



HARRINGTON GROUP INC

All Hands Meeting

March 28, 2024



HGI Financial Results

FEBRUARY 2024 - YTD

February Results Summary

	<u>2024 Actual</u>	<u>Budget</u>	<u>2023 Actual</u>	<u>Over/(Under) Budget</u>		<u>Over/(Under) Prior Year</u>	
February Revenue:	\$ 2,300,006	\$ 1,634,385	\$ 1,121,809	\$ 665,621	40.7%	\$ 1,178,197	105.0%
(Net of ICC)	\$ 1,220,606	\$ 1,287,899	\$ 1,121,809	\$ (67,294)	-5.2%	\$ 98,797	8.8%
YTD Revenue:	\$ 4,522,636	\$ 3,268,770	\$ 2,625,649	\$ 1,253,866	38.4%	\$ 1,896,988	72.2%
(Net of ICC)	\$ 2,341,836	\$ 2,575,799	\$ 2,187,349	\$ (233,963)	-9.1%	\$ 154,488	7.1%
February Gross Profit:	\$ 926,021	\$ 923,411	\$ 712,961	\$ 2,610	0.3%	\$ 213,060	29.9%
Gross Margin %	40%	56%	64%				
(Net of ICC)	\$ 823,348	\$ 891,912	\$ 746,211	\$ (68,564)	-7.7%	\$ 77,137	10.3%
Gross Margin %	67%	69%	67%				
YTD Gross Profit:	\$ 1,734,318	\$ 1,846,821	\$ 1,440,197	\$ (112,503)	-6.1%	\$ 294,122	20.4%
Gross Margin %	38%	56%	55%				
(Net of ICC)	\$ 1,579,636	\$ 1,783,824	\$ 1,432,147	\$ (204,188)	-11.4%	\$ 147,489	10.3%
Gross Margin %	67%	69%	65%				
February Net Income:	\$ 345,418	\$ 257,823	\$ 147,983	\$ 87,595	34.0%	\$ 197,436	133.4%
Net Margin %	15%	16%	13%				
(Net of ICC)	\$ 242,746	\$ 226,325	\$ 181,233	\$ 16,421	7.3%	\$ 61,513	33.9%
Net Margin %	20%	18%	16%				
YTD Net Income:	\$ 667,973	\$ 515,647	\$ 337,937	\$ 152,327	29.5%	\$ 330,036	97.7%
Net Margin %	15%	16%	13%				
(Net of ICC)	\$ 513,291	\$ 452,649	\$ 329,887	\$ 60,641	13.4%	\$ 183,404	55.6%
Net Margin %	22%	18%	15%				

Critical Numbers Summary

Feb-24		Goal Range	Feb-24	Feb-23	Current Month Variance	Current Year YTD	Prior Year YTD	YTD Variance	Feb 2024 YTD Budget	YTD Variance Budget	12-mo Rolling Average	2024 Budget
GROSS PROFIT \$	Revenue \$ - Total Direct Expenses \$		\$926,021	\$712,961	\$213,060	\$1,734,318	\$1,440,197	\$294,122	\$1,846,821	(\$112,503)	\$1,232,232	\$11,080,926
GROSS MARGIN %	Gross Margin \$	With ICC	40.26%	63.55%	-23.29%	38.35%	54.85%	-16.50%	56.50%	-18.15%	52.24%	56.50%
	Revenue											
GROSS MARGIN %	Gross Margin \$	w/o ICC	67.45%	66.52%	0.94%	67.45%	65.47%	1.98%	69.25%	-1.80%	67.9%	69.25%
	Revenue											
OVERHEAD RATE*	Indirect Expenses Direct Labor	1.60 to 1.80	1.85	1.70	0.15	1.70	1.64	0.06	2.03	-0.33	2.09	2.03
CHARGEABLE RATIO	Direct Labor	60% to 65%	61%	57%	4%	60%	58%	2%	56%	4%	55%	56%
	Total Labor											
MULTIPLIER	Fees From Labor-Non Reimb Subconsultants Exp	3.0 to 3.5	3.43	2.90	0.53	3.72	2.96	0.75	3.57	0.15	3.51	3.57
	Direct Labor											
INDIRECT LABOR AS % OF REVENUE **	Indirect Labor	18% to 22%	9.9%	21.92%	-12.00%	11.3%	20.73%	-9.47%	19%	-7.33%	18.42%	18.59%
	Total Revenue											
CURRENT RATIO	Current Assets	>2	2.56	6.35	-3.80	2.56	6.35	-3.80	> 2	0.56	n/a	> 2
	Current Liabilities											
AGED ACCOUNTS RECEIVABLES	% OVER 90-DAYS	60 days	7.33%	19.23%	-11.90%	7.33%	19.23%	-11.90%	15.00%	-7.7%	n/a	15.00%

