

# RF Industries Investor Presentation

*Leading Designer and Manufacturer of  
Interconnect Products*



Q2 2019 Investor Presentation  
NASDAQ: RFIL

# Safe Harbor Statement

Forward-looking statements contained in this presentation involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially and adversely from those expressed or implied by such forward-looking statements. Forward-looking statements may include, but are not limited to, statements relating to our outlook or expectations for earnings, revenues, expenses, asset quality, volatility of our common stock, financial condition or other future financial or business performance, strategies, expectations, or business prospects, or the impact of legal, regulatory or supervisory matters on our business, results of operations or financial condition.

Forward-looking statements can be identified by the use of words such as “estimate,” “plan,” “project,” “forecast,” “intend,” “expect,” “anticipate,” “believe,” “seek,” “target” or similar expressions. Forward-looking statements reflect our judgment based on currently available information and involve a number of risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the section titled “Risk Factors” in our Form 10-K filed with the SEC and any subsequent filings under the Exchange Act and in our other SEC filings. Additionally, there may be other factors that could preclude us from realizing the predictions made in the forward-looking statements. We operate in a continually changing business environment and new factors emerge from time to time. We cannot predict such factors or assess the impact, if any, of such factors on our financial position or results of operations. All forward-looking statements included in this presentation speak only as of the date of this presentation and you are cautioned not to place undue reliance on any such forward-looking statements. Except as required by law, we undertake no obligation to publicly update or release any revisions to these forward-looking statements to reflect any events or circumstances after the date of this presentation or to reflect the occurrence of unanticipated events.

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# Executive Team

## Robert Dawson President and CEO

- **Joined:** July 2017
- **Added to Board:** July 2018

### Prior Industry Experience

2014-2016	<i>President and CEO, Vision Technology Services</i>
2007 – 2013	<i>TESSCO Technologies, VP of Sales</i>
2000 – 2007	<i>NetForce Solutions (acquired by TESSCO)</i>

## Mark Turfler

### Senior Vice President and CFO

- **Joined:** June 2013

### Finance Experience

*35 years of accounting and finance experience*

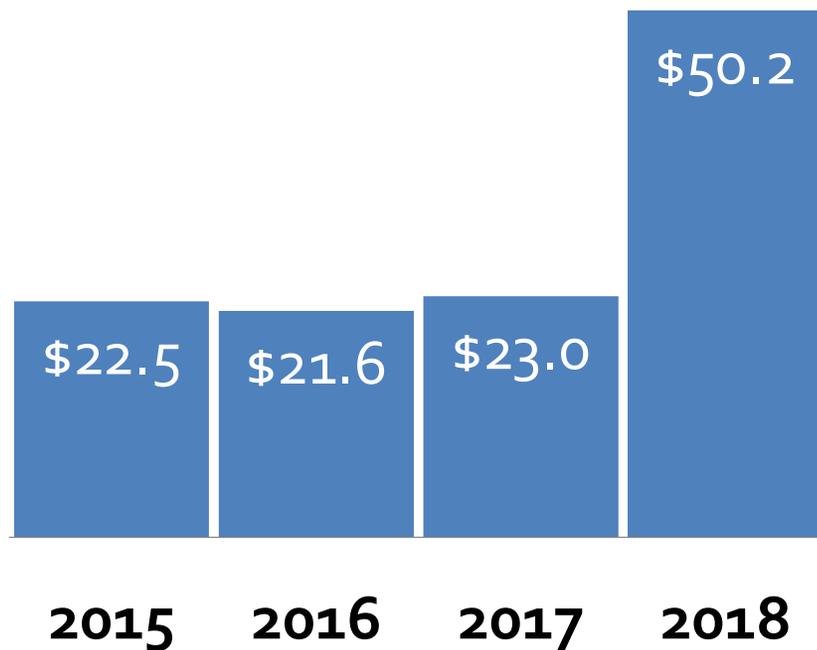
PricewaterhouseCoopers

Certified Public Accountant

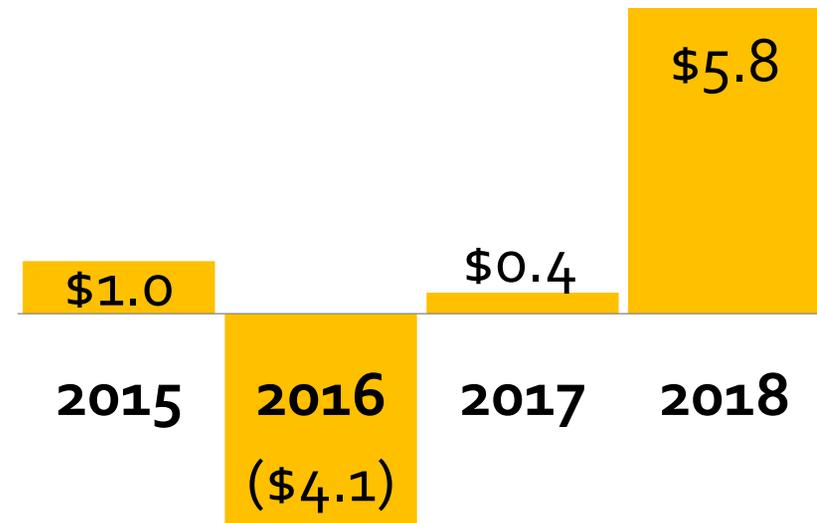
Wireless/Telecom industry experience

# Under new CEO, we've seen a significant improvement in our results!

## Revenue (in millions)



## Net Income (in millions)



# Who are we?



<b>Headquarters</b>	<b>San Diego, CA</b>
<p>4 production locations (2 Northeast, 2 Southwest) <i>Corning Gold, ISO 9001: 2008 Certified</i></p>	
Founded	1979
IPO	1984
Employees	273
<b>Customers:</b>	
Distribution	4,000 – 5,000
OEM	450+
<b>Dividend:</b>	
36 consecutive quarterly dividends of at least \$0.02 / share	

