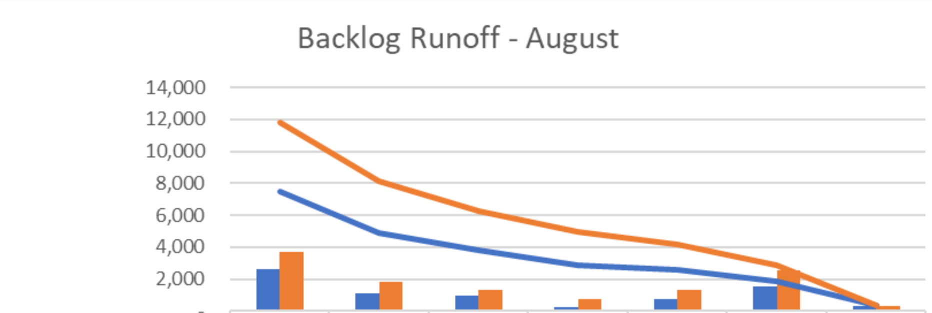
$'000	Description	July Budget Incurred	July Budget Unincurred	July Budget PF	July Actual Incurred	July Actual Unincurred	July Actual PF	YTD Budget Incurred	YTD Budget Unincurred	YTD Budget PF	YTD Actual Incurred	YTD Actual Unincurred	YTD Actual PF
IT		**30**	**-**	**30**	**33**	**(2)**	**30**	**203**	**3**	**206**	**228**	**(23)**	**206**
Manager	Salary and Benefits	10	-	10	10	-	10	64	1	65	64	1	65
Direct Technology Charges	Office 365, AvePoint, WebRoot, Duo MFA, voice services, Creo, Windchill	5	-	5	5	0	5	38	(1)	37	24	12	37
ERP tranisition licensing fees	Licensing	11	-	11	11	-	11	75	(1)	74	74	-	74
Data Communications	Licensing	4	-	4	7	(3)	4	26	4	30	65	(36)	30
Legal		**6**	**7**	**13**	**-**	**13**	**13**	**36**	**52**	**88**	**208**	**(120)**	**88**
External legal fees and other expenses	Legal Fees	6	5	11	-	11	11	36	38	74	204	(130)	74
Patent fees	Patent Fees	-	2	2	-	2	2	-	14	14	4	10	14
Finance		**4**	**33**	**37**	**5**	**32**	**37**	**126**	**106**	**232**	**128**	**104**	**232**
CFO	Salary and Benefits	-	24	24	-	24	24	114	33	147	114	33	147
Base compensation (2 FTEs)	Salary and Benefits	4	9	13	5	9	13	12	73	85	14	71	85
Sales		**20**	**26**	**46**	**25**	**21**	**46**	**151**	**136**	**287**	**160**	**127**	**287**
VP of Sales	Salary and Benefits	20	5	25	25	-	25	151	6	157	156	1	157
Customer Relationship Manager	Salary and Benefits	-	21	21	-	21	21	-	130	130	4	126	130
HR		**2**	**-**	**2**	**2**	**-**	**2**	**12**	**-**	**12**	**12**	**-**	**12**
Business Travel and Accident	Business Travel and Accident	0	-	0	0	-	0	2	-	2	2	-	2
Global Emergency Travel Services	Global Emergency Travel Services	1	-	1	1	-	1	10	-	10	10	-	10
Trade Compliance		**1**	**-**	**1**	**1**	**-**	**1**	**9**	**-**	**9**	**9**	**-**	**9**
Export Compliance Daily/ICPA annual fee	Export Compliance Daily/ICPA annual fee	0	-	0	0	-	0	1	-	1	1	-	1
Trade Flow software license	Trade Flow software license	1	-	1	1	-	1	8	-	8	8	-	8
Bonuses	Incremental management bonuses	**21**	**42**	**63**	**21**	**42**	**63**	**197**	**243**	**440**	**224**	**216**	**440**
Risk	Incremental cost of business insurances	**17**	**(5)**	**12**	**17**	**(5)**	**12**	**123**	**(39)**	**84**	**107**	**(23)**	**84**
Freight	Adjust freight to actual charges versus allocation	**68**	**9**	**77**	**77**	**0**	**77**	**483**	**59**	**541**	**505**	**35**	**541**
401(k) compensation	Estimated incremental 401(k) expense	**7**	**15**	**22**	**14**	**8**	**22**	**78**	**64**	**142**	**98**	**44**	**142**
Total Standalone Costs		**176**	**128**	**304**	**194**	**110**	**304**	**1,417**	**623**	**2,041**	**1,679**	**359**	**2,041**

Appendix| S&G Backlog Trends



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2019	8,476	8,885	7,243	8,845	8,882	9,876	8,649	7,473	6,926	7,456	7,076	6,677
2020	7,336	8,319	9,310	10,983	10,702	12,904	12,809	11,823				
Plan 2020	7,336	7,319	7,077	8,077	8,155	9,062	9,795	9,532	9,437	9,468	8,626	7,907

2019 2020 Plan 2020



	Aug	Sep	Oct	Nov	Dec	2021	Undated
2019 Runoff	2,581	1,075	977	246	732	1,523	339
2020 Runoff	3,699	1,856	1,346	751	1,303	2,549	319
2019 Beg. Backlog	7,473	4,893	3,818	2,840	2,595	1,863	339
2020 Beg. Backlog	11,823	8,123	6,268	4,922	4,171	2,868	319

2019 Runoff 2020 Runoff 2019 Beg. Backlog 2020 Beg. Backlog

Management Discussion

- July backlog of $11.8M contains:
  - AGS blanket order of $2.4M
  - ARYA blanket order of $1.7M
  - Timemaster blanket order of $1.2M
  - American Locks orders of $0.5M
  - Shanghai Qiahne orders of $0.4M
  - Cogar orders of $0.4M
- 2019 Backlog of $8.7M contained:
  - Timemaster blanket order of $1.1M
  - ARYA of $1.0M
  - Lockmasters of $0.4M
  - NCR orders of $0.3M

YTD YoY Change in Sales ($'s 000)

	ATM	Gov.	Resi.	Rail	Retail/ Other	Safe Dep Box	Total
India	($1,741)	$117	($9)	$0	$43	$0	**($1,589)**
APAC (Less India)	($974)	($166)	($424)	$0	$290	($3)	**($1,277)**
EMEA	($747)	($112)	$4	$0	$279	$25	**($552)**
LATAM	($428)	($14)	($144)	$0	$80	($32)	**($538)**
US and Canada	($473)	($1,342)	($768)	$209	$484	($424)	**($2,314)**
Total	**($4,364)**	**($1,518)**	**($1,341)**	**$209**	**$1,177**	**($434)**	**($6,270)**

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

	ATM	Gov.	Resi.	Rail	Retail/ Other	Safe Dep Box	Total
India	($1,214)	$32	$2	$0	$17	$0	**($1,164)**
APAC (Less India)	($474)	($62)	($162)	$0	$101	($2)	**($599)**
EMEA	($67)	($102)	$19	$0	$29	$9	**($111)**
LATAM	($301)	($4)	($51)	$0	$46	($5)	**($315)**
US and Canada	($325)	($449)	($428)	$38	$256	($96)	**($1,005)**
Total	**($2,381)**	**($585)**	**($620)**	**$38**	**$449**	**($95)**	**($3,194)**

YTD YoY Change in Sales (% Growth)

	ATM	Gov.	Resi.	Rail	Retail/ Other	Safe Dep Box	Total
India	(38.8%)	N/A	(3.9%)	N/A	7,184.9%	N/A	**(33.7%)**
APAC (Less India)	(39.8%)	(52.3%)	(19.1%)	N/A	703.2%	(16.7%)	**(25.3%)**
EMEA	(38.4%)	(36.1%)	0.4%	N/A	406.9%	307.2%	**(17.0%)**
LATAM	(43.7%)	(16.2%)	(30.9%)	N/A	235.8%	(21.4%)	**(31.3%)**
US and Canada	(27.9%)	(22.0%)	(24.8%)	576.5%	125.3%	(76.7%)	**(19.5%)**
Total	**(37.8%)**	**(22.3%)**	**(19.3%)**	**576.5%**	**221.7%**	**(59.7%)**	**(23.6%)**

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

	ATM	Gov.	Resi.	Rail	Retail/ Other	Safe Dep Box	Total
India	-68 bps	2754 bps	233 bps	N/A	22366 bps	N/A	-302 bps
APAC (Less India)	210 bps	-2373 bps	-206 bps	N/A	-832 bps	-987 bps	-249 bps
EMEA	910 bps	-3554 bps	196 bps	N/A	-2145 bps	321 bps	112 bps
LATAM	-470 bps	-285 bps	169 bps	N/A	-306 bps	52 bps	-356 bps
US and Canada	-323 bps	311 bps	-327 bps	-1986 bps	366 bps	1049 bps	69 bps
Total	81 bps	99 bps	-207 bps	-1986 bps	-518 bps	423 bps	-137 bps

** FY YTD CM less FY-1 YTD CM (ex:[72% YTD CM in FY]-[70% YTD CM in FY-1]=200 bps*

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

- > $50k
- < $50k
- +/- $50k

Legend (Chg in Contribution Margin % of Sales):