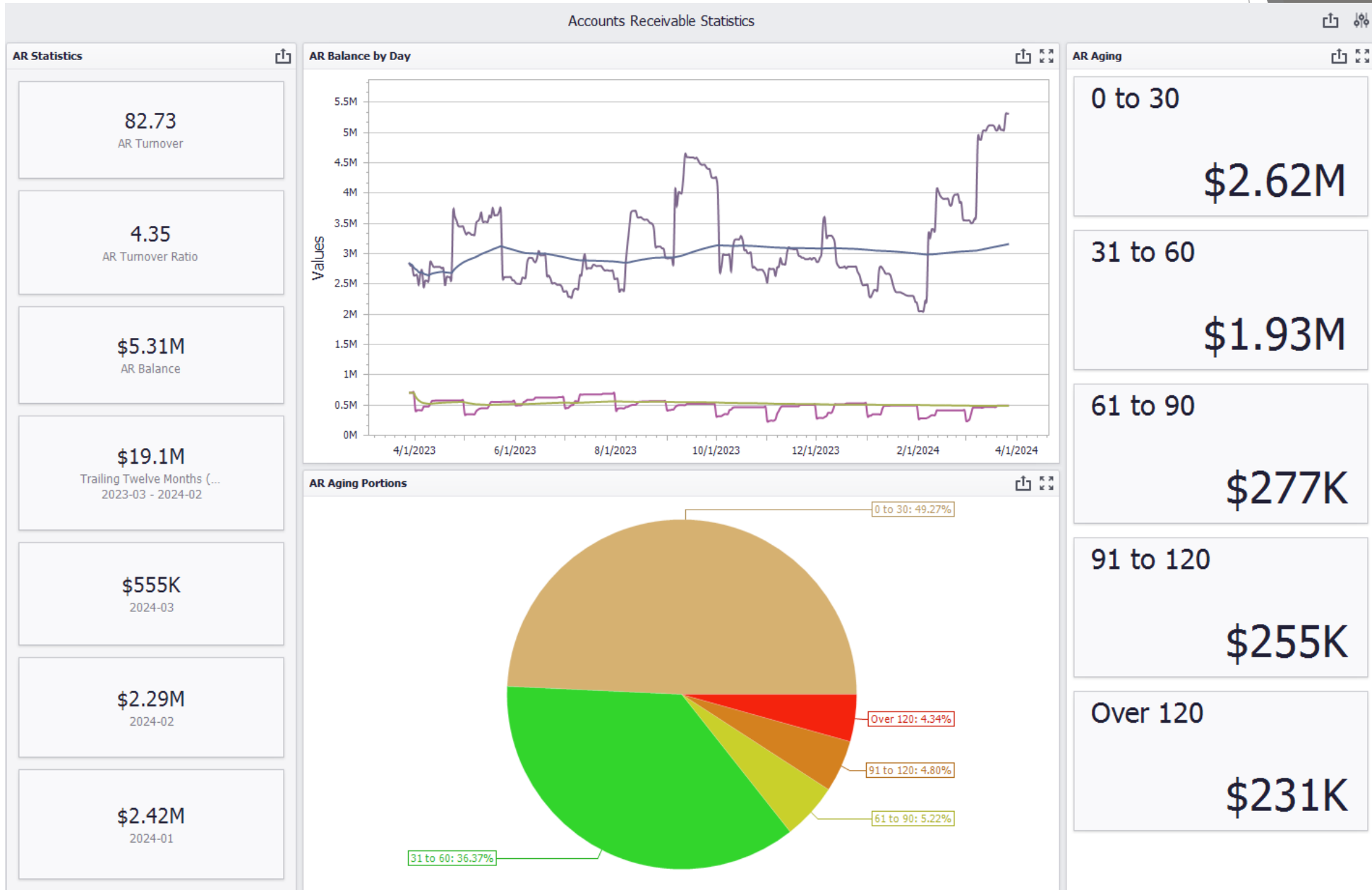
Aged Accounts Receivable:

- ▶ All uncollected receivables over 90 days past the invoice date.