<b>Statistics</b>	<b>6/11/19</b>
Stock Price	\$7.52
52 Week Low-High	\$5.14 / \$12.75
Avg. Vol. (3 months)	23K
Shares Outstanding	9.3M
<b>Insider Holdings</b>	<b>14%</b>
Institutional Holdings	36%
<b>Market Cap</b>	<b>\$70M</b>
<b>Return on Capital (TTM)</b>	<b>16%</b>
Return on Equity (TTM)	25%
<b>Fiscal Year End</b>	<b>Oct. 31</b>
Second Quarter End	Apr. 30

# What do we do?

Design, engineer, manufacture passive communications components, cable assemblies, jumpers & wiring harnesses

Coaxial Cable Assemblies	Fiber Optic Cable Assemblies	FTTA Cable Assemblies	Wiring Harnesses
 A collection of various coaxial cable assemblies, including different lengths, connectors, and configurations.	 A collection of fiber optic cable assemblies, including different colors (red, blue, black) and configurations.	 A collection of FTTA (Fiber to the Antenna) cable assemblies, including different lengths and configurations.	 A collection of wiring harnesses, including different configurations and connectors.
RF Coaxial Connectors	RF Coaxial Adapters	Low PIM Products	Passive Components
 A collection of various RF coaxial connectors, including different sizes and configurations.	 A collection of various RF coaxial adapters, including different sizes and configurations.	 A collection of various Low PIM (Passive Intermodulation) products, including different configurations and components.	 A collection of various passive components, including different configurations and components.

# Our Products Help Make Wireless Work

## ■ Cell Tower Site Materials

Design, Engineer and Build Hybrid Fiber & Power Cables for 4G and 5G Network Deployment (**You can't buy this stuff "off the shelf"!**)



## ■ Small Cells

Cable assemblies and components for small cell applications to support densification of 4G and 5G Networks.



## ■ Distributed Antenna System (DAS)

Our components are used to provide enhanced wireless coverage in commercial office buildings, offices, hotels, hospitals, stadiums, and more.



# ...And Enable Many Industrial Applications

- **Advanced Oilfield Technology**

Build control wiring for drilling equipment



- **Aerospace**

Build & test control stick wiring for flight control stick for military helicopters



- **Transportation**

Transit doors and gates - designed for light and heavy rail applications



# Large & Growing Market Opportunities, especially in 5G!



**Global Connector Market = \$80.4B by 2023<sup>1</sup>**

**N.A. Cable Assembly Market = \$33.4B<sup>2</sup>**

**5G Build-Out Spend = \$130B in 2024<sup>3</sup>**

**DAS Market = \$8B growing to \$18B in 2026<sup>4</sup>**

**Small Cell= 80% of future infrastructure deployments will be small cells.<sup>5</sup>**

**OEM opportunities in markets like defense, transportation, agriculture, and oil & gas**

1 Source: Lucintel, February 2018  
2 Source: Bishop & Associates, May 2017  
3 Source: Deloitte, July 2017  
4 Source: Transparency Market Research, August 2018  
5 Source: CTIA

# Sales Model

## Distribution – 60%

Biggest opportunities are in distribution centric markets (force multiplier)

- Access to thousands of customers
- No A/R collection issues (99% of sales are in US and Canada)
- No inventory obsolescence issues
- Focus on what we do best

## Direct/OEM – 40%

- Highly customized cable assemblies and wiring harnesses that “disappear” into other people’s products
- Leverage our long standing relationships with these blue chip customers to be a part of their long-term business

# Distribution Partners & OEM Customers

Distribution Partners	OEM Customers
     	     

# Who's Our Competition?



## Our Value Proposition and Differentiation

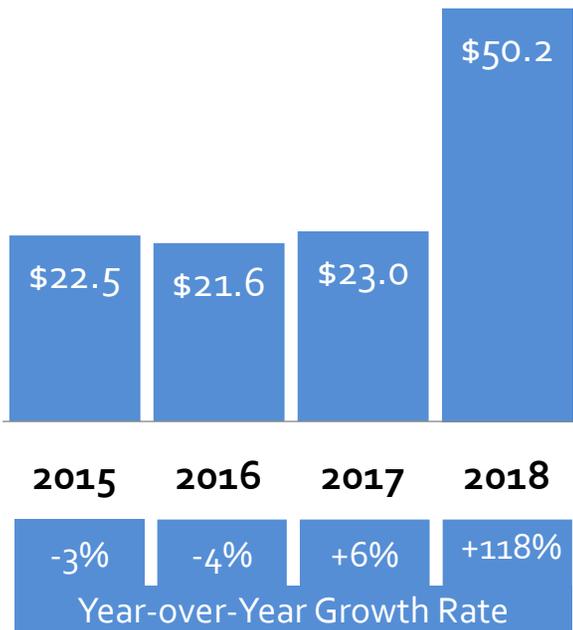
- **Fast** – Faster lead times than larger competitors
- **Flexible** – Customized product (labor intensive; can't buy off the shelf)
- **High Quality** – High quality product (ISO 9001 certified; Corning Gold House certified, no failures in the field)
- **Competitive Pricing** – Typically has similar or lower pricing than the competition

