



HARRINGTON GROUP INC

All Hands Meeting

December 18, 2023



HGI Financial Results

NOVEMBER 2023 - YTD

Revenue:

- ▶ Includes Fee Revenue and Expense Revenue
- ▶ November 2023
 - MTD - \$1.15M (includes ICC \$90k)
 - YTD - \$16.3M (includes ICC \$3.5m)
- ▶ Annualized Revenue \$17.8 mil. Revised forecast for 2023 \$16.8.
- ▶ Continue to be on target for forecast.

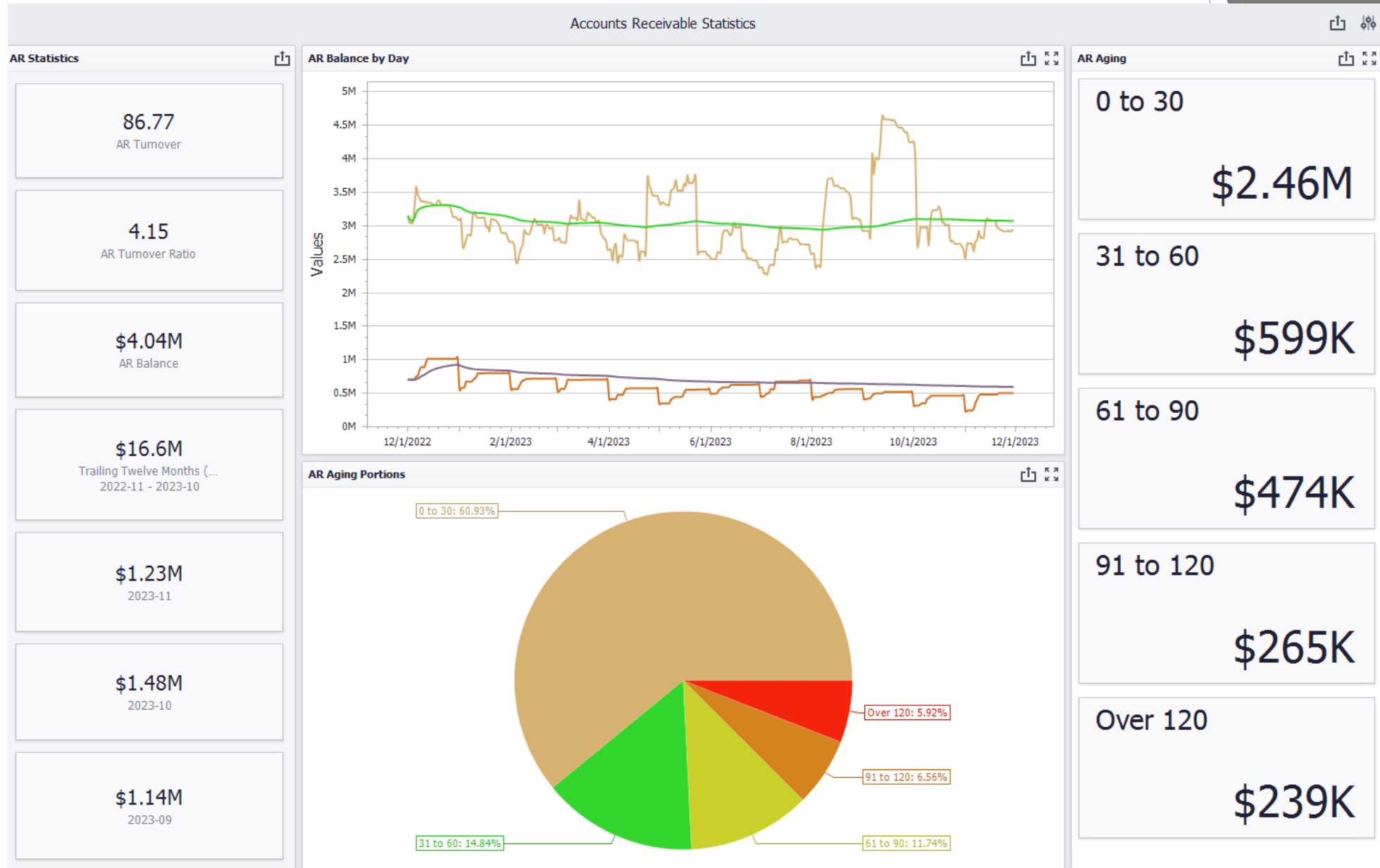
Overview for November 2023

| | | <u>Actual</u> | | <u>Forecast</u> | | <u>Over/(Under) Forecast</u> | |
|------------------------------------|----|-------------------|----|-------------------|----|------------------------------|--------------|
| <u>November Revenue:</u> | \$ | 1,151,137 | \$ | 1,430,638 | \$ | (279,501) | -19.5% |
| <i>(Net of ICC)</i> | \$ | 1,061,610 | \$ | 1,106,355 | \$ | (44,746) | -4.0% |
| <u>YTD Revenue:</u> | \$ | 16,343,852 | \$ | 15,340,019 | \$ | 1,003,833 | 6.5% |
| <i>(Net of ICC)</i> | \$ | 12,878,995 | \$ | 12,169,910 | \$ | 709,084 | 5.8% |
| <u>November Net Income:</u> | \$ | 221,081 | \$ | 226,350 | \$ | (5,270) | -2.3% |
| Net Margin % | | 19% | | 16% | | | |
| <i>(Net of ICC)</i> | \$ | 211,553 | \$ | 192,151 | \$ | 19,402 | 10.1% |
| Net Margin % | | 20% | | 17% | | | |
| <u>YTD Net Income:</u> | \$ | 3,352,056 | \$ | 2,565,268 | \$ | 786,789 | 30.7% |
| Net Margin % | | 21% | | 17% | | | |
| <i>(Net of ICC)</i> | | 3,005,748 | \$ | 2,158,665 | \$ | 847,083 | 39.2% |
| Net Margin % | | 23% | | 18% | | | |