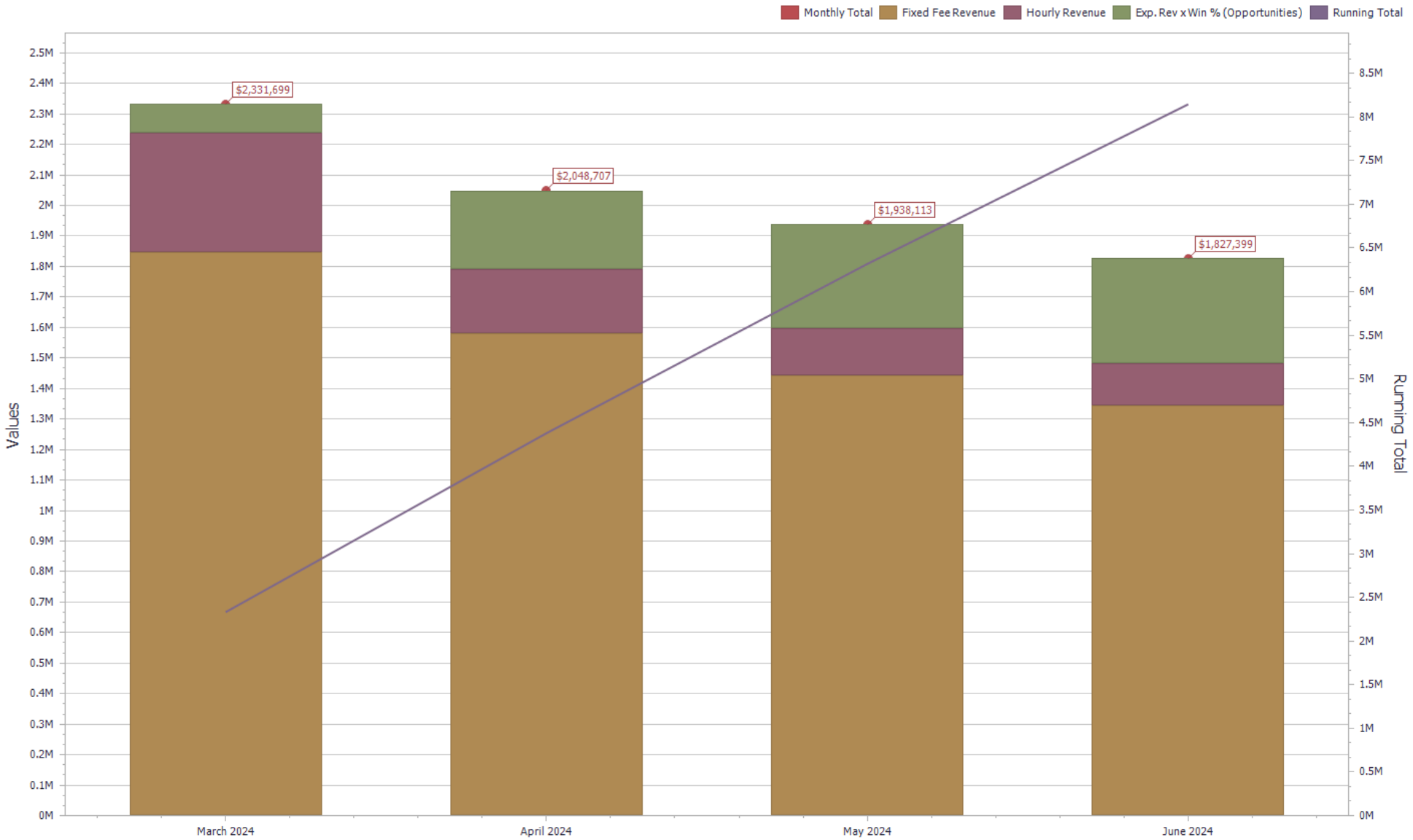
	2024	Budget	Variance	
	7.33%	15.00%	7.7%	

- ▶ 86% of total receivables is current within 60 days.
- ▶ Continued effort must be maintained to collect past due Accounts Receivable. Over 90days = \$413k, 7% of total AR.
- ▶ Statements are being sent monthly to help with collections along with cleaning up client AR accounts.