- > 50 bps
- < 50 bps
- +/- 50 bps

Appendix| S&G Strategic Alternatives | Scenario Assumptions

Increasing disruption and corresponding savings potential

	Maintain SA facility	Shift to low-cost EU geography	3rd party fulfillment	OEM consignment	Close facility; US fulfillment
Sales Red.	0% $0	5% $184K	5% $184K	5% $184K	10% , 20% $368K, $736K
Labor	100% $560K	72% $405K	46% $256K Incl. offsets	46% $256K Incl. offsets	46% $256K Incl. offsets
Rent / facilities	100% $41K	50% $20K	0% $0	0% $0	0% $0
Freight	100% $140K	100% $140K	100% $140K	100% $140K	63% $89K
Inventory	100% $670K	75% $470K	25% $160K	25% $160K	30% $190K
Admin	100% $112K	67% $75K	50% $55K	50% $55K	6% $7K
1-time Closing	0% $0	100% $50K	100% $50K	100% $50K	100% $50K
1-time Integrat.	0% $0	0% $0	0% $0	100% $25K	0% $0
1-time move exp.	0% $0	100% $50K	0% $0	0% $0	0% $0
Adj. EBITDA impact	**($500)** *Inv. Red.[1] - $0*	**$250K** *Inv. Red.[1] - $160K*	**$230K** *Inv. Red.[1] - $500K*	**$365K** *Inv. Red.[1] - $500K*	**$250K (20% sales red.) / $400K (10% sales red.)** *Inv. Red.[1] - $440K*

1. Working capital adjustment; inventory reduction varies based on scenario fulfillment requirements

Appendix| S&G Strategic Alternatives | Quantitative Analysis

P&L impact

SA facility closure scenario (10% sales impact)

Assumptions

Variable	Savings	Expense
Net Sales		
Revenue impact, % leakage / loss (of TTM sales)		10%
Inbound freight, % of prior expense	100%	70%
I/C Profit margin impact	30%	
OPEX		
Personnel offsets / back-fill		
CSR backfill - Payroll & Benefits		81,000
Retain Sales Rep (Payroll & Ben)		135,000
Bonus – Retained Sales rep		40,500
Total personnel offsets / back-fill		256,500
Other OPEX		
Legal/Admin/Audit		5,000
Office Supplies		2,000
1-time expenses		
Severance		91,000
Lease Buyout		21,000
Facility closure / wind-down		50,000
Inventory wind-down / liquidation	($471,684)	628,912

Analysis

	Baseline, TTM (July 2020)	Consolidation impact (net)	Future state
Net Sales	3,685,867	($368,587)	3,317,280
Gross margin, w/ IC Profit	$1,083,781	$129,156	$1,212,937
Gross margin, %	*29.4%*		*36.6%*
OPEX	$897,771	($245,781)	$651,990
OPEX, % Sales	*24.4%*		*19.7%*
Total Other Income/Expense	$27,749	($27,749)	$0
One-time expenses	$0	$319,228	$319,228
Net Income, w/ IC Profit	$158,261	$83,458	$241,719
EBITDA, w/ IC Profit	$163,637	$83,458	$247,096
EBITDA, w/ IC Profit %	*4.4%*		*7.4%*
Adjusted EBITDA, w/ IC Profit	$163,637	$402,686	$566,324
Adjusted EBITDA, w/ IC Profit, %	4.4%		17.1%

Appendix| S&G Strategic Alternatives | Quantitative Analysis

SA facility closure scenario

	Strategic alignment	Operations	Risk	Risk Mitigation
People	• COVID environment requires assessment of excess O/H and operational efficiency • Investment in capabilities to support all regions rather than disproportionate focus on EMEA	• Increase utilization and efficiency of KY staff / personnel • Impact to customer relationships and sales retention • Required language / regional support	• Brand / reputational risk regarding divestment from EMEA • Poor optics with closure during COVID • Potential regulatory constraints / impacts for COVID separation	• Develop internal and external socialization strategy / materials • Proactive customer engagement (when app.) • Incentivize collaboration from CH personnel during transition
Process	• Improved production and distribution capabilities • Organizational flexibility to respond to evolving market environment • Investment in growth-oriented capabilities (i.e. technology, R&D, sales) • Focus on industry best-practices rather than legacy systems and infrastructure	• Reduced inventory complexity / manage with increased emphasis on production planning • Streamline fulfillment • Reduce capability for spot orders in region • Increased need for partner collaboration to facilitate customer needs	• Potential sales / customer loss through decreased support and customer relationship impact • Transition challenges • Lost institutional know. • Logistics disruption, particularly in COVID env. (e.g. customs delays, shipping lane impacts, 3PL freight providers)	• Create transition plan w/ potential EMEA customer prioritization / status • Integrate w/ customer production planning to enable support • Continue focus on operational performance and metrics for production, on-time delivery, quality, etc.
Tech	• Utilize capabilities for enhanced production planning and order fulfillment • Leverage technology for global collaboration and consolidated operations with "reach"	• Require improved transparency of production planning, demand forecasting, output, quality, on-time delivery, etc.	• Poor data management / records (existing) • Customer integration challenges (e.g. collaborative production planning or fulfillment)	• Validate system capabilities and existing customer data / records • Continue development of dashboards / other reporting capabilities

Lease

- Next lease start date is 31 March, 2021 if resigned before the 30th March 2020
- It is possible to resign before if a new tenant is found (a person/company that is solvent and take the lease at the same condition). For example resignation send on the 15th December for end of January and find a replacement for 1st of February
- Minimum notice is 30 days (end of a month for the next month)

Facility

- On the second floor of a five story multi-use retail, office, and warehouse property
- Property includes a shared distribution center with docks on the first floor

Employees

- No social scheme in the law and no obligation of notice to the local authorities for companies under 10
- Minimum requirement would be in each person contract or if nothing is indicated the following would apply for the contract termination:
    - 1 month notice during the 1st year
    - 2 month notice starting from the 2nd year to the 9th year
    - 3 month notice starting from the 10th year
- Termination is always given for the end of a month. For example for Betul, if the letter is given on the 25th August, the contract will end on the 30th October
- If due to the illness and as per law the delay of termination is suspended for a certain period of time (depending of the seniority). The illness insurance has a special clause about the closing of a company and it is written that no compensation will be given after the close of the company
- Unclear status / impact for COVID-19 circumstances regarding employee termination and required severance

Appendix| S&G Strategic Alternatives | Next Steps

- Establish SteerCo for management and collaboration of initiative
- Develop execution roadmap
- Prepare socialization materials (HR, internal communication, customer engagement, marketing)
- Develop reporting capability to ensure performance to plan

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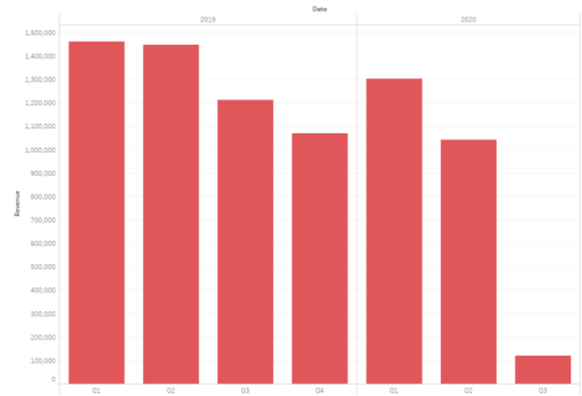
Takeaways

- EMEA sales decline ~10% YoY (2019 to 2020); Q3 2020 partial period depicted, declining ~$150K in Q1 and $400K in Q2 (YoY)
- Q1/Q2 indicate depressed sales in EMEA when Q1 in other segments (NA, LAG) did not suffer as direct an exposure to COVID, potentially skewing results