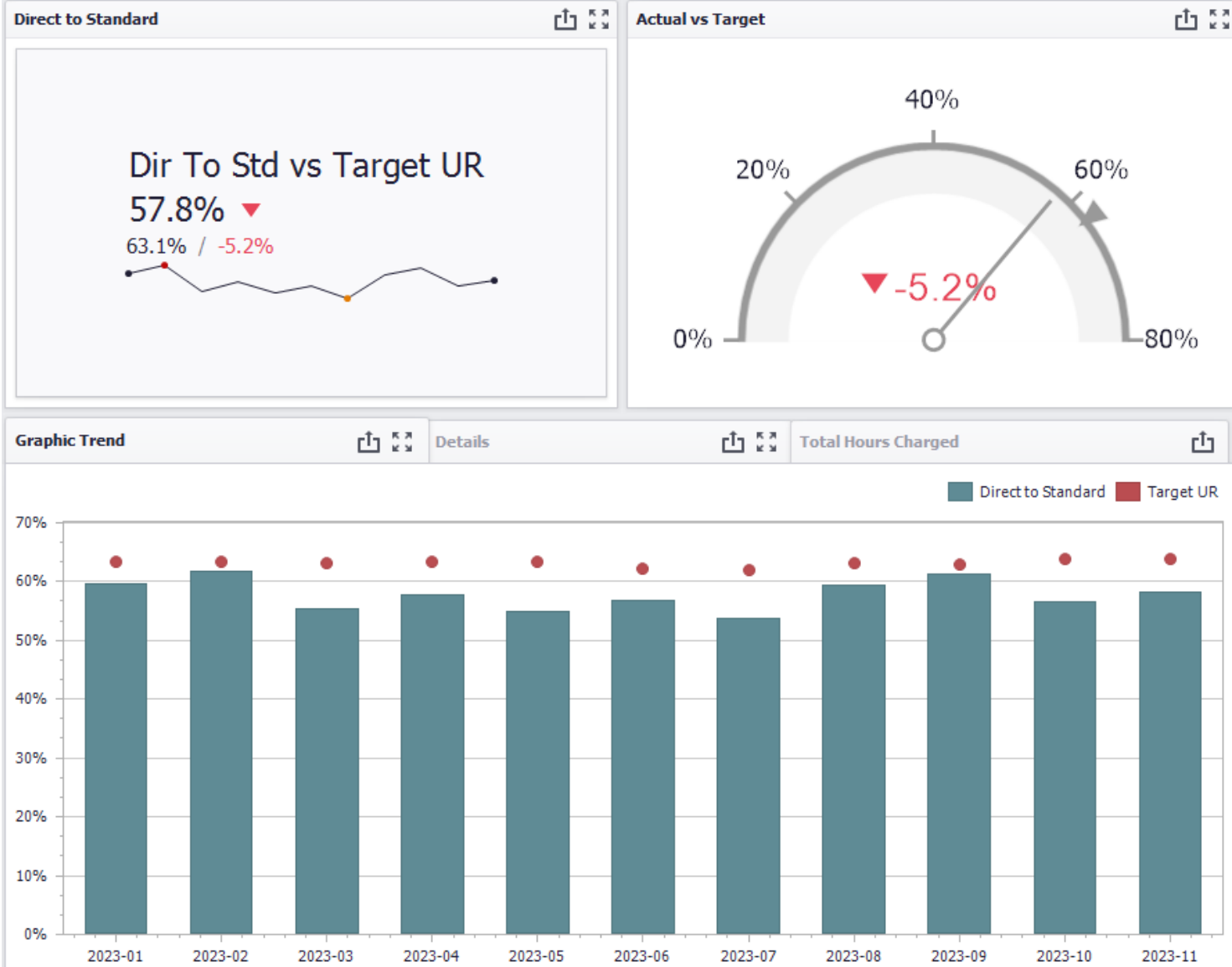
KPIs

| November 2023 | | Goal Range | Nov-23 | YTD | 2023 YTD Forecast | YTD Variance Forecast | 12-mo Rolling Average |
|---|---|--------------|-----------|-------------|-------------------|-----------------------|-----------------------|
| GROSS PROFIT \$ | Revenue \$ - Total Direct Expenses \$ | | \$733,777 | \$9,036,332 | \$8,372,511 | \$663,821 | \$1,104,273 |
| GROSS MARGIN % | Gross Margin \$ | With ICC | 63.74% | 55.29% | 54.58% | 0.71% | 56.81% |
| | Revenue | | | | | | |
| GROSS MARGIN % | Gross Margin \$ | w/o ICC | 68.22% | 67.22% | 65.46% | 1.76% | 68.0% |
| | Revenue | | | | | | |
| OVERHEAD RATE* | Indirect Expenses Direct Labor | 1.60 to 1.80 | 1.83 | 1.63 | 1.61 | 0.02 | 1.74 |
| Nov rate due to 2 days Holiday and PTO pay. W/O holiday pay, overhead rate would be | | | | | | | |
| CHARGEABLE RATIO | Direct Labor | 60% to 65% | 53.14% | 55.73% | 55.71% | 0.00015 | 53.57% |
| | Total Labor | | | | | | |
| MULTIPLIER | Fees From Labor-Non Reimb Subconsultants Exp | 3.0 to 3.5 | 3.76 | 3.34 | 3.00 | 0.34 | 3.36 |
| | Direct Labor | | | | | | |
| INDIRECT LABOR AS % OF REVENUE ** | Indirect Labor | 18% to 22% | 26.24% | 20% | 18.0% | 1.98% | 20.69% |
| | Total Revenue | | | | | | |
| Nov rate due to 2 days Holiday and PTO pay. W/O Holiday, would be at 21.5% | | | | | | | |
| CURRENT RATIO | Current Assets | >2 | n/a | 4.16 | > 2 | 2.16 | n/a |
| | Current Liabilities | | | | | | |
| AGED ACCOUNTS RECEIVABLES | % OVER 90-DAYS | 60 days | 12.48% | 12.48% | 15.00% | -2.5% | n/a |