# Annual Financial Performance

(ended Oct. 31)

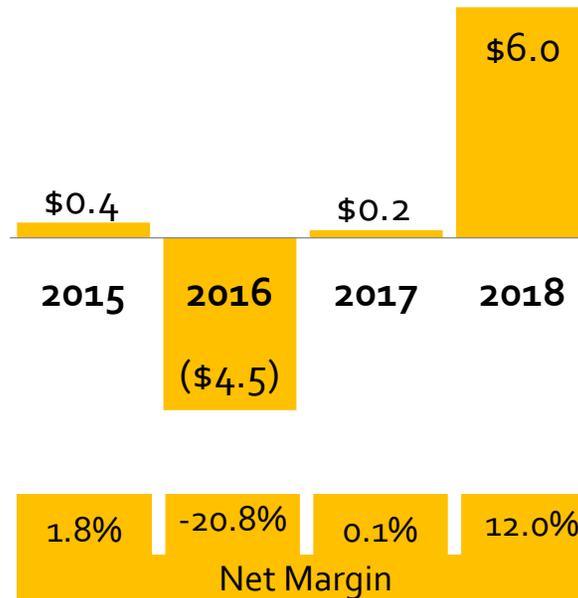
## Revenue

(in millions)

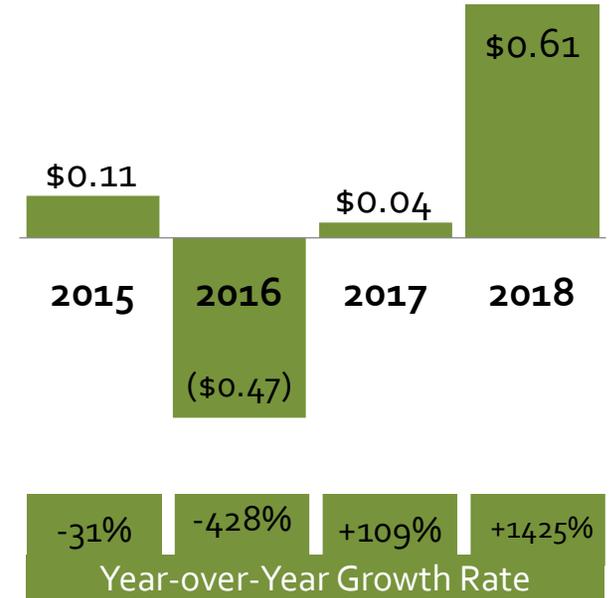


## Income from Continuing Ops.

(in millions)



## Diluted EPS

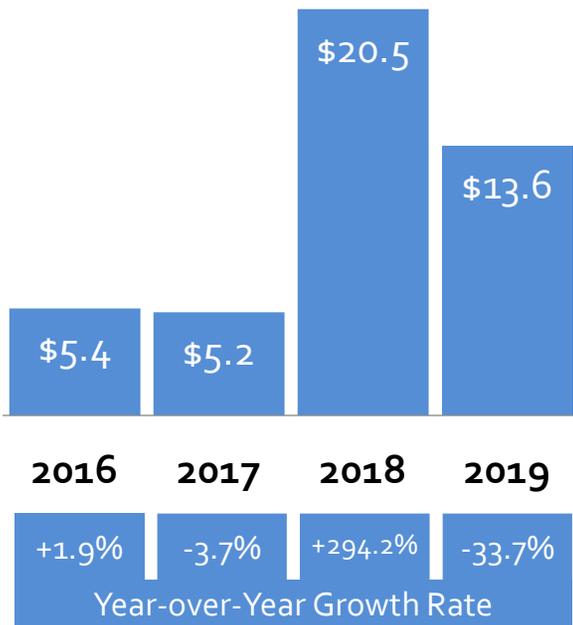


# Q2 Financial Performance

(ended Apr. 30)

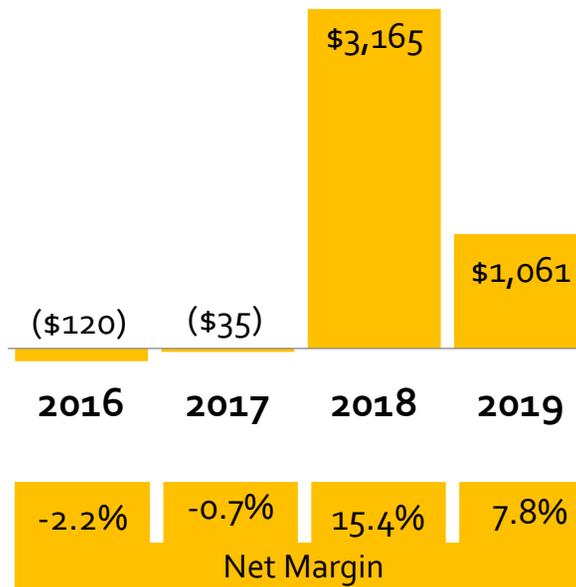
## Revenue

(in millions)