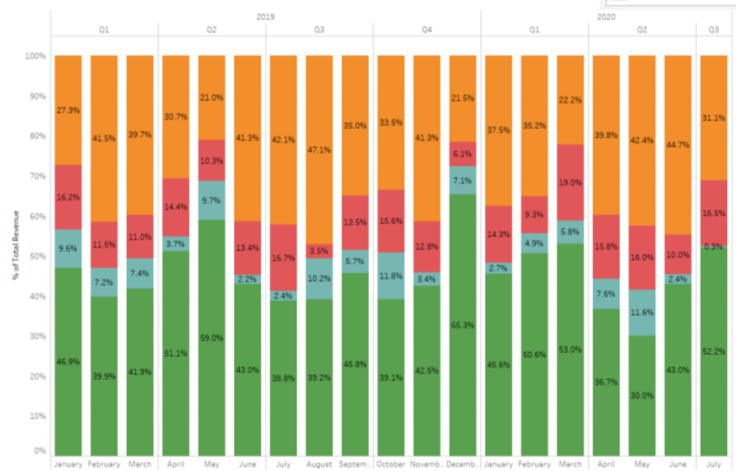
Regional sales contribution

$K



Regional sales contribution

% Revenue



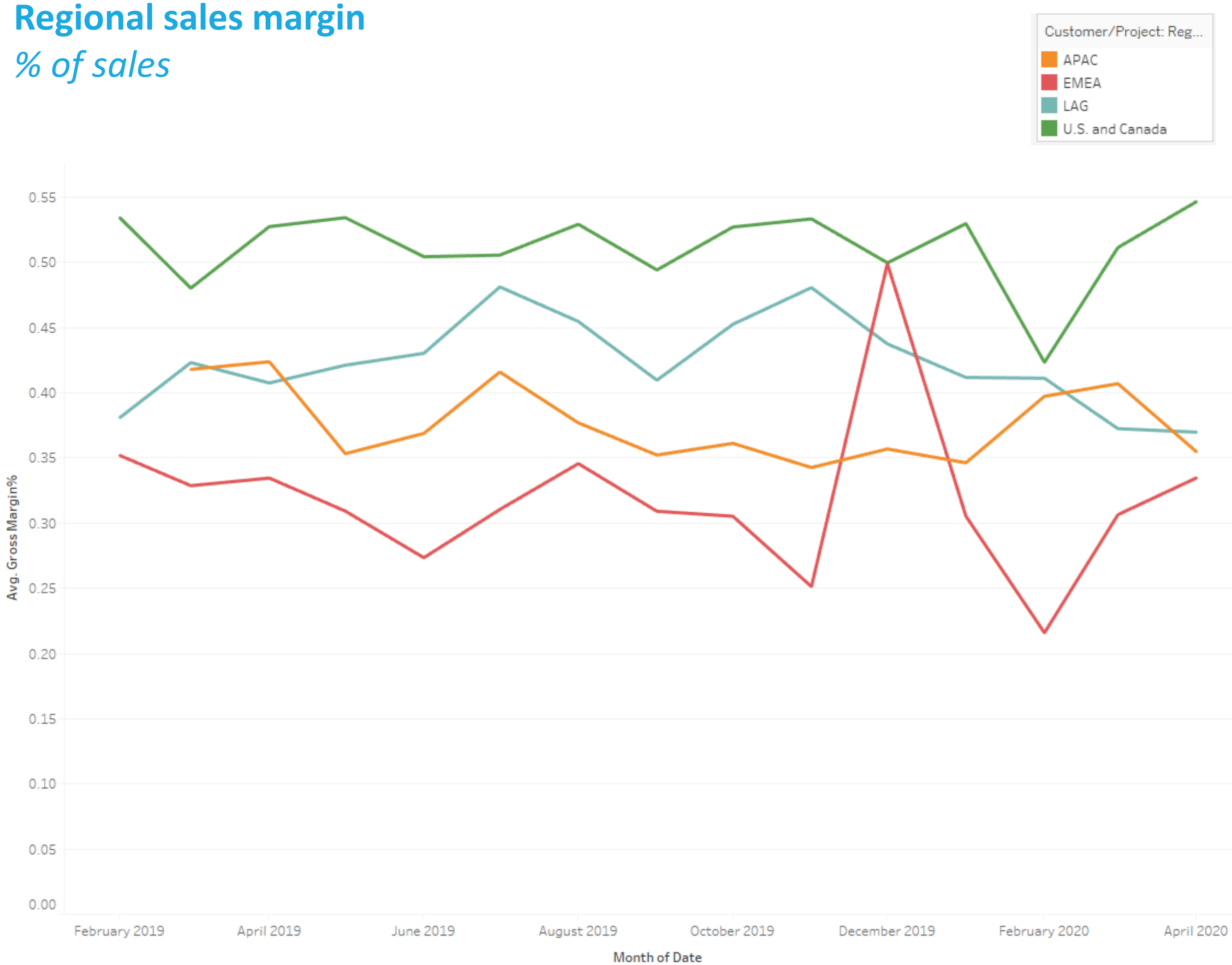
- EMEA sales remain flat as % of total volume with declining sales
- EMEA 3rd region by REV trailing APAC and NA
- Variable sales contribution throughout trailing 18-month period ranging from 3.5% to 19%; at times almost trailing LAG
- Mature markets going forward may play a smaller role in core markets of financial sector (ATMs) and residential (vault / safe)

Takeaways

- EMEA gross margin, prior to incremental infrastructure expenses (i.e. fulfillment facility), trails all other regions at ~30% (18M average)
- OPEX expenses continue to increase in EMEA (e.g. personnel, rent)
- Continued margin erosion expected with decreased demand for core products in mature markets, increased competition from low-cost alternatives, freight, and tariffs, etc.

Regional sales margin

% of sales



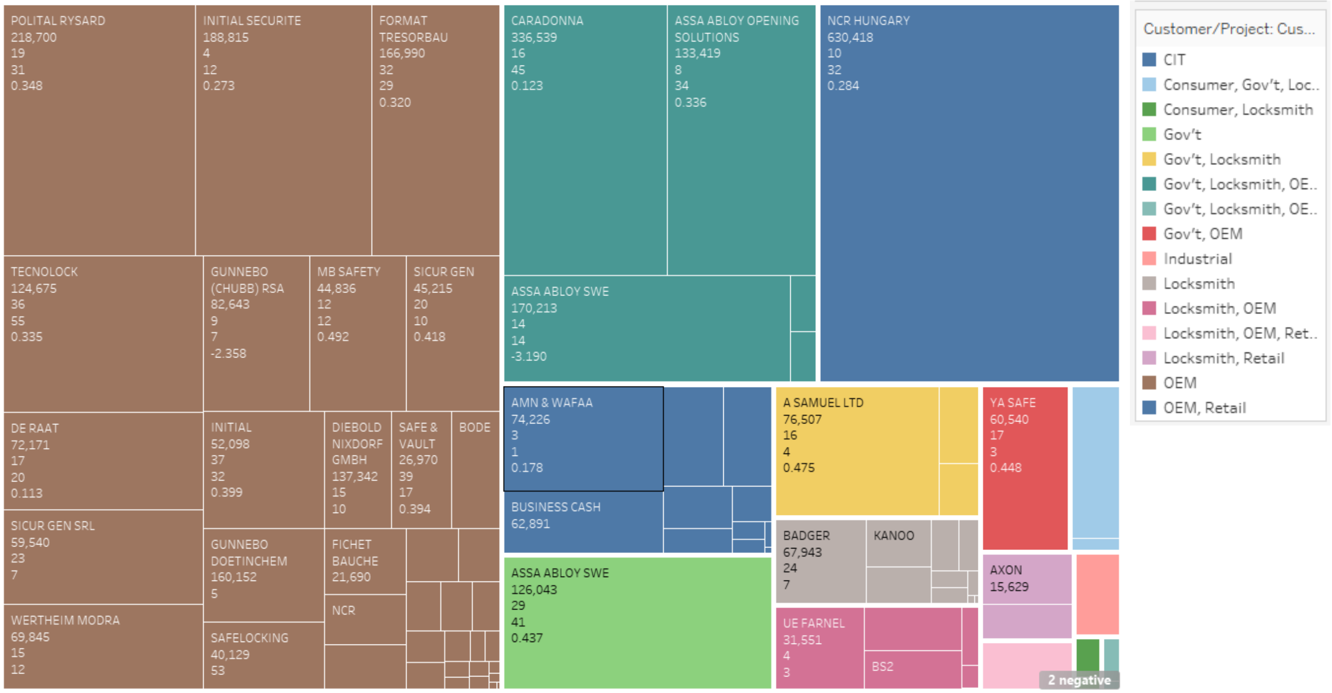
Appendix| S&G Strategic Alternatives | EMEA Customer Mix

Takeaways

- OEMs comprise >70% EMEA volume; indicating leverage in transitioning to US base fulfillment due to:
  - Predictable volume / production mgmt. with advance collab.
  - Regular shipment frequency
  - High potential for customer retention
- Fewer than 90 customers (some overlap) with manageable socialization and engagement throughout facility closure

