



# Monthly Operating Review

OCTOBER 2019

# Agenda

- Executive Summary
- Strategy Update
- Operational Review
  - Commercial and Sales
  - Marketing Review
  - Operations and Manufacturing
  - Smart Ventures - Logistics
- Financial Review
- Information Systems & Technology
- Acquisitions and Other Transactions
- Management and Governance Report
- Appendix

# Executive Summary

# Executive Summary

## Good news / positives to business and plan

- Indicative EBITDA is higher than plan, forecast, and prior year due largely to lower volume more than offset by favourable mix and cost savings.
- Revenue exceeded previous year and forecast due to positive month in POP, Transit and Wall Hanging customers
- Overall POP segment finished up 3% versus previous year
- GE Appliance has awarded for productions the initial DHB product for the oven application at the Roper plant, and we are working to secure additional SKUs
- Wall graphics segment up significantly lead by Mixtiles and PlanetArt

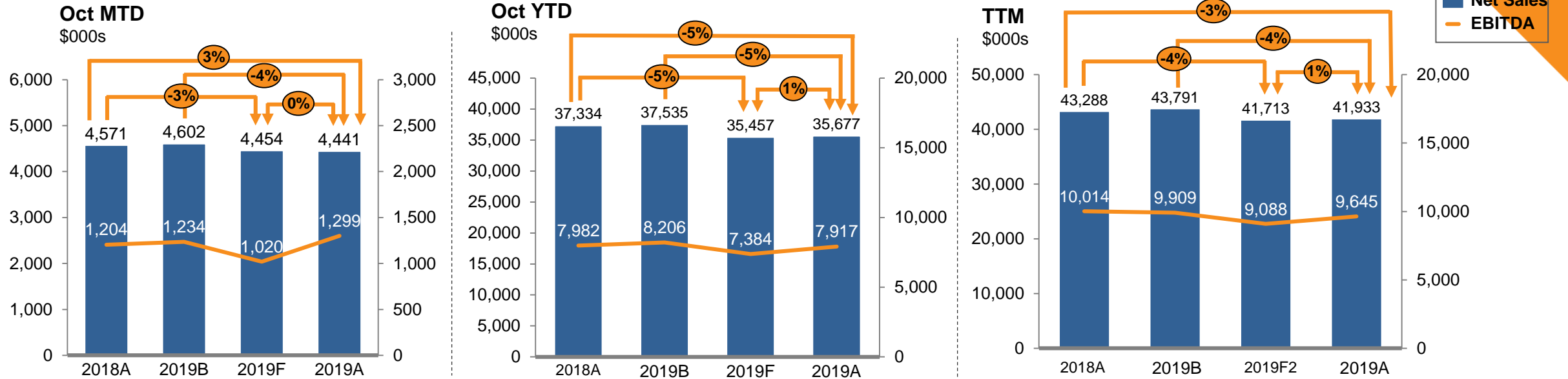
## Risks / challenges to business and plan

- Paroc quality concerns continue with gaposis and low temperature applications, requesting a £66k credit
- Whirlpool volume continues to decline with their lack of new product launches to the market. Whirlpool did sign 2.5 years agreement and actively trying to move business by requesting a quote on \$500k of new parts