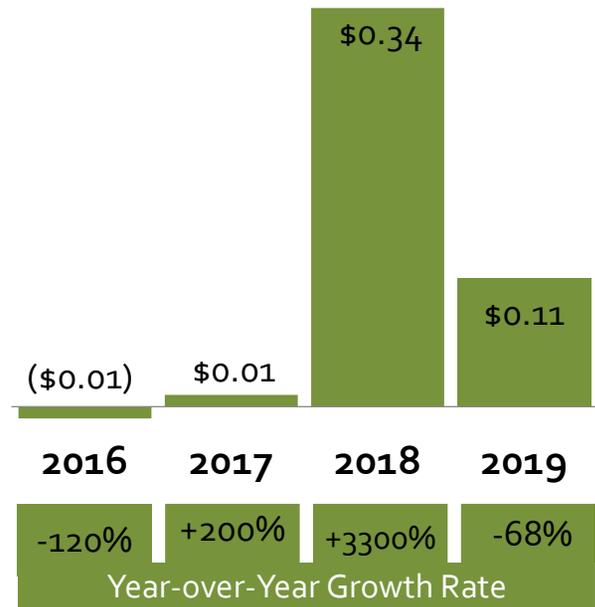


## Income from Continuing Ops.

(in thousands)



## Diluted EPS



# Quarterly Revenue Trend

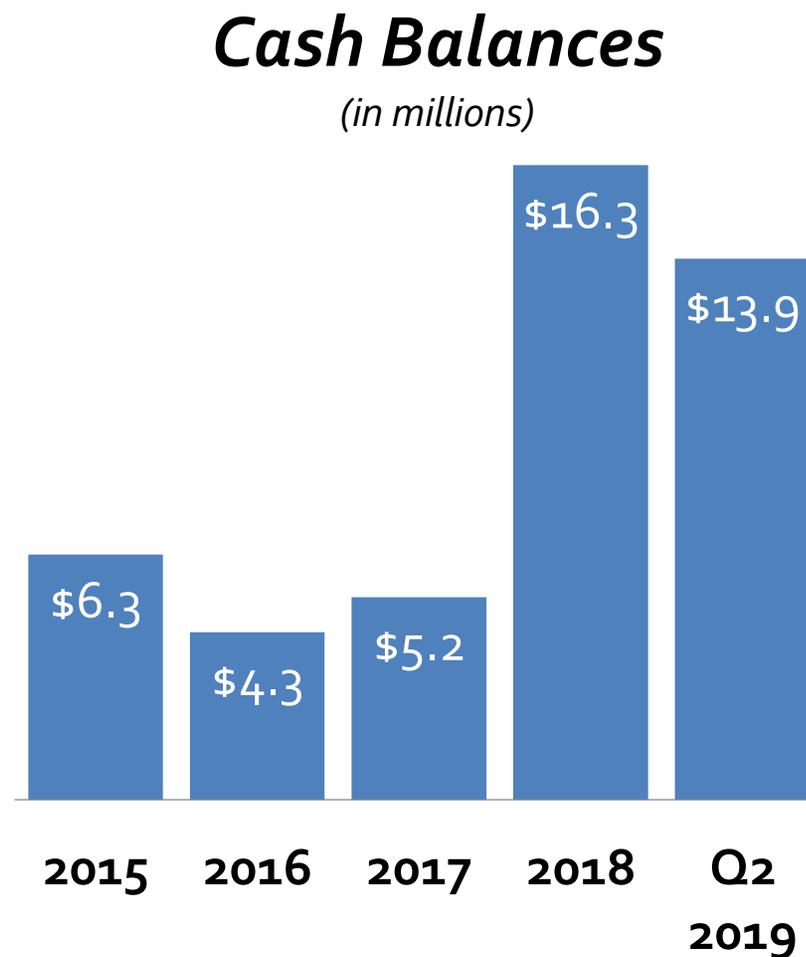
## Revenue

(in millions)



# Balance Sheet Supports Growth

<i>\$ in millions</i>	Oct. 31, 2017	Oct.31, 2018	Apr. 30, 2019
Cash	\$5.2	\$16.3	\$13.9
Total Assets	\$25.1	\$32.5	\$34.4
Stockholders' Equity	\$21.4	\$27.8	\$29.7
Total Debt	\$0	\$0	\$0



# Long-Term Growth Strategy

## ■ Organic

### ■ Run rate business

- Core fast-turn production
- 10-15% annual growth

### ■ Project business transitioning to long-term relationships

- Get our product spec'd in customer projects and included on customer BOMs
- Deliver a quality, customized solution where others cannot
- Convert this into run rate business

## ■ Inorganic

### ■ Active M&A mode

- Diversify customer base
- Good cultural fit with management talent
- Reliable proprietary product that does not overlap what we currently sell
- Relevant customer base/market segment

# Recent Acquisition

## C Enterprises – Acquisition announced March 11, 2019

- Based in Vista, California
  - West coast fiber optic manufacturing capabilities
  - Corning Gold certificate member
- 2018 unaudited revenues of \$8.7M
  - Expected to be accretive to earnings in fiscal 2019
- Brings strong fiber optic and copper product offering that is scalable and complimentary
- Strengthens our small cell product offer to wireless carrier market

# Scorecard: How are we progressing against our previously outlined goals

- ✓ Building a platform for long term growth
- ✓ Deliver more consistent and predictable results
- ✓ 3-year plan to grow to \$100 million in sales
  - ✓ Organic growth – low to mid-teens – leveraging distribution and OEM relationships
  - ✓ Inorganic growth – remain committed to adding another \$20-\$30 million in sales through further strategic M&A

# Key Takeaways

- Our products are everywhere and make lots of things work
- Recent results have rewarded shareholders with higher stock price plus a long-standing dividend
  - Revenue growth, margin growth, profit growth
- Our new sales model is driving growth
- We're faster and more flexible while delivering high quality customized products and solutions
- We have the promise of 5G ahead of us in the wireless market