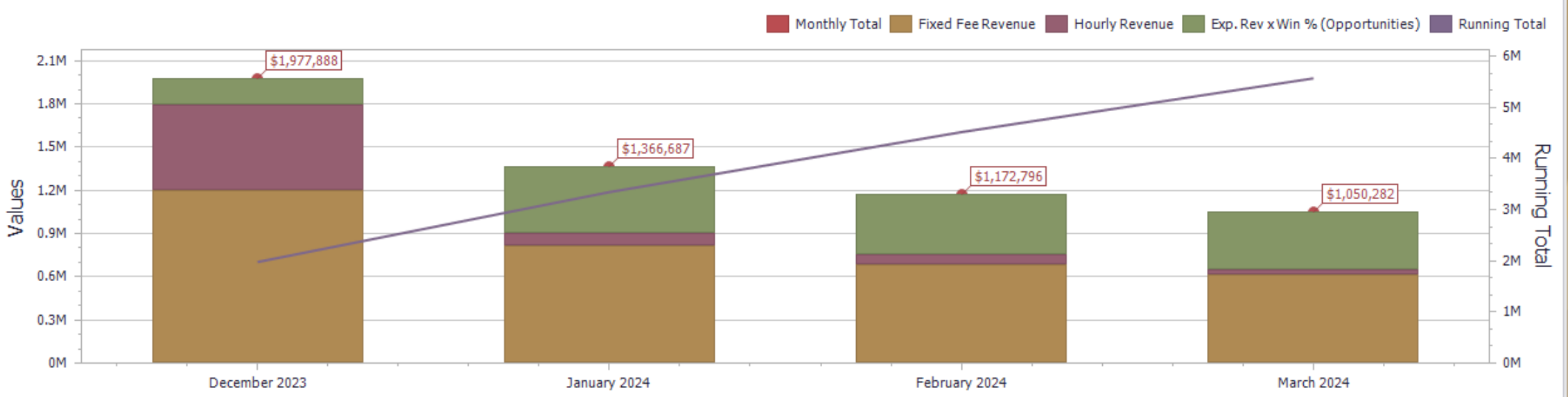
Accounts Receivable



Utilization Rate



4 Month Projections



End of Year Update

▶ 2023 Profit Sharing

- ▶ Conditions: $\geq 16.15\%$ net profit have sufficient cash
- ▶ Based on current cashflow analysis, owners decided to increase overall bonus pool by 20% over prior projections
- ▶ Everyone should expect to see bonuses deposited on Friday, 12/22
- ▶ Thanks to everyone who contributed to HGI's success in 2023!

▶ Compensation Adjustments for 2024

- ▶ Everyone should have received notice from their supervisors on any adjustments to their base salary for 2024
- ▶ Adjustments consider promotions and merit, as well as inflation
- ▶ Also considers each individual's total compensation



BUSINESS DEVELOPMENT UPDATE

A rowing team of five people is silhouetted against a bright sunset sky over a body of water. The sun is low on the horizon, creating a warm orange and yellow glow. The water reflects the light, and the rowers are in a long, narrow boat, moving across the lake. In the background, there are low mountains or hills under the sky.

Business Development


- Significant Proposals & Opportunities
 - McCarthy:
 - AMZN HazMat Classifications \$875K - \$1M (T&E)
 - AMZL Woodbury, MN \$58,900
 - Lampke: Project Cardinal for Intel Columbus, OH:
 - Shop Drawing Review \$259,530
 - BIM Modeling \$450,000 (T&E)
 - Gardner: New (replacement) Hospital in the Federated States of Micronesia \$158,094

A photograph of a rowing team in a boat on a lake at sunset. The sky is filled with orange and yellow clouds, and the water reflects the light. The rowers are silhouetted against the bright background. The image is partially obscured by a dark blue geometric overlay on the right side.

Business Development

- Significant Proposals & Opportunities
 - Allen: WalMart Statement of Qualification Minimum Requirements to join the FP Collective.
 - Gardner: Beaufort, NC Boat Storage Facility \$101,055



A blue industrial lift is positioned in a large garage. The lift has two vertical columns and a central platform. A red double-headed arrow is drawn across the platform, indicating a 6-foot wide opening. The garage floor is dark and reflective. In the background, there are several cars parked, including a white SUV on the left. The garage has large windows at the top and a large door in the center. The text "6 Feet Wide Opening" is overlaid on the image in white.