Accounts Receivable



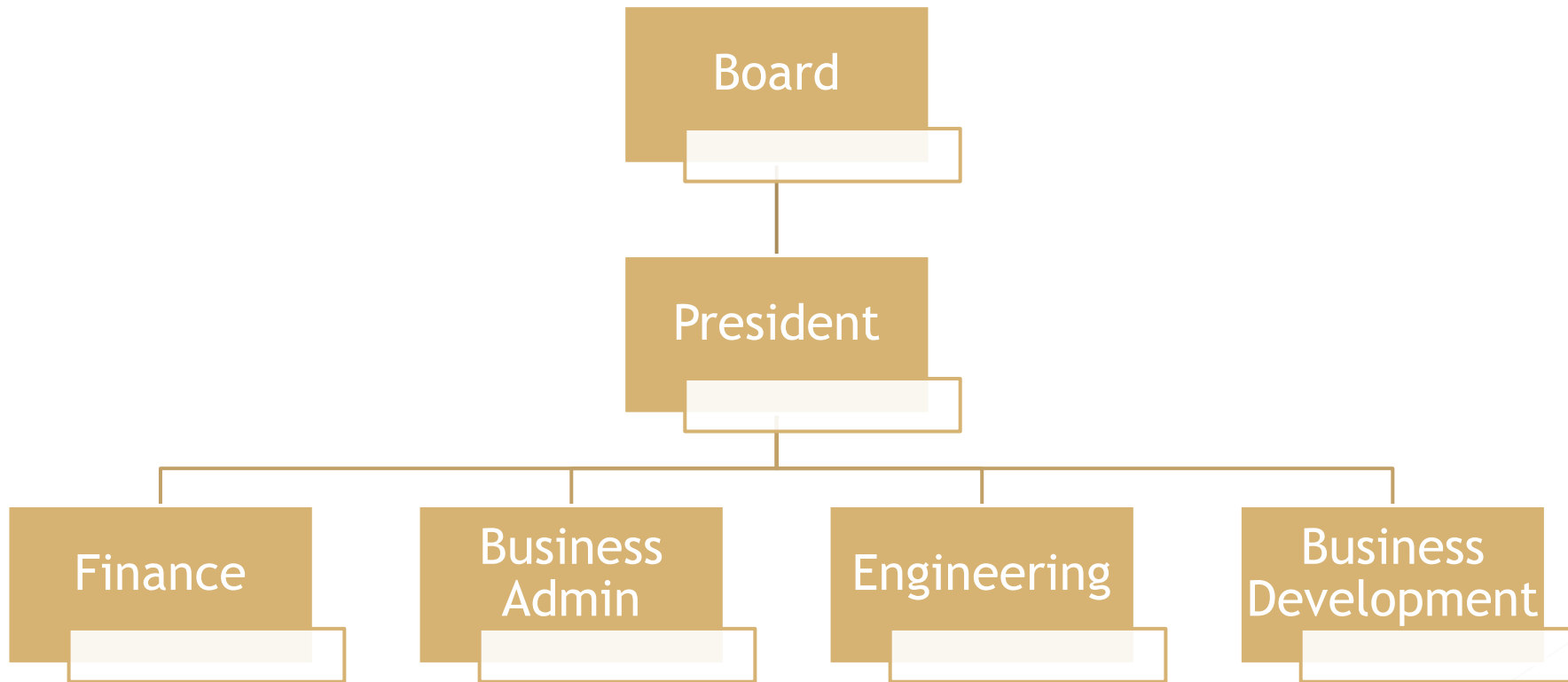
4 Month Projections



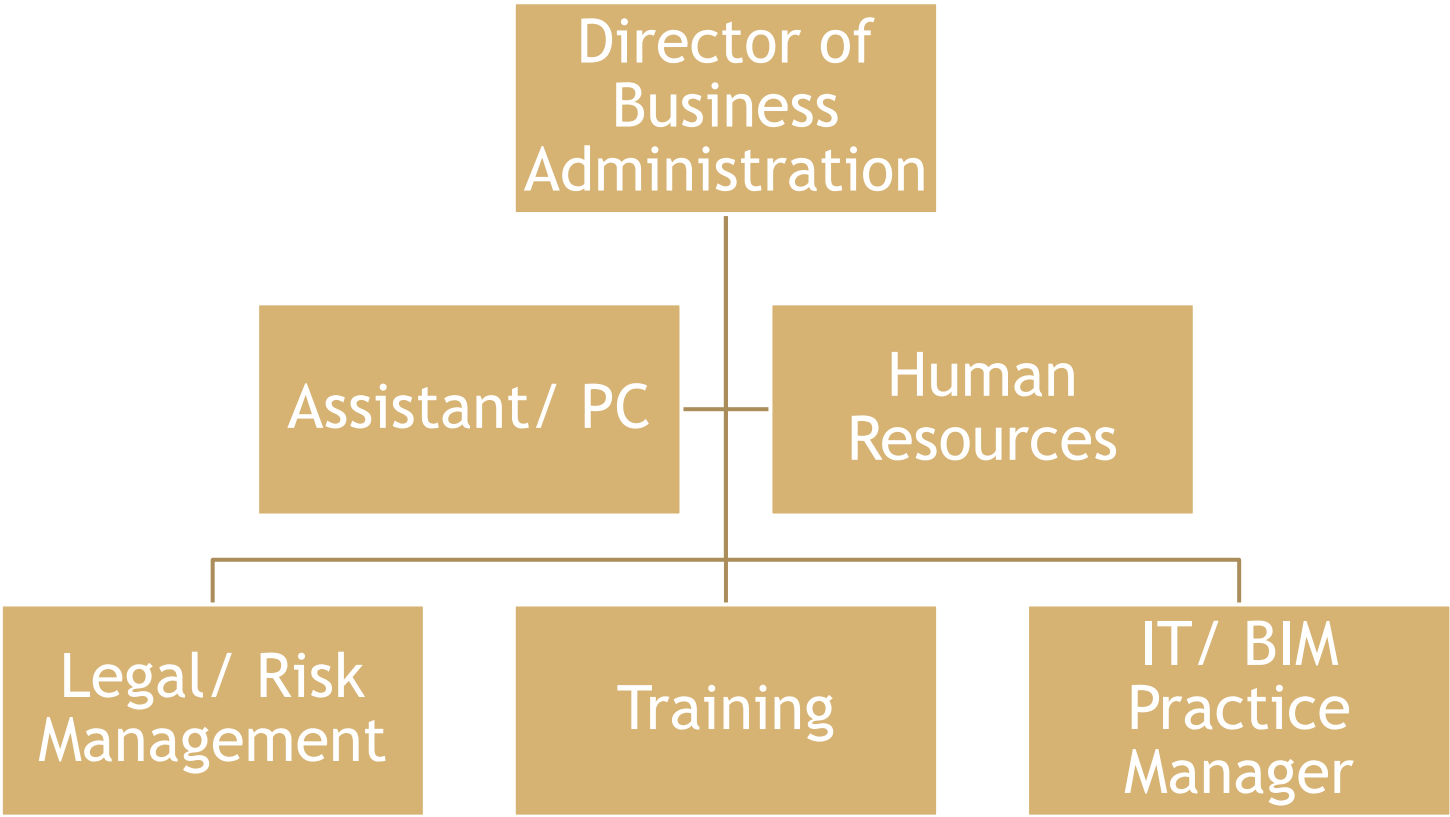
The background features a collage of US dollar bills, including \$100 and \$50 bills, arranged in a pattern. Overlaid on this are several geometric shapes: a large white triangle on the left, a grey triangle on the right, and a dark grey triangle at the bottom right. The text 'BUSINESS UPDATE' is centered in a gold, sans-serif font.