## Contacts:

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# Appendix

# Financial Statement Trends through April 30, 2019

# Income Statement

<i>(in millions)</i>	2019	2018	2017	2016	2015
	Q2 YTD	Full Year	Full Year	Full Year	Full Year
	Unaudited	Audited	Audited	Audited	Audited
Net sales	\$ 24.2	\$ 50.2	\$ 23.0	\$ 21.6	\$ 22.5
Cost of sales	17.0	33.1	16.0	15.3	13.8
Gross profit	7.2	17.1	7.0	6.3	8.7
Operating expenses:					
Engineering	0.6	1.5	0.8	0.8	0.9
Selling and general	4.4	8.1	6.0	7.9	7.2
Goodwill and other intangible asset impairment	-	-	-	2.8	-
Total operating expenses	5.0	9.6	6.8	11.5	8.1
Pretax income	2.2	7.5	0.2	(5.2)	0.6
Provision for income taxes	0.5	1.5	-	(0.7)	0.2
Income (loss) from continuing operations	1.7	6.0	0.2	(4.5)	0.4
Income from discontinued operations, net of tax	-	(0.2)	0.2	0.4	0.6
<b>Consolidated net income (loss)</b>	<b>1.7</b>	<b>5.8</b>	<b>0.4</b>	<b>(4.1)</b>	<b>1.0</b>
Diluted earnings per share					
Continuing operations	\$ 0.17	\$ 0.63	\$ 0.02	\$ (0.51)	\$ 0.04
Discontinued operations	-	(0.02)	0.02	0.05	0.07
Net income (loss) per share	\$ 0.17	\$ 0.61	\$ 0.04	\$ (0.46)	\$ 0.11
Weighted average shares outstanding					
Diluted	9,837,718	9,593,066	8,915,764	8,786,510	8,862,217

# Balance Sheet

<i>(in millions)</i>	April 30,		October 31,							
	2019		2018	2017	2016	2015				
	Unaudited		Audited	Audited	Audited	Audited				
<b>ASSETS:</b>										
<i>Current assets:</i>										
Cash and cash equivalents	\$	13.9	\$	16.3	\$	5.2	\$	4.3	\$	6.3
Trade accounts receivable, net		7.9		4.3		2.9		2.5		2.9
Inventories		7.9		7.1		5.6		5.4		6.5
Other current assets		0.7		0.8		0.5		1.5		0.8
Deferred tax assets		-		-		-		-		0.4
Current assets held for sale		-		-		2.6		3.2		2.9
Total current assets		30.4		28.5		16.8		16.9		19.8
<i>Non-current assets:</i>										
Property and equipment, net		0.7		0.6		0.6		0.6		0.8
Goodwill		1.3		1.3		1.3		1.3		4.0
Intangibles, net		1.2		1.4		1.6		1.9		2.3
Non-amortizable intangibles		0.7		0.7		0.7		0.7		0.8
Other LT assets		0.1		-		0.1		0.1		-
Noncurrent assets held for sale		-		-		4.0		4.4		4.6
<b>Total Assets</b>	<b>\$</b>	<b>34.4</b>	<b>\$</b>	<b>32.5</b>	<b>\$</b>	<b>25.1</b>	<b>\$</b>	<b>25.9</b>	<b>\$</b>	<b>32.3</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY:</b>										
<i>Current liabilities:</i>										
Accounts payable	\$	1.6	\$	1.3	\$	1.0	\$	0.6	\$	1.0
Accrued expenses		3.1		3.4		1.8		2.3		2.3
Current liabilities held for sale		-		-		0.8		1.1		1.1
Total current liabilities		4.7		4.7		3.6		4.0		4.4
<i>Non-current liabilities:</i>										
Deferred tax liabilities		-		-		0.1		0.4		1.1
Other long-term liabilities		0.1		-		-		0.1		0.4
Total liabilities		4.8		4.7		3.7		4.5		5.9
<i>Equity:</i>										
Common stock		0.1		0.1		0.1		0.1		0.1
Additional paid-in capital		21.5		21.0		19.7		19.4		19.1
Retained earnings		8.0		6.7		1.6		1.9		7.2
Total Equity		29.6		27.8		21.4		21.4		26.4
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>\$</b>	<b>34.4</b>	<b>\$</b>	<b>32.5</b>	<b>\$</b>	<b>25.1</b>	<b>\$</b>	<b>25.9</b>	<b>\$</b>	<b>32.3</b>