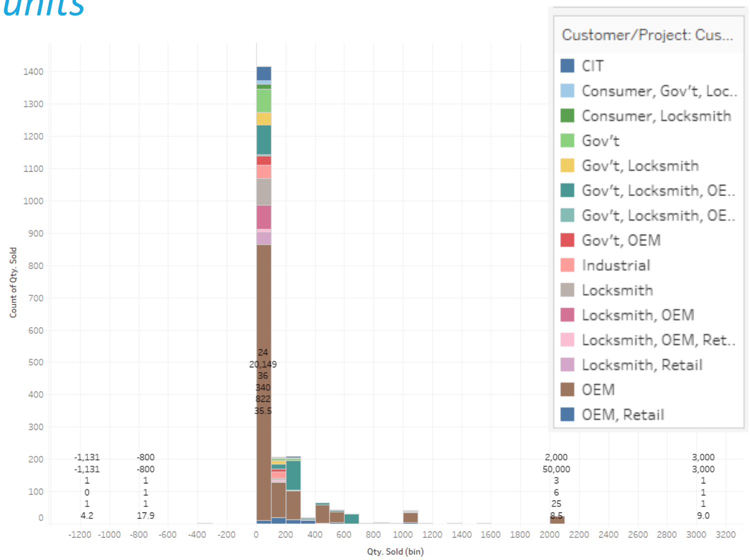
Customer concentration and makeup

$ Revenue, # (orders, unique SKUs), % GM of sales



Order size distribution

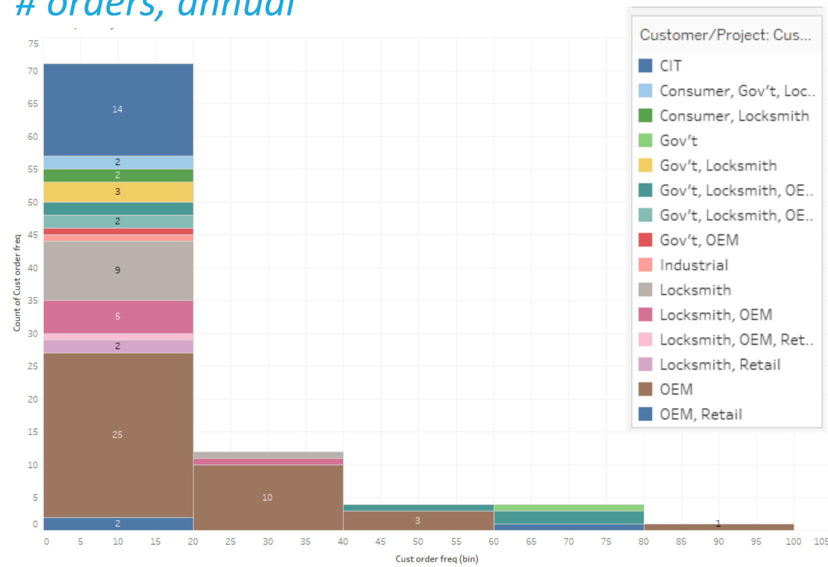
 # units



- OEM order-volumes primarily include less than 100 units
- <50% REV comprised of orders with fewer than 500 units

Order frequency distribution

 # orders, annual

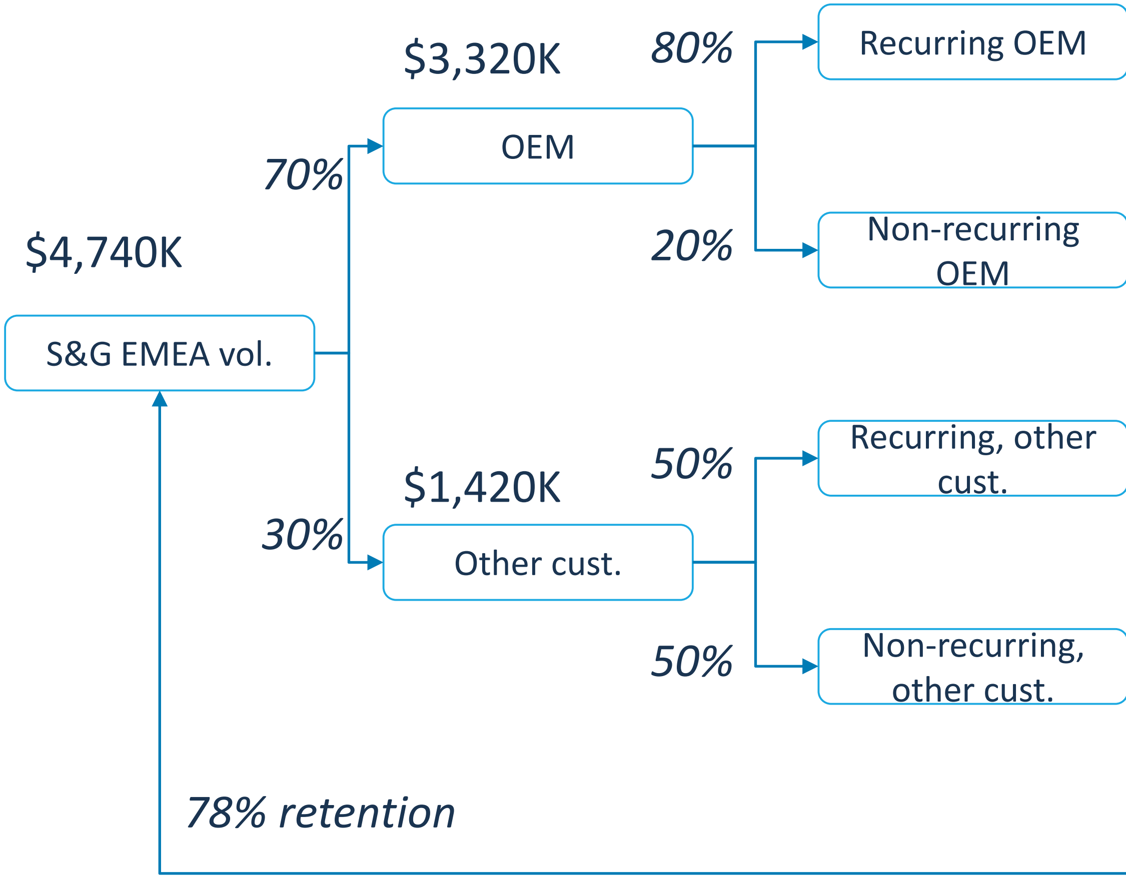


- Significant volume of customers order 1-2 times per month with consistent monthly or bi-weekly frequency and order (e.g. same parts and volumes)
- OEMs leveraging S&G fulfillment for weekly restocking

Sales volume impact

Revenue retention tree

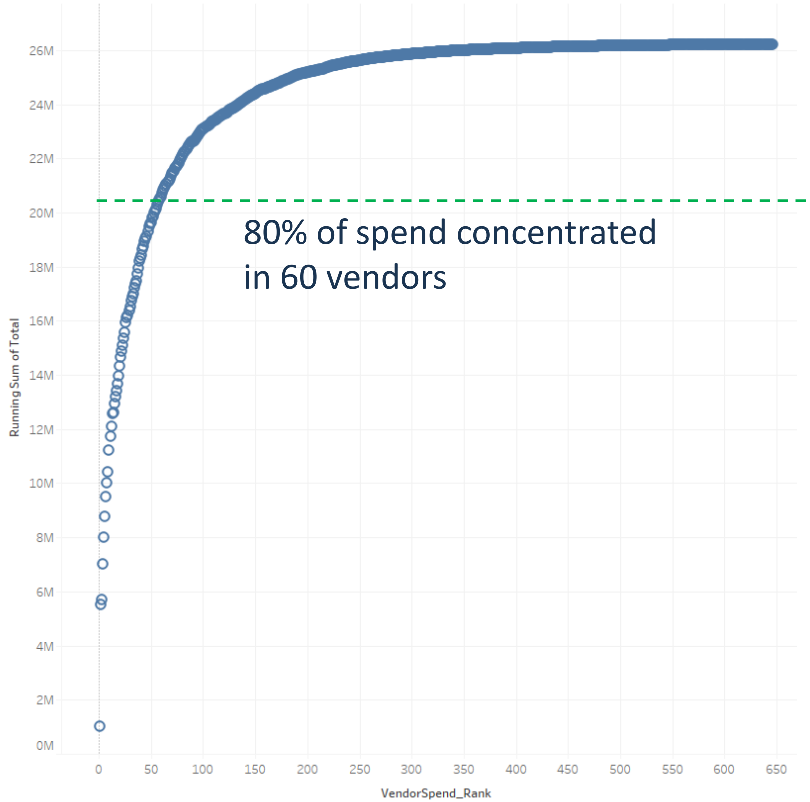
$K, %



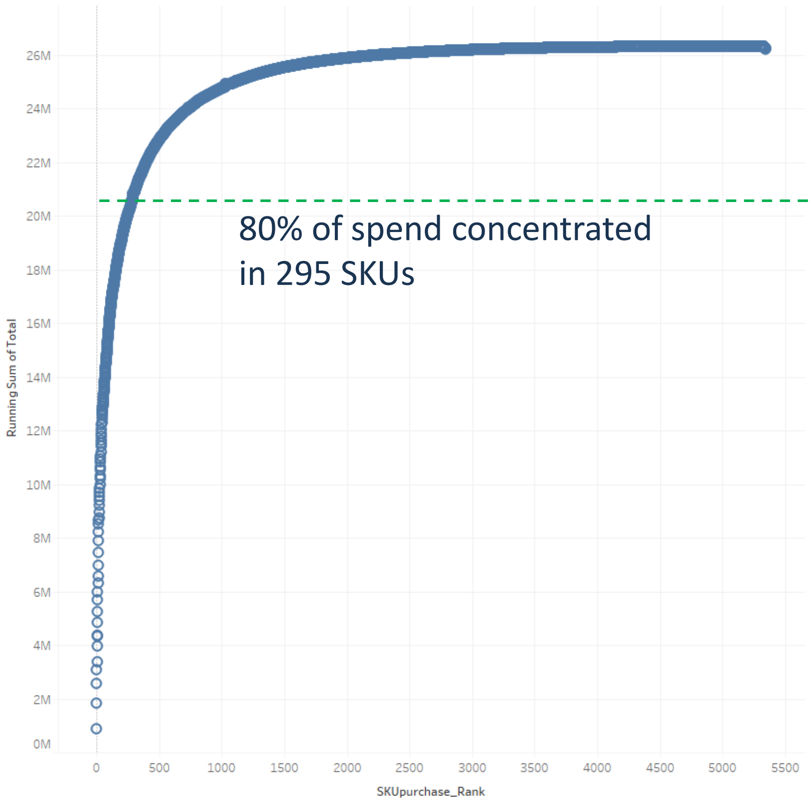
Revenue, $K	Volume retention, %	Retained sales, $K
2,656	90	2,390
664	50	332
710	90	640
710	50	355
4,740		3,717