6 Feet Wide Opening

Marina and Boatyard Indoor Rack Storage Sprinkler Protection

Literature and Data Review

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RESEARCH FOUNDATION

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A photograph of a rowing team in a boat on a lake at sunset. The sun is low on the horizon, creating a warm, golden glow. The water is calm, reflecting the light. In the background, there are mountains under a sky with scattered clouds. The image is partially obscured by a dark blue geometric overlay on the right side.

Business Development

- Recent Efforts:

- Referrals:

- Peter DeHaan of Apex Storage (McCarthy):
 - YOU ARE THE MAN AND THANK YOU SO MUCH FOR THE HELP!
 - What can we do to support your business in the future?
- Bob Tyler of Patterson Pope (Gardner): Referral to Jericho Design Group for a project with Forsyth County

Business Development

- Networking:

- Matt Isaacs on 12/14/2023 attended Happy Hour with Merriman Schmitt and Beacon Development.

Team Celebration of Holidays and getting drawings out for 23MSA0008.0000.



Business Development

Averages (Weekly)

| Date Range St... | Date Range End | Weeks | Proposals Sent | Expected Re... | Weighted ER | Awarded Rate | Capture Rate |
|------------------|----------------|-------|----------------|----------------|-------------|--------------|--------------|
| 1/1/2023 | 12/16/2023 | 50 | 15.9 | \$403,284 | \$269,931 | 75.04% | 66.33% |



Business Development

AR



CR



74.60%

Awarded Rate (TTM)