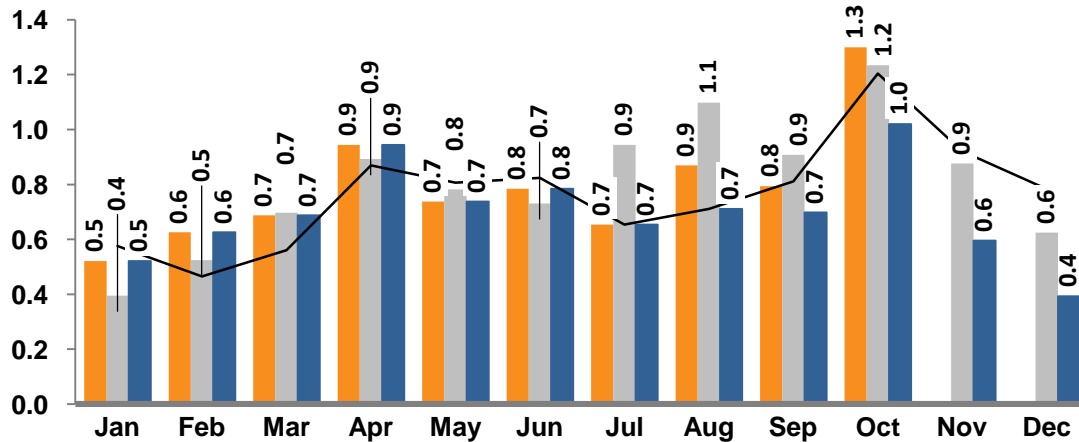
## Other material items

- No safety incidences in October

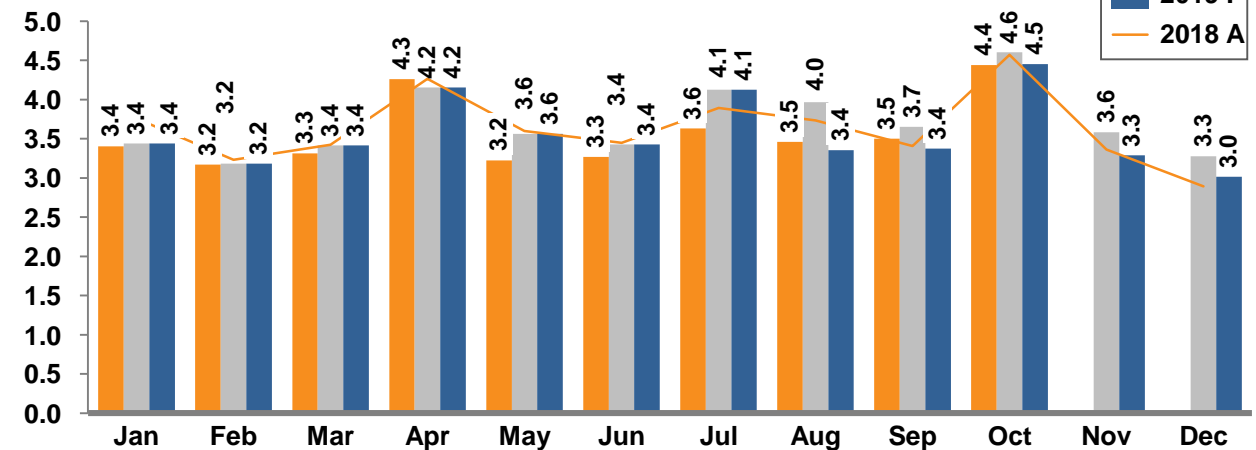
# Monthly Financial Metrics



**Monthly EBITDA**  
\$ millions



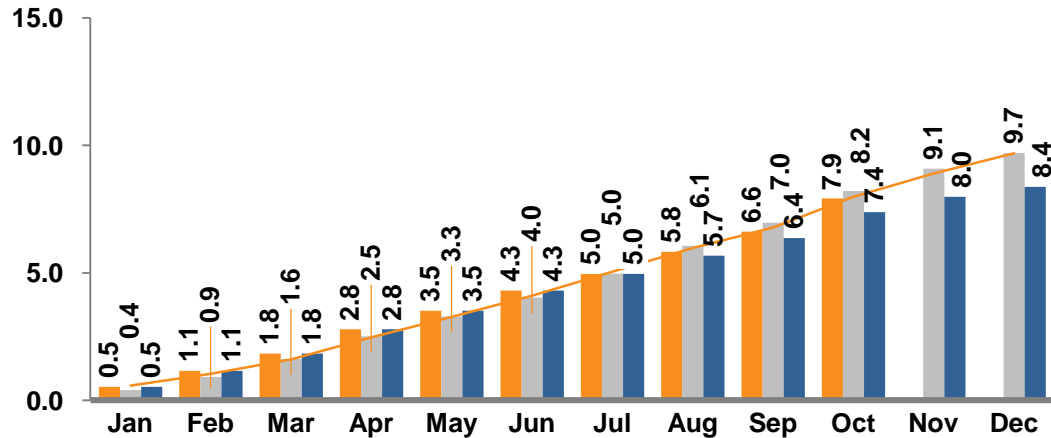
**Monthly Net Revenue**  
\$ millions



# Monthly Financial Metrics – con't

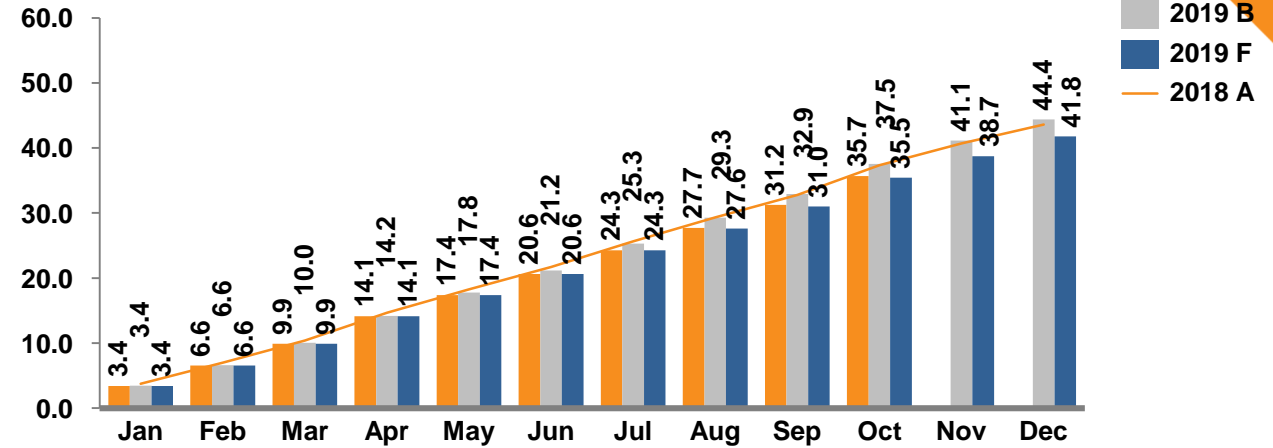
## YTD EBITDA

\$ millions



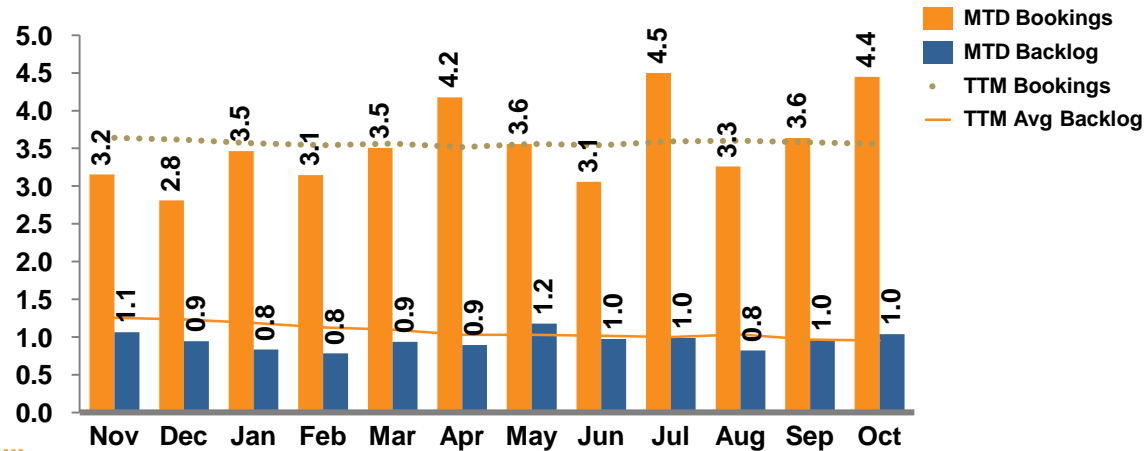
## YTD Revenue

\$ millions



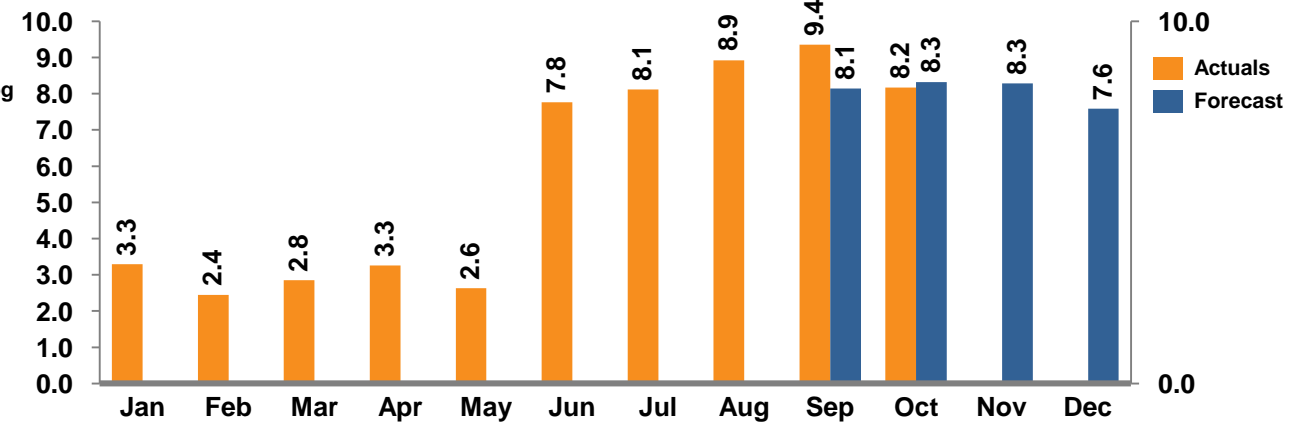
## Orders and Backlog

\$ millions










## Liquidity

\$ millions



# Status of Key Initiatives

## STATUS UPDATE: PROJECT DETAILS

| Status  | Project  | Current Status & Next Steps   | Timing     | Annualized EBITDA Impact (\$MM) |            |
|---|--|---|------------|---------------------------------|------------|
|   |  |   |            | Projected                       | Actual     |
|    | Hire, train, implement sales team (Wolak)                                    | <ul style="list-style-type: none"> <li>Weekly status meetings with Beckway Group; see next slide for key positions</li> </ul>   | • Q1 2020  | TBD                             | TBD        |
|    | Sales organization design (Danelz)   | <ul style="list-style-type: none"> <li>SmartVentures is engaged completing assessment and recommendation by Nov</li> <li>Commercial Kick off meeting held September 10th &amp; 11th</li> <li>Danelz to work with new VP Sales on final organization structure</li> </ul>  | • Dec 2019 | TBD                             | TBD        |