Vendor and SKU concentration – S&G

Vendor concentration
$K, 2019-2020YTD (JUL)



SKU concentration
$K, 2019-2020YTD (JUL)



Appendix| Procurement Enhancement

Summary

- Investment in supply chain practices and personnel across the S&G portfolio to enable growth, improve margins, and achieve strategic transformation objective to focus on design, global sourcing and manufacturing, assembly, and distribution
- Existing practices reflect “purchasing” rather than “strategic procurement”:
  - limited applications of technology
  - limited data analysis and data driven decision-making
  - unstructured vendor engagement / RFPs,
  - price driven rather than TCO (total cost of ownership) methodology
  - limited strategic integration / cross-business coordination

Procurement opportunity impact (preliminary estimate)

- ~$890K annual purchasing cost savings estimated ($840K – S&G, $50K – Delaney, sales dependent), 2.3% of existing purchasing activity ($38,400 consolidated); current estimate omits Premier savings potential based on data availability
- Bottom up opportunity sizing methodology implemented at the PO line item level (individual SKUs), leverage purchasing data for 2019 – 2Q2020
  - Normalize purchase price for individual POs using an average purchase price by SKU
  - Adjust individual PO purchase price (at SKU level) to lesser of average SKU price or the PO purchase price
  - Recalculate purchasing spend at PO level; determine variance from initial spend
- Additional data cleaning / modification needed to refine estimate (e.g. SKUs not classified into “types” or “classes” such as “Service”, “Labor”, “Travel”, etc. where significant variance from average price expected; segmenting the savings opportunity will enhance expectations

Next steps

- Initiate personnel search (VP of supply chain) and implement cost offsets
- Enhance visibility of existing spend; requires procurement team input (information solicited, awaiting responses) for segmentation of purchasing details
- Prioritize cost savings opportunities and determine procurement implementation strategy (potential engagement of third parties)

Appendix| Purchasing v Strategic Sourcing

Capabilities gaps exist today reflecting a purchasing function rather than a strategic sourcing operation, injecting talent and best practices can benefit S&G (cons)

S&G current practices

Key Attributes	Traditional Purchasing Organization		Strategic Sourcing Organization
High aspirations	• ***Periodic, incremental purchase price reductions, hoping to keep up with inflation***	>	• Advantage vs. suppliers by understanding: – Total cost of ownership (TCO) – Supplier economics and supply market options • Rigorous set of performance metrics to track progress
Fact-based negotiations	• ***Disadvantaged vs. suppliers in negotiations who have better facts about the buy***	>	• Total spend quantified and performance measurements are identified and tracked • Suppliers and markets are better understood by [Client]'s than by competitors and even suppliers
Strategic focus	• ***Process orders and minimize the cost of the purchasing function***	>	• Emphasis on developing and executing sourcing strategies to reduce TCO • Senior team views purchasing as core capability and provides visible support and commitment
Organization capability	• ***Purchasing viewed as an administrative function; "last to know" about key decisions***	>	• Cross-functional department that supports core processes like sales planning & budgeting • Function has culture of ongoing capability building and continuous improvement
Supplier management	• ***Infrequent bidding with some suppliers, and undemanding "partnerships" with too many vendors***	>	• Builds a world-class supplier network with a few demanding partnerships for goods and services that can truly contribute to competitive advantage • Joint sales planning and product improvement
Current technology	• ***Technology tools rarely applied; when so, focus on reducing transaction cost and tracking compliance***	>	• Technology tools used to: – Harness technology for better decision making on TCO, supplier economics, and supply markets – Better integrate suppliers

Appendix| Opportunity Sizing (Preliminary)

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Methodology and estimate

$K, 2019-2020YTD (JUL)

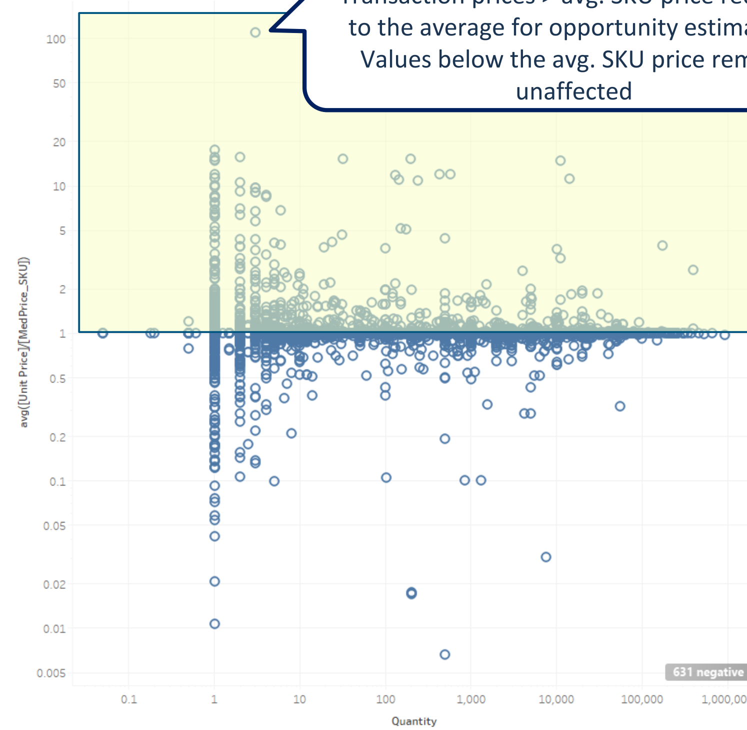
- Bottom up opportunity sizing methodology implemented at the PO line item level (individual SKUs)
- Leverage purchasing data for 2019 – 2Q2020: SAP and NetSuite (S&G) and Great Plains Dynamics (Delaney)
- Additional data cleaning / modification needed to refine estimate (e.g. SKUs not classified into "types" or "classes" such as "Service", "Labor", "Travel", etc. where significant variance from average price expected; segmenting the savings opportunity will enhance expectations
- Calculation methodology
  - Normalize purchase price for individual POs using an average purchase price by SKU
  - Adjust individual PO purchase price (at SKU level) to lesser of average SKU price or the PO purchase price
  - Calculate new purchase price using adjusted price
  - Calculate variance from initial purchase price and new purchase price

Opportunity size = [Initial PO purchase amount] -[MIN (initial purchase price, avg purchase price) * QTY]

Estimate likely to improve with increased granularity of detail and data cleanup
~2.3% of spend reduction (current est.)

Price variance, normalized relative to avg SKU price, *%, #*

Transaction prices > avg. SKU price reduced to the average for opportunity estimation
Values below the avg. SKU price remain unaffected



Business group	Purchasing spend, *$K (2019)*	Opportunity size, *$K*
S&G	$18,760	$840
Delaney	$19,640	$50
Premier	-	-
Total	**$38,400**	**~$900**

Appendix| Procurement Evolution Roadmap

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Current state

- Fragmented purchasing ops
  - 3 buying “teams”
- Immature practices
  - Limited reporting / transparency
  - Limited RFP process / exec. Excess / sub-optimal inventory volumes and churn
  - $17.3MM inventory on $93.7MM sales (1H2020 + Rfc, or 100.9MM sales 1H2020 + AOP)
- Limited realized synergies across purchasing activities
  - No overlapping vendors b/w S&G and Delaney