AR

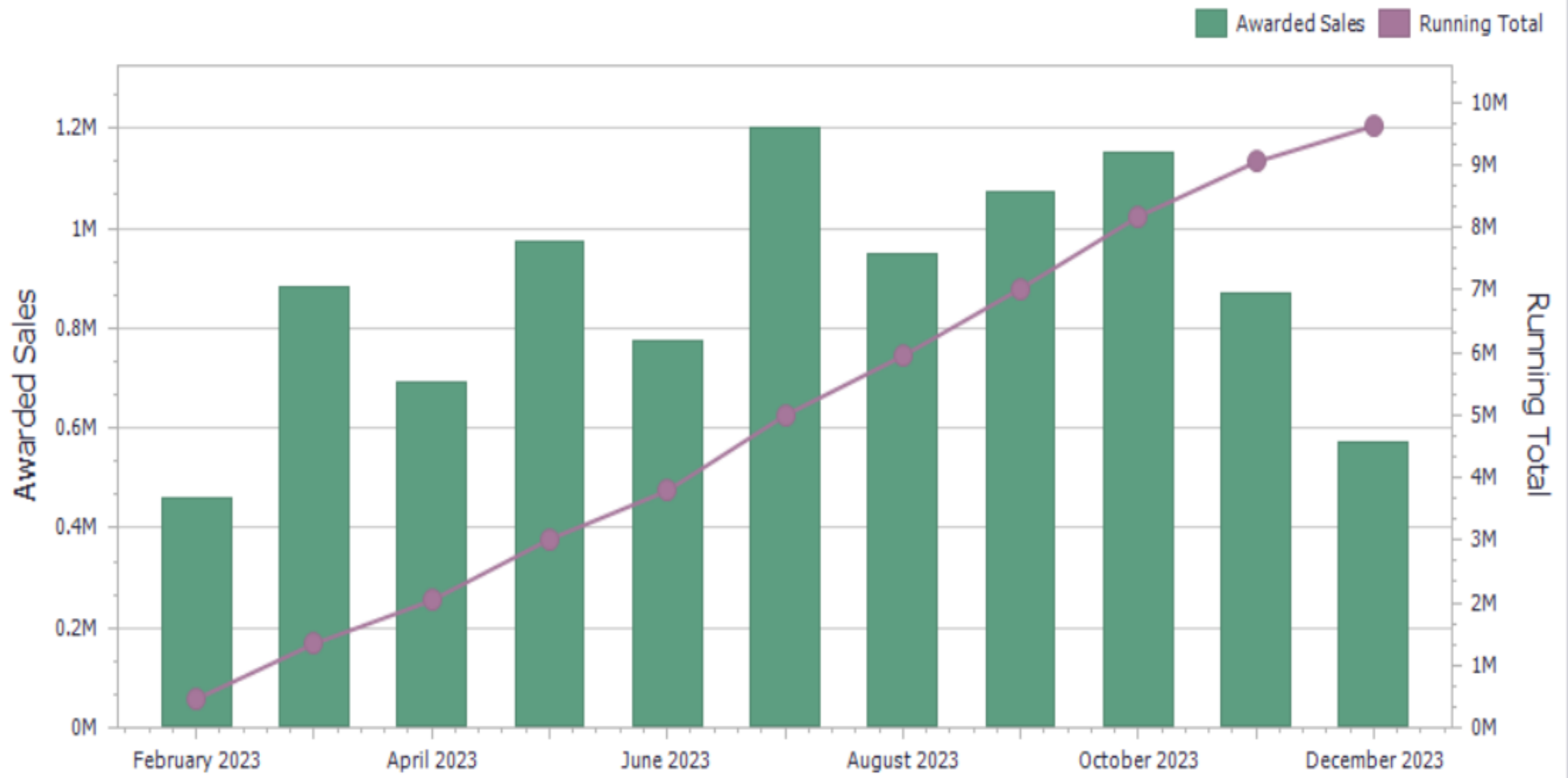


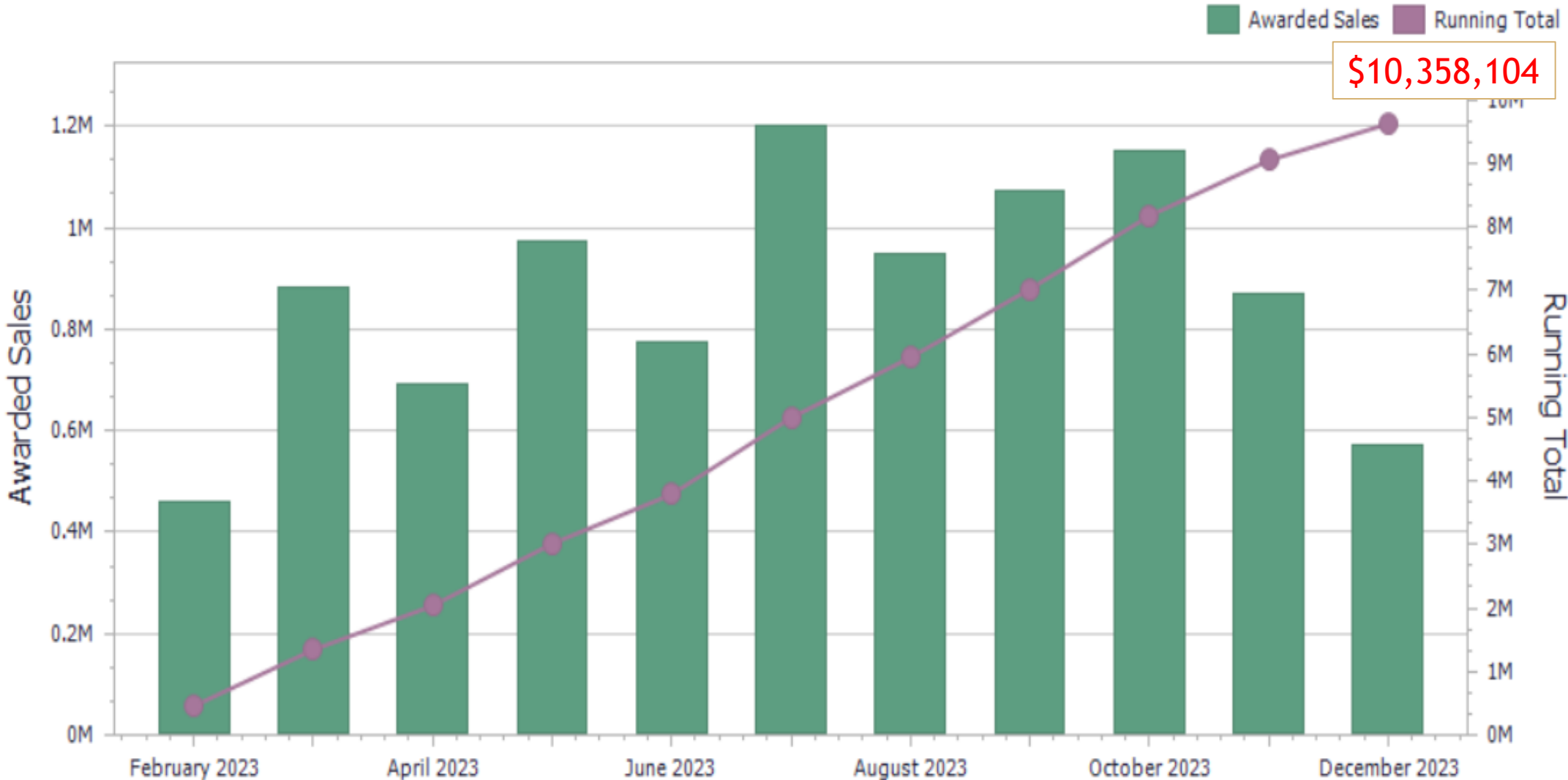
CR



66.08%

Capture Rate (TTM)





\$10,358,104

NETWORKING FOR A/E/C PROFESSIONALS

A Blueprint for Seller-Doers

150+ TIPS TO BECOME A
BETTER NETWORKER!

Scott D. Butcher, FSMPS, CPSM

Business Development

Continuing BD Training:

- To continue to provide in house education in the Seller-Doer business model, will be having a book club (similar to the book that Angie had us read previously).
- This is the book from Scott Butcher of Stambaugh Ness.
- We will read/discuss one chapter once a month from his book starting in January 2024.
- Details to follow.

ANNOUNCEMENT

► Congratulations to Matt Graham and his fiancé, Megan! Matt let us know that he got engaged on December 1st. No wedding date set yet.