# Statement of Cash Flows

(in millions)	April 30,		October 31,		
	2019	2018	2017	2016	2015
	Unaudited	Audited	Audited	Audited	Audited
<b>Operating Activities:</b>					
Consolidated net income (loss)	\$ 1.7	\$ 5.8	\$ 0.4	\$ (4.1)	\$ 1.0
Net income from discontinued operations - Comnet	\$ -	\$ (0.2)	\$ 0.2	\$ 0.4	\$ 0.6
Net income (loss) from continuing operations	\$ 1.7	\$ 6.0	\$ 0.2	\$ (4.5)	\$ 0.4
Adjustments to reconcile net income to net cash provided (used) by operating activities:					
Depreciation and amortization	0.3	0.5	0.5	0.6	0.6
Goodwill impairment	-	-	-	2.8	-
Inventory write-off	-	-	-	0.2	0.2
Gain (Loss) on Disposal of fixed assets	-	-	-	0.1	-
Stock based compensation expense	0.2	0.2	0.2	0.2	0.2
Deferred Income Taxes	-	(0.1)	(0.3)	(0.3)	(0.2)
Excess tax benefits from stock based compensation	-	-	-	(0.1)	(0.1)
<b>Changes in operating assets and liabilities:</b>					
Trade accounts receivable	(2.4)	(1.3)	(0.4)	0.3	(0.1)
Inventories	(0.3)	(1.5)	(0.2)	0.6	(0.2)
Other current assets	0.2	(0.3)	0.9	(0.7)	-
Other long-term assets	-	-	0.1	(0.1)	-
Accounts payable	(0.7)	0.3	0.4	(0.4)	(0.2)
Income tax receivable/payable	-	-	-	0.2	(0.1)
Accrued expenses	(0.8)	1.5	(0.5)	-	(0.2)
Other long-term liabilities	-	-	(0.1)	(0.2)	(0.6)
<b>Net cash provided by (used in) operating activities from continuing operations</b>	<b>(1.8)</b>	<b>5.3</b>	<b>0.8</b>	<b>(1.3)</b>	<b>(0.3)</b>
<b>Net cash provided by operating activities from discontinued operations</b>	<b>-</b>	<b>0.9</b>	<b>0.8</b>	<b>0.1</b>	<b>0.5</b>
<b>Investing Activities:</b>					
Acquisition of business (Comnet), net of cash acquired	-	-	-	-	(5.7)
Proceeds from notes receivable from stockholder	-	-	-	0.1	-
Proceeds from sale of inventory	-	-	-	0.3	-
Capital expenditures	(0.2)	(0.2)	(0.2)	(0.3)	(0.1)
Proceeds from sale of Comnet	-	4.2	-	-	-
Acquisition of business (C Enterprises), net of cash acquired	(0.4)	4.2	-	-	-
<b>Net cash provided by (used in) investing activities from continuing operations</b>	<b>(0.6)</b>	<b>8.2</b>	<b>(0.2)</b>	<b>0.1</b>	<b>(5.8)</b>
<b>Net cash provided by (used in) investing activities from discontinued operations</b>	<b>-</b>	<b>(0.3)</b>	<b>-</b>	<b>(0.1)</b>	<b>0.5</b>
<b>Financing Activities:</b>					
Proceeds from exercise of stock options	0.4	1.1	-	-	0.3
Purchase of treasury stock	-	-	-	(0.2)	-
Excess tax benefits from stock based compensation	-	-	-	0.2	0.1
Dividends paid	(0.4)	(0.7)	(0.7)	(1.1)	(2.4)
<b>Net cash provided by (used in) financing activities</b>	<b>-</b>	<b>0.4</b>	<b>(0.7)</b>	<b>(1.1)</b>	<b>(2.0)</b>
Net increase (decrease) in cash and cash equivalents	(2.4)	14.5	0.7	(2.3)	(7.1)
Cash and cash equivalents at beginning of period	16.3	6.0	5.3	7.6	14.7
Cash and cash equivalents at end of period	13.9	20.5	6.0	5.3	7.6
Less: cash and cash equivalents of discontinued operations - Comnet	-	-	0.8	1.0	1.3
<b>Cash and cash equivalents at end of period</b>	<b>\$ 13.9</b>	<b>\$ 20.5</b>	<b>\$ 5.2</b>	<b>\$ 4.3</b>	<b>\$ 6.3</b>

# Income Statement (Quarterly)

(in millions)	2019			2018					2017				
	Q1	Q2	YTD	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD
	Unaudited		Unaudited	Unaudited				Audited	Unaudited				Audited
Net sales	\$ 10.6	\$ 13.6	\$ 24.2	\$ 8.0	\$ 20.5	\$ 11.8	\$ 9.9	\$ 50.2	\$ 4.8	\$ 5.3	\$ 5.9	\$ 7.0	\$ 23.0
Cost of sales	7.5	9.5	17.0	5.5	12.9	7.8	6.9	33.1	3.3	3.8	4.1	4.8	16.0
Gross profit	3.1	4.1	7.2	2.5	7.6	4.0	3.0	17.1	1.5	1.5	1.8	2.2	7.0
Operating expenses:													
Engineering	0.3	0.3	0.6	0.3	0.6	0.3	0.3	1.5	0.2	0.2	0.2	0.2	0.8
Selling and general	2.0	2.4	4.4	1.8	3.1	1.7	1.5	8.1	1.6	1.3	1.4	1.7	6.0
Total operating expenses	2.3	2.7	5.0	2.1	3.7	2.0	1.8	9.6	1.8	1.5	1.6	1.9	6.8
Pretax income	0.8	1.4	2.2	0.4	3.9	2.0	1.2	7.5	(0.3)	-	0.2	0.3	0.2
Provision for income taxes	0.2	0.3	0.5	-	0.8	0.4	0.3	1.5	(0.1)	-	-	0.1	-
Income (loss) from continuing operations	0.6	1.1	1.7	0.4	3.1	1.6	0.9	6.0	(0.2)	-	0.2	0.2	0.2
Income from discontinued operations, net of tax	-	-	-	0.1	0.1	0.1	(0.5)	(0.2)	-	0.1	-	0.1	0.2
<b>Consolidated net income (loss)</b>	<b>0.6</b>	<b>1.1</b>	<b>1.7</b>	<b>0.5</b>	<b>3.2</b>	<b>1.7</b>	<b>0.4</b>	<b>5.8</b>	<b>(0.2)</b>	<b>0.1</b>	<b>0.2</b>	<b>0.3</b>	<b>0.4</b>
Diluted earnings per share													
Continuing operations	\$ 0.07	\$ 0.11	\$ 0.17	\$ 0.04	\$ 0.33	\$ 0.16	\$ 0.09	\$ 0.62	\$ (0.02)	\$ -	\$ 0.02	\$ 0.02	\$ 0.02
Discontinued operations	-	-	\$ -	0.01	0.01	0.01	(0.04)	(0.01)	-	0.01	-	0.01	0.02
Net income (loss) per share	\$ 0.07	\$ 0.11	\$ 0.17	\$ 0.05	\$ 0.34	\$ 0.17	\$ 0.05	\$ 0.61	\$ (0.02)	\$ 0.01	\$ 0.02	\$ 0.03	\$ 0.04
Weighted average shares outstanding													
Diluted	9,838,154	9,837,964	9,837,718	9,099,301	9,386,194	9,729,608	9,876,397	9,593,066	8,834,747	8,877,201	8,915,794	9,015,412	8,915,764