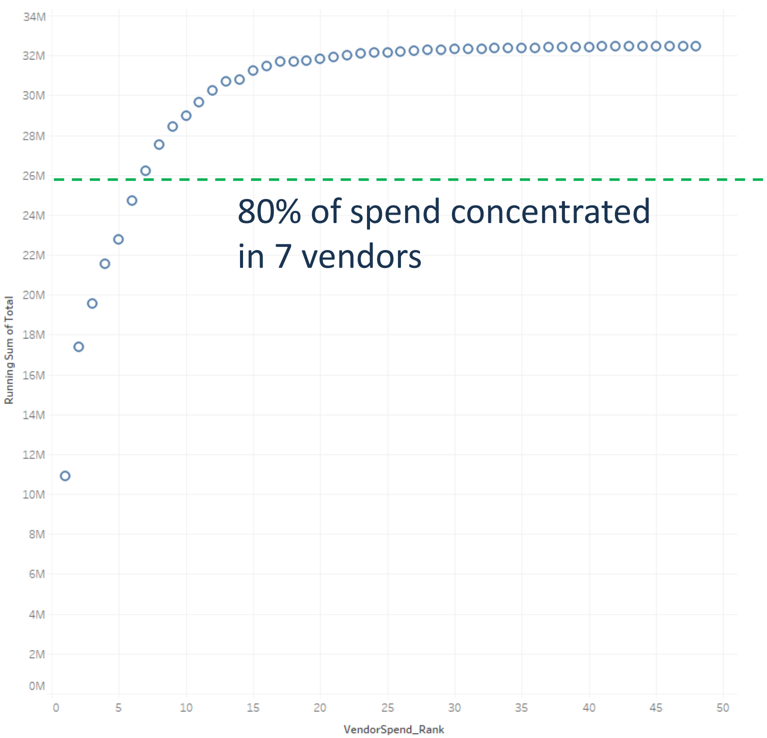
	Establish a solid foundation	Expand partners. / capabilities	Transform to future prod. model
Objectives	• Structure centralized team / capability • Implement standard practices and reporting	• Embed risk mitigation capability • Optimize spend / working capital	• Support strategic shift / transition in production capability
Activities	• Infuse talent and expertise • Implement best practices and standard processes • Consolidate volume and negotiate with existing vendors • SKU rationalization • Eliminate idle inv. • Address sourcing constraints / eval. Alt. suppliers	• Engage new vendors for prod. & svcs • Optimize inventory, production planning, and fulfillment • Adapt inventory / sourcing capabilities to meet future procurement needs	• Transition to vendors supporting assembly model • Source and negotiate with vendors in new geo’s and product categories
Resource req’s	• Experienced procurement manager • Analytics / reporting capability and dashboards	• TBD	• TBD

Future state

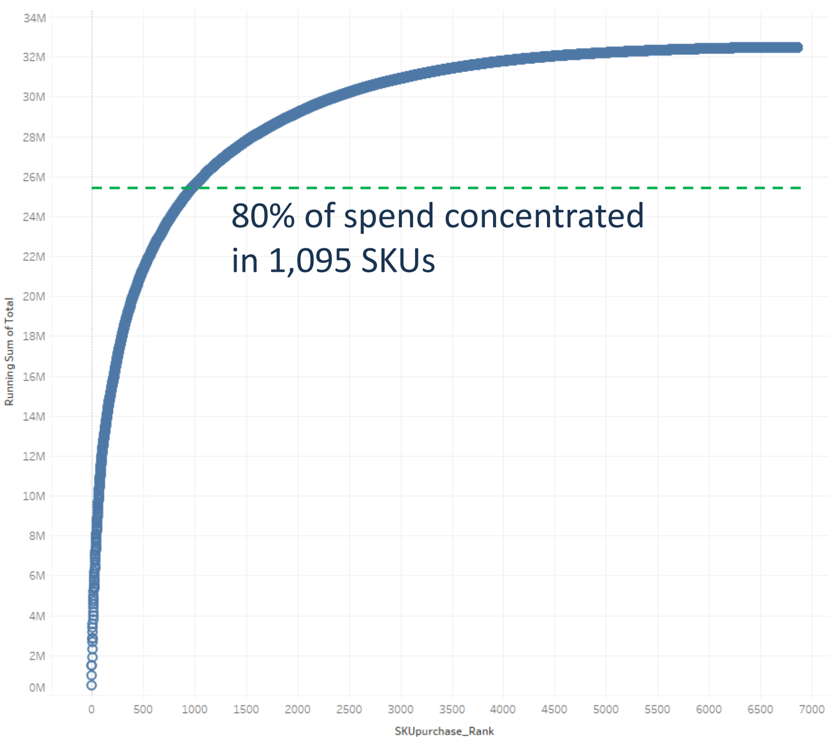
- Consolidated purchasing ops
- Experienced / capable team for global procurement in existing and future product requirements, to include software / service contracting)
- Optimized inventory
- Competitive bid process and improved vendor terms (TCO; e.g. freight, payment terms, timely delivery, quality)
- Vendor overlap / synergies through consolidated volume
- Dynamic / responsive sourcing capability with alternate providers

Appendix| Vendor and SKU Concentration | Delaney

Vendor concentration
$K, 2019-2020YTD (JUL)



SKU concentration
$K, 2019-2020YTD (JUL)

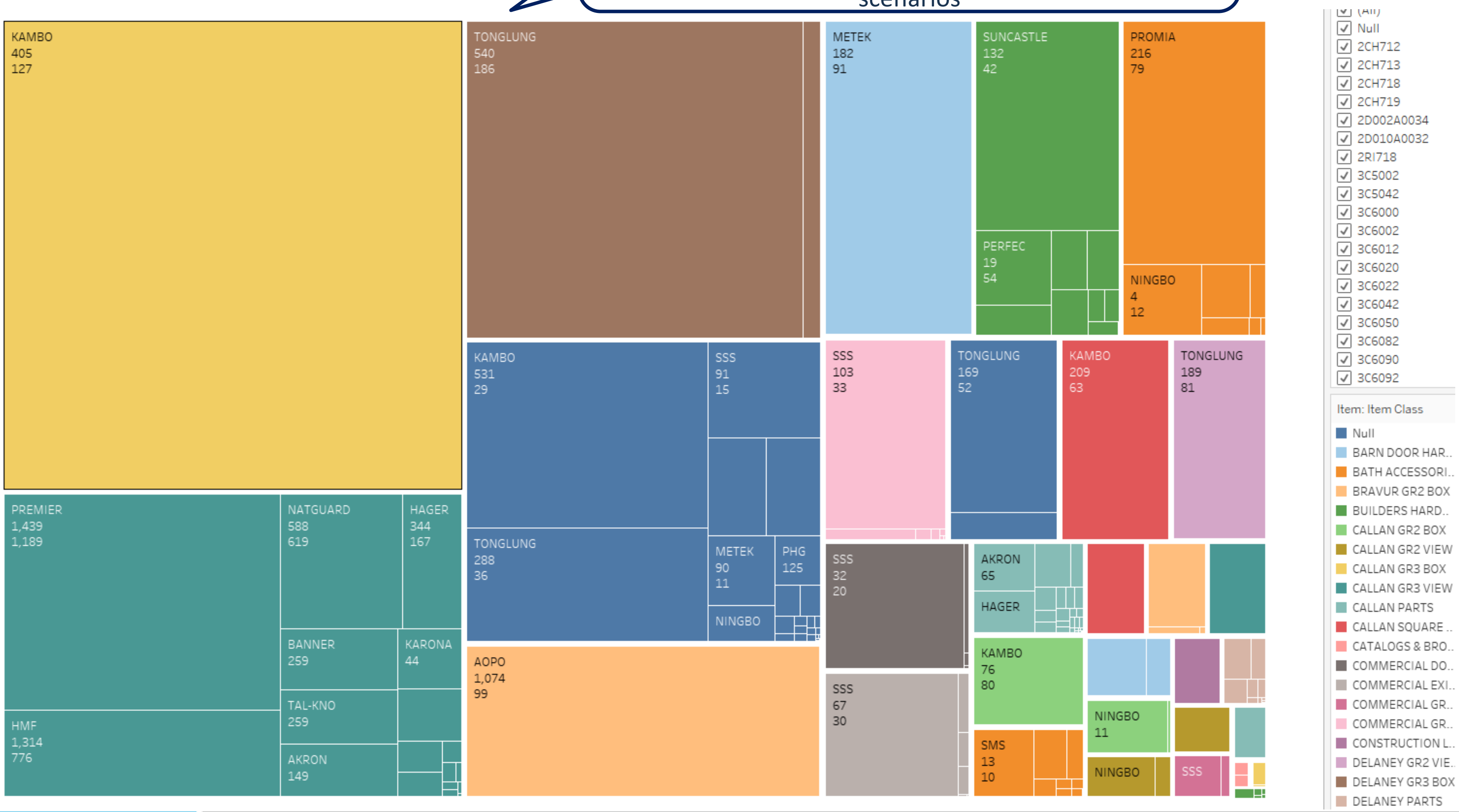


Appendix| Purchasing by Product "Class"| Delaney

Vendor and SKU class concentration

$K, 2019-2020YTD (JUL)

Exclusive purchasing / production for a significant volume of products with risks realized through current environment with significant lead times and out-of-stock scenarios