|    | Define needs and begin implementation on new ERP Platform (Gray, Schechtman) | <ul style="list-style-type: none"> <li>ERP negotiations are underway with the consensus first choice, expected to conclude by the end of October.</li> <li>Provisional schedule has Go-Live around May 1, though will look to pull in wherever possible</li> <li>Web and e-commerce sites are not part of the ERP effort, but will be included in integration requirements</li> </ul>   | • Q2 2020  | TBD                             | TBD        |
|    | Define needs and begin implementation on new website platform (Lang)         | <ul style="list-style-type: none"> <li>Conducted face-to-face interviews with 3 agency candidates</li> <li>Selected "Avenue" as our agency vendor</li> <li>Discover meeting and project plan development in progress</li> </ul>   | • Q1 2020  | TBD                             | TBD        |
|    | Develop and initiate plan to support regional sales efforts (Danelz)         | <ul style="list-style-type: none"> <li>Kick off hiring process for incremental HC, Inside Sales &amp; CSR's</li> <li>Smart Ventures conducting logistics review and freight optimization related to changing regional sales/warehousing footprint</li> </ul>  | • Jan 2020 | TBD                             | TBD        |
|  | Deliver \$627k in Cost Saving (McCarney)                                     | <ul style="list-style-type: none"> <li>Continue the purchasing of 5256 adhesive</li> <li>Complete the Mondi liner transfer, possibly delayed for Sept. launch due to quality issues</li> <li>Held a cost savings meeting to review new potential cost savings targets, cost saving higher than expected.