BUSINESS UPDATE

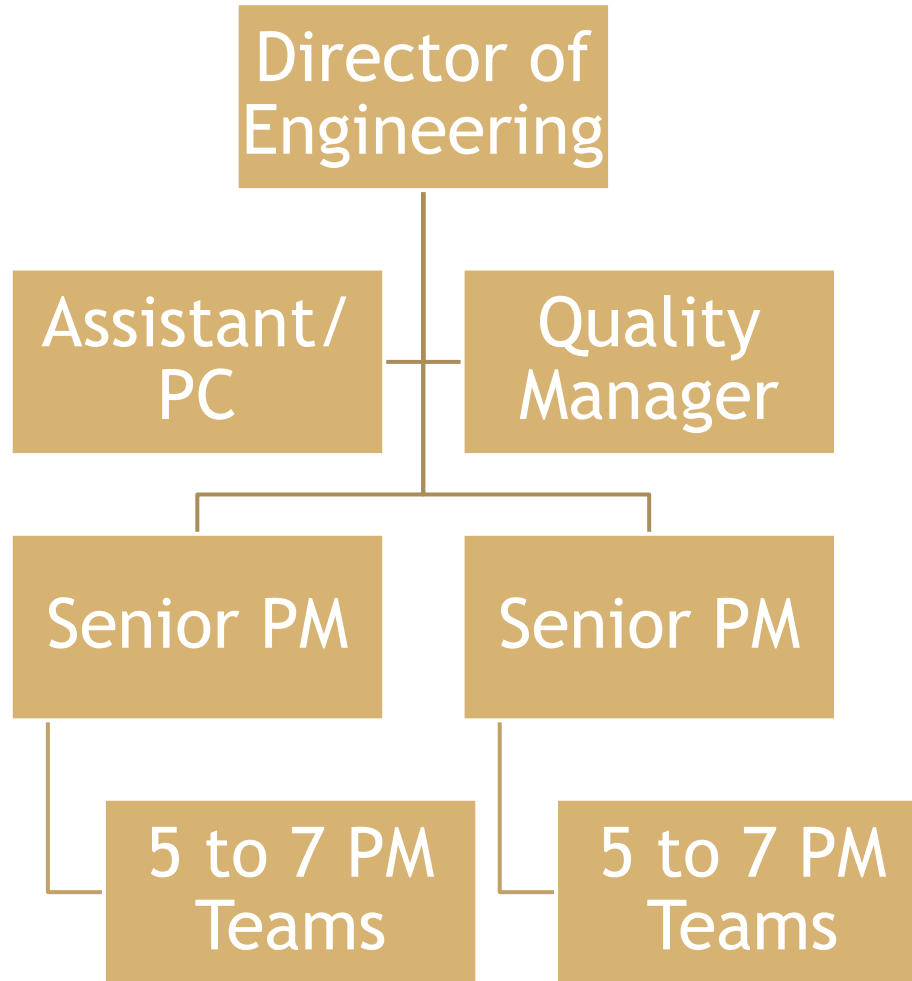
Organizational Structure Preview



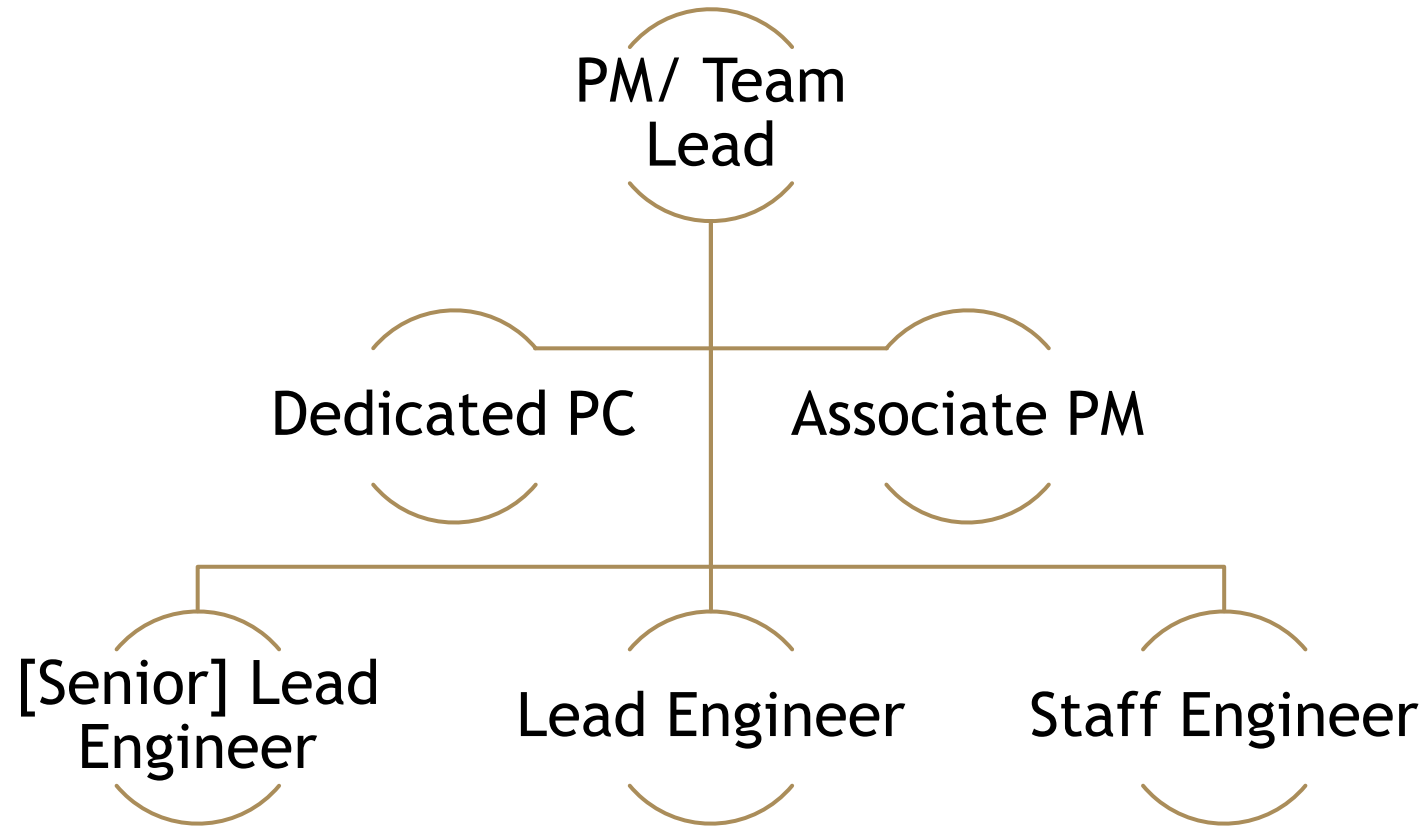
Business Admin Organization



Engineering Organization



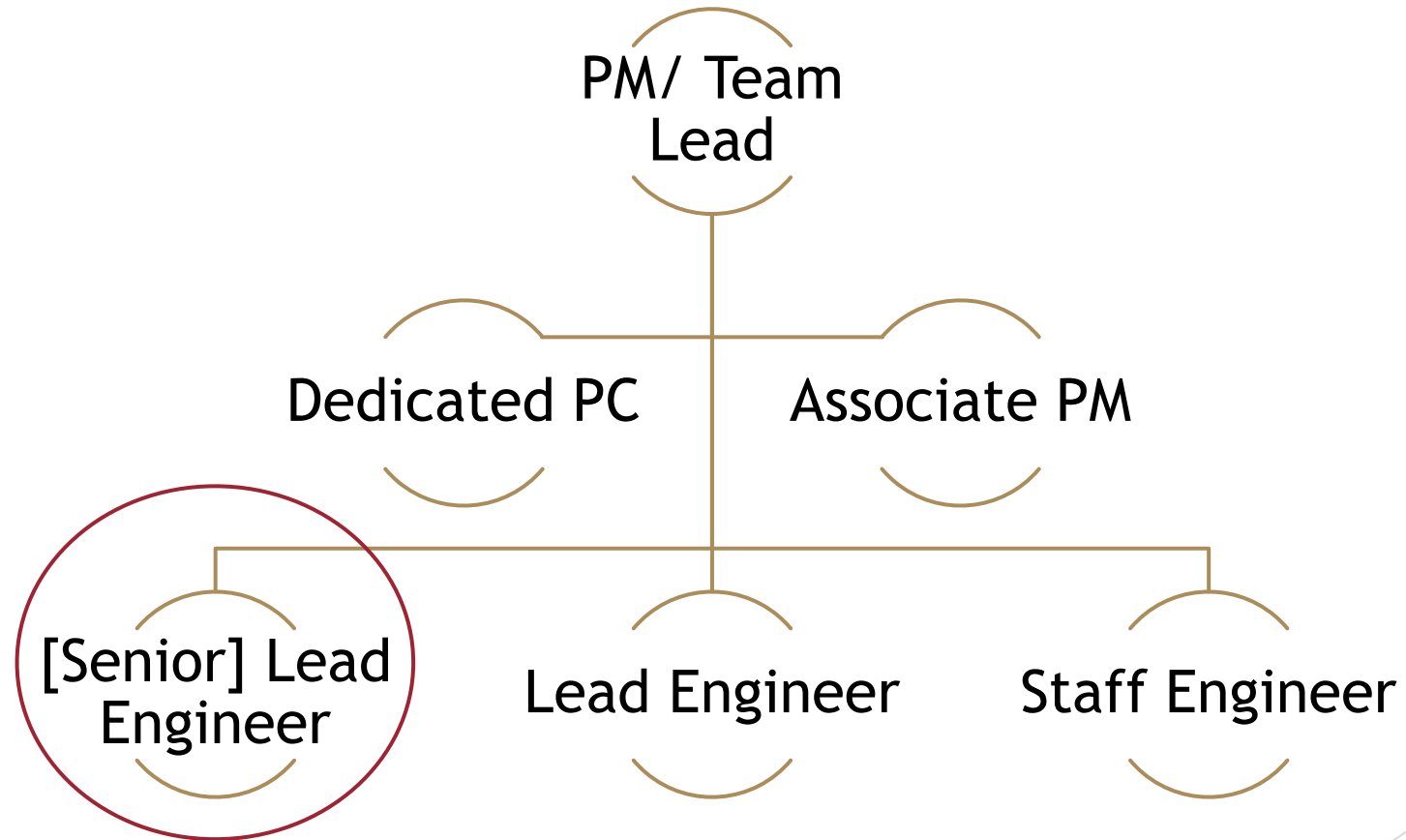
PM Team Organization



Roles/ Responsibilities

Senior PM	PM	APM	PC	Lead	Staff
<ul style="list-style-type: none"> - Supervises PMs - PM/ technical mentor - PM support & accountability - QCR/ EOR - Client relationship mgmt 	<ul style="list-style-type: none"> - Team leader - Responsible for all projects - High level engineering involvement - Ensure quality - Maintains existing client relationships - BD with existing clients 	<ul style="list-style-type: none"> - Serve as PM in absence of PM - Develops scopes/ fees - Writes proposals - Assist contract negotiations - Invoicing - Assist A/R follow-ups - Other tasks assigned by PM - Lead engineer tasks as assigned 	<ul style="list-style-type: none"> - Support PM, APM, and team - Schedule and organize meetings - Travel support - Expense reports - Assist with time sheets - Client onboarding - Project setup and records - Admin support - A/R follow-up 	<ul style="list-style-type: none"> - Intimate project knowledge - Communicates with clients & others (PM, EOR) - Plans & executes - Design development - Criteria documents - Construction admin 	<ul style="list-style-type: none"> - Engineering resource for team - Doer of tasks - Learner