# Balance Sheet (Quarterly)

	2019		2018				2017			
	Jan. 31	Apr. 30	Jan. 31	Apr. 30	Jul. 31	Oct. 31	Jan. 31	Apr. 30	Jul. 31	Oct. 31
	Unaudited		Unaudited		Audited		Unaudited		Audited	
<i>(in millions)</i>										
<b>ASSETS:</b>										
<u>Current assets:</u>										
Cash and cash equivalents	\$ 14.0	\$ 13.9	\$ 4.9	\$ 7.1	\$ 10.5	\$ 16.3	\$ 3.3	\$ 3.4	\$ 4.4	\$ 5.2
Trade accounts receivable, net	5.6	7.9	4.0	10.9	5.1	4.3	2.4	2.8	2.6	2.9
Inventories	8.2	7.9	6.3	6.6	6.3	7.1	5.8	5.8	5.8	5.6
Other current assets	0.8	0.7	0.7	0.5	0.8	0.8	1.6	1.5	0.8	0.5
Current assets held for sale	-	-	2.9	2.8	2.5	-	3.1	3.5	2.9	2.6
Total current assets	28.6	30.4	18.8	27.9	25.2	28.5	16.2	17.0	16.5	16.8
<u>Non-current assets:</u>										
Property and equipment, net	0.6	0.7	0.5	0.5	0.5	-	0.6	0.5	0.5	0.6
Goodwill	1.3	1.3	1.3	1.3	1.3	0.6	1.3	1.3	1.3	1.3
Intangibles, net	1.3	1.2	1.6	1.5	1.4	1.3	1.8	1.8	1.7	1.6
Non-amortizable intangibles	0.7	0.7	0.7	0.7	0.7	1.4	0.7	0.7	0.7	0.7
Other LT assets	-	0.1	-	-	-	0.7	0.1	0.1	0.1	0.1
Noncurrent asset held for sale	-	-	3.9	3.8	3.8	-	4.3	4.1	4.1	4.0
<b>Total Assets</b>	<b>\$ 32.5</b>	<b>\$ 34.4</b>	<b>\$ 26.8</b>	<b>\$ 35.7</b>	<b>\$ 32.9</b>	<b>\$ 32.5</b>	<b>\$ 25.0</b>	<b>\$ 25.5</b>	<b>\$ 24.9</b>	<b>\$ 25.1</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY:</b>										
<u>Current liabilities:</u>										
Accounts payable	\$ 1.7	\$ 1.6	\$ 1.6	\$ 5.7	\$ 1.4	\$ 1.3	\$ 0.8	\$ 0.8	\$ 0.7	\$ 1.0
Accrued expenses	2.1	3.1	2.4	4.1	3.2	3.4	1.7	1.7	1.8	1.8
Current liabilities held for sale	-	-	0.8	0.6	0.7	-	0.9	1.6	0.8	0.8
Total current liabilities	3.8	4.7	4.8	10.4	5.3	4.7	3.4	4.1	3.3	3.6
<u>Non-current liabilities:</u>										
Deferred tax liabilities	-	-	0.1	0.1	0.2	-	0.4	0.4	0.4	0.1
Other long-term liabilities	-	0.1	-	-	-	-	0.1	-	-	-
Total liabilities	3.8	4.8	4.9	10.5	5.5	4.7	3.9	4.5	3.7	3.7
<u>Equity:</u>										
Common stock	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Additional paid-in capital	21.4	21.5	19.9	20.2	20.9	21.0	19.4	19.5	19.5	19.7
Retained earnings	7.2	8.0	1.9	4.9	6.4	6.7	1.6	1.4	1.6	1.6
Total Equity	28.7	29.6	21.9	25.2	27.4	27.8	21.1	21.0	21.2	21.4
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>\$ 32.5</b>	<b>\$ 34.4</b>	<b>\$ 26.8</b>	<b>\$ 35.7</b>	<b>\$ 32.9</b>	<b>\$ 32.5</b>	<b>\$ 25.0</b>	<b>\$ 25.5</b>	<b>\$ 24.9</b>	<b>\$ 25.1</b>