Appendix | Delaney Business Split Comparison

Summary item class:	($M) Sales 2019	Sales 2020	GM 2019	GM 2020	Chg Sales $	Chg GM $	Sales % Growth & Mgn % Sales Growth	2019 Mgn %	2020 Mgn %
Single Family									
Callan	**7,296**	**7,450**	**3,765**	**3,778**	**154**	**13**	**2.1%**	**51.6%**	**50.7%**
Delaney	**2,413**	**2,479**	**1,160**	**1,249**	**67**	**89**	**2.8%**	**48.1%**	**50.4%**
Builders hardware	1,157	1,279	651	711	122	61	10.6%	56.3%	55.6%
Barn door hardware	1,150	1,346	705	793	196	88	17.1%	61.3%	58.9%
Bath accessories	877	1,057	494	597	180	103	20.6%	56.3%	56.5%
Commercial	481	500	208	201	19	(6)	3.9%	43.1%	40.3%
Other	600	449	316	363	(151)	47	-25.1%	52.8%	80.9%
Single family (excl. interco, online, special, hollow, samples, displays, online)	**4,264**	**4,631**	**2,373**	**2,666**	**367**	**293**	**8.6%**	**55.6%**	**57.6%**
Bravura	753	623	352	319	(130)	(33)	-17.3%	46.7%	51.2%
Special order items	30	11	13	4	(19)	(9)	-63.9%	42.9%	38.6%
Hollow metal	-	-	-	-	-	-	0.0%	0.0%	0.0%
Samples and Displays	7	-	(16)	(4)	(7)	12	-100.0%	-241.6%	0.0%
Online	1,194	2,090	694	1,238	896	544	75.0%	58.1%	59.2%
Single Family (excl. intercompany)	**15,957**	**17,284**	**8,341**	**9,250**	**1,327**	**909**	**8.3%**	**52.3%**	**53.5%**
Multi-family									
Delaney	**1,447**	**1,734**	**668**	**832**	**288**	**164**	**19.9%**	**46.2%**	**48.0%**
Callan	**440**	**397**	**208**	**188**	**(43)**	**(21)**	**-9.7%**	**47.3%**	**47.2%**
Commercial	464	632	222	286	168	65	36.3%	47.8%	45.3%
Bath accessories	456	464	207	210	8	3	1.8%	45.5%	45.3%
Barn door hardware	409	245	239	137	(164)	(102)	-40.2%	58.5%	56.2%
Builders hardware	254	294	122	150	40	28	15.8%	47.9%	50.8%
Other	265	458	146	218	193	72	73.0%	55.1%	47.7%
Multi-family (excl. interco, online, special, hollow, samples, displays, online)	**1,847**	**2,093**	**936**	**1,002**	**246**	**66**	**13.3%**	**50.7%**	**47.9%**
Special order items	822	721	242	190	(101)	(53)	-12.3%	29.5%	26.3%
Hollow metal	1,688	1,902	458	499	214	41	12.7%	27.1%	26.2%
Bravura	133	33	54	17	(99)	(37)	-74.9%	40.6%	51.7%
Samples and Displays	-	-	-	-	-	-	0.0%	0.0%	0.0%
Multi-family (excl. intercompany)	**6,376**	**6,881**	**2,566**	**2,727**	**505**	**161**	**7.9%**	**40.2%**	**39.6%**
Intercompany	255	232	0	0	(24)	0	-9.3%	0.0%	0.2%
Total	**22,588**	**24,397**	**10,907**	**11,978**	**1,808**	**1,071**	**8.0%**	**48.3%**	**49.1%**

PREMIER STEEL DOORS AND FRAMES

- $172K cash contribution for July, and over $2.5M YTD
- July EBITDA up $20K vs AOP. Up $564K versus AOP YTD. Up $555K, or 26%, YTD versus PY.
- Credits were minimal
- Bookings flat to shipments in July and down versus July 2019. However, YTD RBB still favorable. Overall construction backlogs continue to be monitored.

$172K
CASH CONTRIBUTIONS FOR DEBT / I/C
YTD $2.511M

$420K
EBITDA
AOP $20K/5%
YTD 584K/22.9%
PYM $26K/6.6%

$1.35K
CREDITS
of REV 0.08%
YTD $14.7K

$1.60M
NET REVENUE
AOP ($119K)/(6.9%)
YTD $105K/0.9%
PYM ($30k)/(1.8%)

$1.544M
BOOKINGS
PY $2.199M
PY ($655K)/(30%)

$2.334M
BACKLOG
PY $1.23M
PY $1.1M/189%

Quality

Three pieces (2 – packaging issue, 1 – weld).

OT

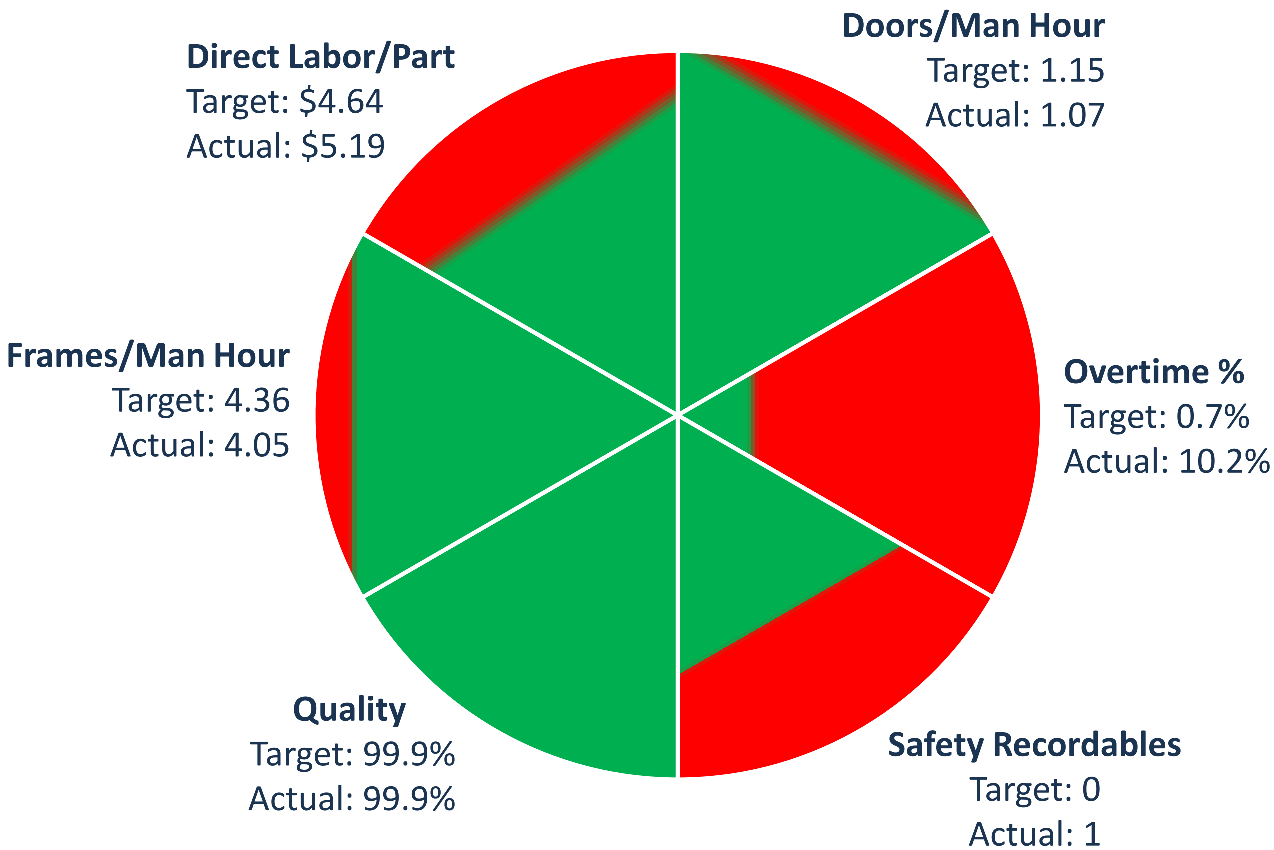
OT in excess continues to be required due to strong demand and secondary factors like distancing and process alterations. CAPEX remedies are in process but have not and will not mitigate constraints in the near term.

Cost & Rate

Cost per part has shifted because of increased overtime utilization combined with equipment failures and temp usage. Realignment of plant personnel for Covid-19 and postponed CAPEX had a negative effect on productivity for July

Safety

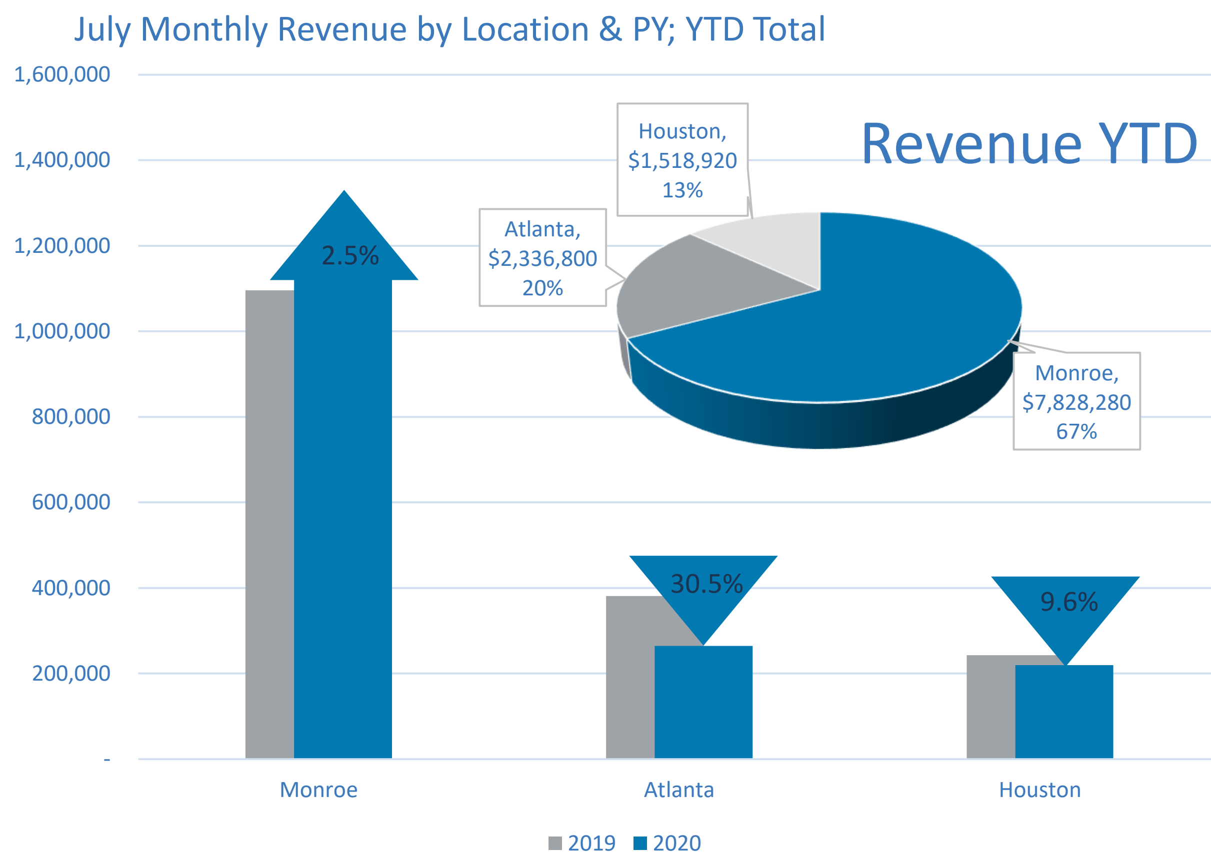
An employee cut his arm on a piece of flat steel requiring six stitches (behavioral – addressed)