</li> <li>New Material Manager to focus on additional cost savings for 2020.</li> <li>\$51K savings in Oct. to a \$47K plan.</li> </ul> | • Dec 2019 | \$584K                          | YTD-\$489K |
|  | Complete 5-year STRAT plan (Danelz)  | <ul style="list-style-type: none"> <li>Initiated commercial scope of work with Smart Ventures, completed by Dec 2019 (Danelz)</li> <li>Strategic Planning session scheduled for October 8th &amp; 9th with OGC and Duraco Team (Danelz)</li> </ul>  | • Dec/Jan  | TBD                             | TBD        |

## Key Positions to be Filled

| Position                               | Function   | Status and Next Steps  |
|--|------------|--|
| VP, Sales                              | Commercial | <ul style="list-style-type: none"><li>• Beckway engaged for search</li><li>• Engaging a new firm to drive additional candidates</li><li>• Offer decline: Jay Richardson</li><li>• Reviewing additional candidates</li></ul>  |
| Regional Sales Manager (2) – SE and SW | Commercial | <ul style="list-style-type: none"><li>• Beckway engaged for search</li><li>• Hired: Aaron Thornton (SW), starts on 12/1</li><li>• Phone interview: Phil Griffin</li><li>• Engaging additional recruiter: RSM</li><li>• Reviewing additional candidates in pipeline</li></ul> |
| Inside Sales Manager                   | Commercial | <ul style="list-style-type: none"><li>• Hired: Phil Lejcar, started on 11/18</li></ul>   |