<ul style="list-style-type: none"> - 10 years experience - Ideally a P.E. in multiple states 	<ul style="list-style-type: none"> - 5 years experience - Ideally a P.E. 	<ul style="list-style-type: none"> - 3-5 years experience - P.E. track 	<ul style="list-style-type: none"> - Willingness - Organization - Attention to detail 	<ul style="list-style-type: none"> - 2+ years experience - Professional certification 	<ul style="list-style-type: none"> - Entry level - Willingness to learn and grow
High level oversight, support, and direction	Client and project focused	Support to PM on critical but time-consuming tasks	Glue that binds the operation	Primary engineering resource on projects	Support for leads

PM Team Organization



BUSINESS DEVELOPMENT UPDATE



Other News & Updates

Activities

Announcements

VDAs

Anniversaries

Birthdays

BIRTH ANNOUNCEMENT



Welcome baby Didi!
Alyssa Burroughs
welcomed her sweet
baby girl early on
Saturday, March 9th.

Both mother and baby
are home and doing
well.

BIRTH ANNOUNCEMENT

**Welcome James Markham
Tanner!**

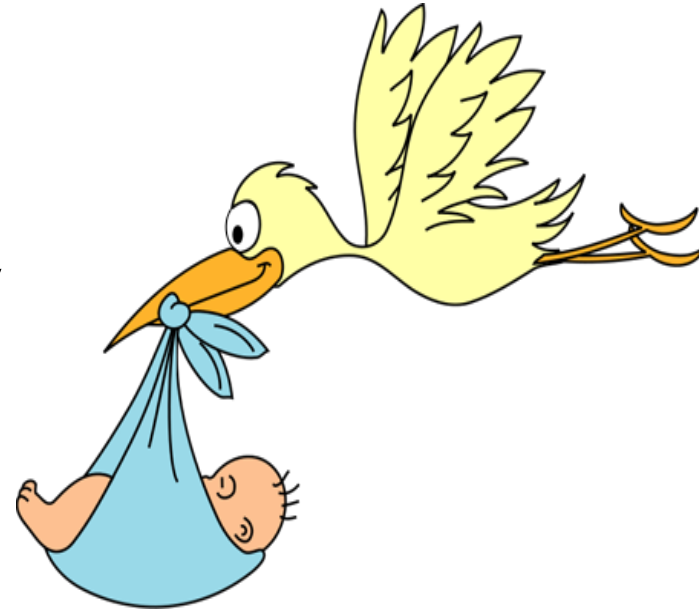
**Dale's daughter had a baby
boy on March 11th**

**This is grandson #2 for Papa
Dalé**



BIRTH ANNOUNCEMENT

**Reem Chalil - Had a baby boy
on March 22nd. No details
provided at this time.**



Value Delivered Awards