Value Delivered Awards

Paul Kitsoulis and John Dreher - Nominated by Matt Connolly: *“For project RIC4, John spent a long night with me, witnessing testing of the MDF Room starting at 6 pm that extended through 10:30 at night. Paul then had to support follow-up testing for the MDF Room at the same site, that I believe started at 1:00 a.m. I'd like to acknowledge that both of these individuals stepped up when asked.”*



HGI JANUARY ANNIVERSARIES

January 1 – Fernanda Navarro (2 Years)

January 17 – Craig Sider (2 Years)

January 18 – Jim Rucci (35 Years)



Milestone
Anniversary
Appreciation



YOU MAKE THE
Difference

Milestone Anniversary Appreciation

35 YEARS – Jim Rucci (January 2024)

25 YEARS – Cameron LeBlanc (September 2020)

20 YEARS – Jim Tuten (October 2023)

15 YEARS

- Diane Stone (February 2022)
- Susan Kneeland (March 2023)
- Tina Dannaker (August 2023)

10 YEARS

- Rob McFeaters (September 2021)



Milestone Anniversary Appreciation

5 YEARS

- Matt Connolly (June 2019)
- Matt Isaacs (April 2021)
- Matt Guilfoyle (July 2021)
- Ben Randle (December 2021)
- Jonathan Samuel (August 2022)
- Taylor Petersen (May 2023)
- Kyle Collins (November 2023)



A smiling woman with blonde hair is holding a round chocolate cake with pink frosting and lit candles. The background is a soft-focus indoor setting.

JANUARY BIRTHDAYS

January 3 - Matt Guilfoyle

January 10 - Craig Sider

January 12 – Jon Jordan

January 19 – Matt Graham

January 22 – Rob McFeaters