Appendix | Premier Revenue by Location

- July revenue moderately off with capacity and capabilities essentially at maximum including the use of OT because of covid mitigation efforts and machine limitations.
- YTD, Monroe accounts for majority of growth, but Houston also up (Monroe 9.6%, Houston 4.5%). Warehouse growth has been and is being limited by low support inventory because of production challenges with machinery exacerbated by covid mitigation measures (ATL down 4.4%).
- An inability to shift capacity to supply undersupplied warehouses is a contributing factor to lower growth rates. Pandemic mitigation measures continue to substantially impact the ability to fill both factory and warehouse orders.
- **Intercompany HM purchases up $ 24,184 YTD.**

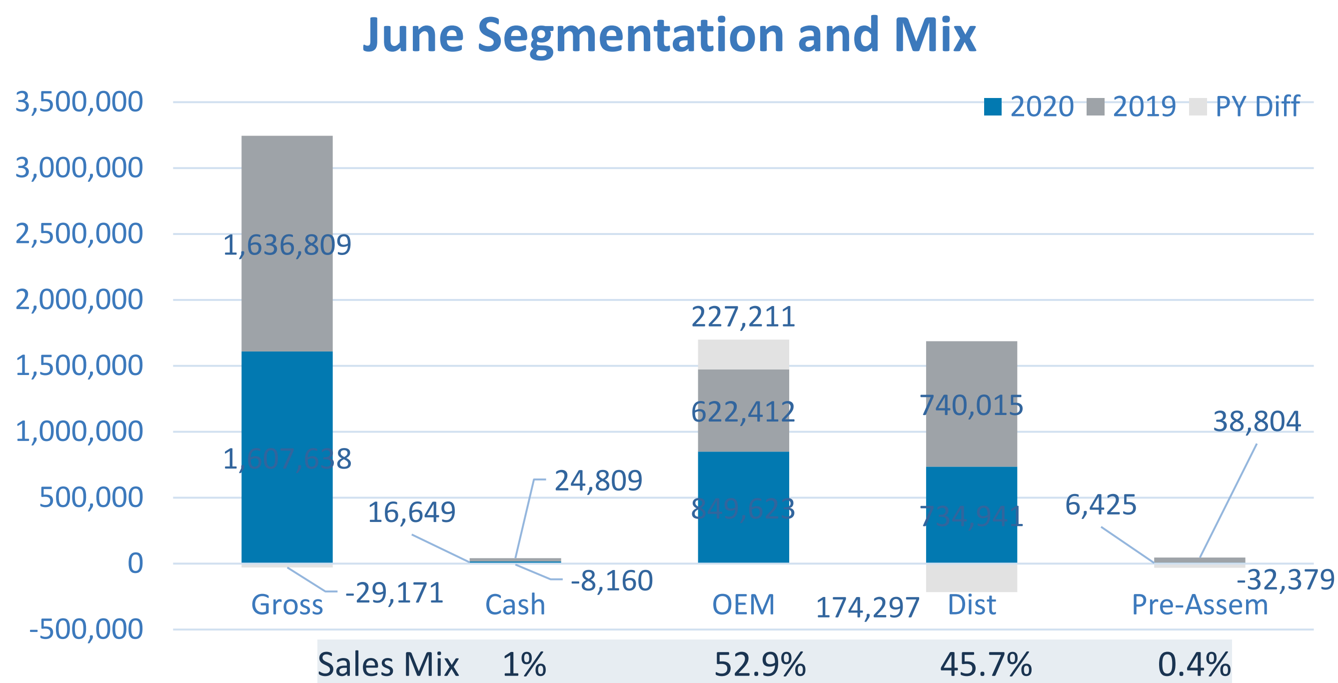
JULY 2020 = $ 716,893
JULY 2019 = $ 692,709



Gross sales down slightly from PY (2%) and were off 9% to AOP. Cash sales were down as expected due to distancing and continued operating challenges including community health issues decreased production capabilities for other mix categories.

OEM beat PY and AOP, Distributor beat PY but missed AOP, and other categories were down in both regards.

Distributor sales were slightly off to AOP, but **intercompany HM demand increased and is now up $24,184 YTD.**

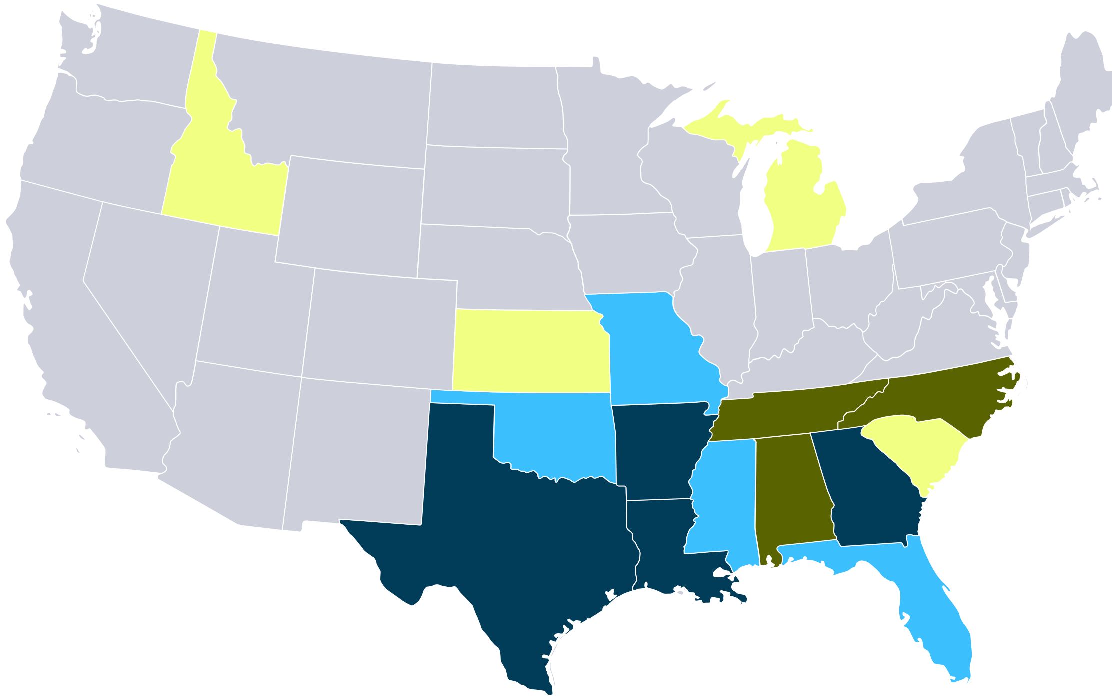


Element	2020	2019	PY Diff	% Change	AOP	AOP Diff	Over/Under	MIX
Gross	1,607,638	1,636,809	-29,171	-1.78%	1,728,028	-120,390	-6.97%	1,607,638
Cash	16,649	24,809	-8,160	-32.89%	21,013	-4,364	-20.77%	1.04%
OEM	849,623	622,412	227,211	36.50%	736,514	113,109	15.36%	52.85%
Dist	734,941	950,788	-215,847	-22.70%	944,391	-209,450	-22.18%	45.72%
Pre-Assem	6,425	38,804	-32,379	-83.44%	26,110	-19,685	-75.39%	0.40%

Appendix | Premier Revenue by Geography

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 July.

July 2020 = 94.8%



- $500-5000
- $5,001-10,000
- $10,001-50,000
- $50,001-100,000
- $100,001-200,000
- $200,001+

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