Dan Lampke nominated by Zach Ataiyan: “Throughout the recent Draw Team changes, Team Midwest was left without a legacy draw team member to provide support. Dan has gone above and beyond to lead the team in supporting drawing development in Revit while assisting other LEs in redeveloping their BIM proficiencies. Dan’s exceptional leadership in this area and other areas has allowed HGI to deliver outstanding value to our clients.”

Ali Roth nominated by Matt Connolly. “Ali stepped in to help me address a contentious situation at BOS3 where a town official was attempting to shut down the facility over a dust concern. She performed a site survey on short notice, and turned around a combustible dust report within hours of receiving results for the Client's review, having pre-written the report in advance. She then supported me in a meeting with the town and client to work through HGI's recommendations. Considering her (relatively) brief time with the firm, her initiative and technical competency deserve recognition.”



HGI APRIL ANNIVERSARIES

April 4 - GiGi Soukaria (2 Years)

April 13 - Angie Fuqua (9 Years)



A smiling woman with blonde hair is holding a round chocolate birthday cake. The cake is decorated with pink frosting swirls around the top edge and colorful sprinkles. Several lit birthday candles in various colors (green, red, blue, yellow) are on top of the cake. The background is a soft-focus indoor setting.

APRIL BIRTHDAYS

April 7 - Grant Gebhardt

April 13 - Jim Rucci