# Statement of Cash Flows (Quarterly)

(in millions)	2019			2018					2017				
	Q1	Q2	YTD	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD
	Unaudited		Unaudited	Unaudited				Audited	Unaudited				Audited
<b>Operating Activities:</b>													
Consolidated net income (loss)	\$ 0.6	\$ 1.1	\$ 1.7	\$ 0.5	\$ 3.2	\$ 1.7	\$ 0.4	\$ 5.8	\$ (0.2)	\$ 0.1	\$ 0.2	\$ 0.3	\$ 0.4
Net income from discontinued operations - Comnet	\$ -	\$ -	\$ -	\$ 0.1	\$ 0.1	\$ 0.1	\$ (0.5)	\$ (0.2)	\$ -	\$ 0.1	\$ -	\$ 0.1	\$ 0.2
Net income (loss) from continuing operations	\$ 0.6	\$ 1.1	\$ 1.7	\$ 0.4	\$ 3.1	\$ 1.6	\$ 0.9	\$ 6.0	\$ (0.2)	\$ -	\$ 0.2	\$ 0.2	\$ 0.2
Adjustments to reconcile net income to net cash provided (used) by operating activities:													
Depreciation and amortization	0.2	0.1	0.3	0.1	0.1	0.2	0.1	0.5	0.1	0.1	0.2	0.1	0.5
Stock based compensation expense	0.1	0.1	0.2	0.1	-	0.1	-	0.2	0.1	-	-	0.1	0.2
Deferred Income Taxes	-	-	-	-	-	0.1	(0.2)	(0.1)	-	-	-	(0.3)	(0.3)
			-					-					-
<b>Changes in operating assets and liabilities:</b>													
Trade accounts receivable	(1.4)	(1.0)	(2.4)	(1.1)	(6.9)	5.8	0.9	(1.3)	0.1	(0.4)	0.1	(0.2)	(0.4)
Inventories	(1.0)	0.7	(0.3)	(0.8)	(0.3)	0.3	(0.7)	(1.5)	(0.5)	-	-	0.3	(0.2)
Other current assets	0.1	0.1	0.2	(0.2)	0.2	(0.3)	-	(0.3)	(0.1)	0.1	0.7	0.2	0.9
Other long-term assets	-	-	-	-	-	-	-	-	-	0.1	-	-	0.1
Accounts payable	0.4	(1.1)	(0.7)	0.6	4.1	(4.3)	(0.1)	0.3	0.2	-	-	0.2	0.4
Income tax receivable/payable	-	-	-	-	0.4	(0.5)	0.1	-	-	-	-	-	-
Accrued expenses	(1.3)	0.5	(0.8)	0.6	1.3	(0.5)	0.1	1.5	(0.6)	0.1	-	-	(0.5)
Other long-term liabilities	-	-	-	-	-	-	-	-	-	(0.1)	-	-	(0.1)
<b>Net cash provided by (used in) operating activities from continuing operations</b>	<b>(2.3)</b>	<b>0.5</b>	<b>(1.8)</b>	<b>(0.3)</b>	<b>2.0</b>	<b>2.5</b>	<b>1.1</b>	<b>5.3</b>	<b>(0.9)</b>	<b>(0.1)</b>	<b>1.2</b>	<b>0.6</b>	<b>0.8</b>
<b>Net cash provided by operating activities from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.1</b>	<b>0.4</b>	<b>0.5</b>	<b>(0.1)</b>	<b>0.9</b>	<b>0.1</b>	<b>0.2</b>	<b>0.3</b>	<b>0.2</b>	<b>0.8</b>
<b>Investing Activities:</b>													
Capital expenditures	(0.1)	(0.1)	(0.2)	-	-	(0.1)	(0.1)	(0.2)	-	-	(0.1)	(0.1)	(0.2)
Proceeds from sale of Comnet	-	-	-	-	-	-	4.2	4.2	-	-	-	-	-
Acquisition of business (C Enterprises), net of cash acquired	-	(0.4)	(0.4)	-	-	-	4.2	4.2	-	-	-	-	-
<b>Net cash used in investing activities from continuing operations</b>	<b>(0.1)</b>	<b>(0.5)</b>	<b>(0.6)</b>	<b>-</b>	<b>-</b>	<b>(0.1)</b>	<b>8.3</b>	<b>8.2</b>	<b>-</b>	<b>-</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.2)</b>
<b>Net cash used in investing activities from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financing Activities:</b>													
Proceeds from exercise of stock options	0.3	0.1	0.4	0.2	0.3	0.5	0.1	1.1	-	-	-	-	-
Dividends paid	(0.2)	(0.2)	(0.4)	(0.1)	(0.2)	(0.2)	(0.2)	(0.7)	(0.1)	(0.2)	(0.2)	(0.2)	(0.7)
<b>Net cash provided by (used in) financing activities</b>	<b>0.1</b>	<b>(0.1)</b>	<b>-</b>	<b>0.1</b>	<b>0.1</b>	<b>0.3</b>	<b>(0.1)</b>	<b>0.4</b>	<b>(0.1)</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>(0.7)</b>
Net increase (decrease) in cash and cash equivalents	(2.3)	(0.1)	(2.4)	(0.1)	2.5	3.2	8.9	14.5	(0.9)	(0.1)	1.2	0.5	0.7
Cash and cash equivalents at beginning of period	16.3	14.0	16.3	6.0	5.9	8.5	11.6	6.0	5.3	4.3	4.2	5.4	5.3
Cash and cash equivalents at end of period	14.0	13.9	13.9	5.9	8.4	11.7	20.5	20.5	4.4	4.2	5.4	5.9	6.0
Less: cash and cash equivalents of discontinued operations - Comnet	-	-	-	1.0	1.3	1.2	-	-	1.1	0.8	1.0	0.7	0.8
<b>Cash and cash equivalents at end of period</b>	<b>\$ 14.0</b>	<b>\$ 13.9</b>	<b>\$ 13.9</b>	<b>\$ 4.9</b>	<b>\$ 7.1</b>	<b>\$ 10.5</b>	<b>\$ 20.5</b>	<b>\$ 20.5</b>	<b>\$ 3.3</b>	<b>\$ 3.4</b>	<b>\$ 4.4</b>	<b>\$ 5.2</b>	<b>\$ 5.2</b>