# Risks and Challenges

|                       | Description   | Potential Impact   | Plan to Address  |
|-----------------------|---|--|--|
| R<br>I<br>S<br>K<br>S | <ul style="list-style-type: none"> <li>Incoming order rate has been \$40k a day lower than forecast for the first two weeks of November. If this holds, there is risk to the November and December sales forecast.</li> </ul> | <ul style="list-style-type: none"> <li>\$600k of revenue and \$300k of EBITDA</li> </ul>   | <ul style="list-style-type: none"> <li>Full commercial team is engaged calling customers to understand the reason for decline and ask for orders</li> </ul>  |
|                       | <ul style="list-style-type: none"> <li>Paroc quality of roll concerns: Original concern was Gaposis &amp; liner separation from adhesive, The updated complaint is poor adhesion at lower application temperatures</li> </ul> | <ul style="list-style-type: none"> <li>Lower revenue (\$80k) and EBITDA (\$20k)</li> </ul> | <ul style="list-style-type: none"> <li>9/19 Paroc has made some adjustments to machines and it seems to be working.</li> <li>9/19 We increased our tension on converter and the rolls seem to be tighter.</li> <li>9/19 Paroc sampled a 3:1 liner that ran very well.</li> <li>10/19: Paroc now having issues with tape adhering at lower temperatures(5 degrees C)</li> <li>A conference call scheduled with the PAROC team to get more details around a \$71K claim they have issued to us.</li> <li>Shawn is now involved and is reviewing proposed letter to Paroc.</li> </ul> |
|                       | <ul style="list-style-type: none"> <li>GE Appliance – Duraco High Bond failed production pilot testing</li> </ul>   | <ul style="list-style-type: none"> <li>November – December (\$160k)</li> </ul>             | <ul style="list-style-type: none"> <li>Working with Sales Team to overdeliver current forecast</li> </ul>  |

# Opportunities – no new opportunities incremental to forecast

|               | Description | Potential Impact | Plan to address |
|---------------|-------------|------------------|-----------------|
| Opportunities |             |                  |                 |
|               |             |                  |                 |
|               |             |                  |                 |

# Wins and Losses

## Key Wins

- GE Appliances approved production for DHB, \$660K
- RR Donnelley, Canada – 1<sup>st</sup> order (\$700) and working to get 7 locations in Canada buying from Duraco
- CIP – new POP account that began calling this summer. 1<sup>st</sup> order (\$1,200) for DHB
- Imagine Print – large Target project \$30k order
- GNC Brooklyn Park - \$54k order for Remo One to support holiday project

## Key Losses

- Subassembly Magnets – Mag tape not strong enough for the application
- Sam Medical – currently buying from Advantage Adhesives, chose not to validate 2<sup>nd</sup> source
- Artemax advised that they would not give Duraco new opportunities until improve tape dusting issues

# Strategy Update

# Duraco Vision, Strategic Pillars, and Strategic Initiatives

| Vision            | To be the leading global provider of innovative solutions for bonding and sealing applications through expert knowledge and unparalleled service  |  |   |   |  |
|-------------------|---|--|---|---|--|
|                   | Pillar 1  | Pillar 2   | Pillar 3  | Pillar 4  | Pillar 5   |
| Strategic Pillars | <i>Build a world-class sales &amp; marketing engine to expand in new and existing markets</i>   | <i>Invest in product development capabilities to deliver innovative application solutions</i>  | <i>Drive operational excellence throughout the organization</i>   | <i>Create a winning culture via hiring, empowering, engaging and retaining best in class talent</i>   | <i>Leverage technology to be a competitive advantage</i>   |
| Initiatives       | <ul style="list-style-type: none"> <li>Define roles, responsibilities and align inside sales, outside sales, customer service, and marketing efforts (VP Sales)</li> <li>Design and buildout sales organizational structure (VP Sales)</li> <li>Define &amp; scope what markets we want to be in (Greg Z)</li> <li>Evaluate and determine channel strategy by / across segments (VP Sales)</li> <li>Develop and implement standardized sales process, training and best practice sharing (VP Sales)</li> <li>Develop and implement sales product training process by application (Greg Z)</li> <li>Develop and implement a plan to expand presence in Canada and Mexico (Greg Z)</li> <li>Define and expand further global opportunities; Asia, Europe etc (Greg Z)</li> <li>Develop and implement Build-a-moat strategy for PoP (Pat)</li> <li>Develop and pilot eComm / Amazon strategy (Chris)</li> <li>Develop &amp; implement a plan for Teacher's Tape (brand, distribution, channel, etc.) (Chris)</li> <li>Develop pricing strategy by segment (Greg Z)</li> <li>Improve &amp; implement lead generation program (Chris)</li> </ul> | <ul style="list-style-type: none"> <li>Evaluate and expand product management team (Greg)</li> <li>Develop growth plan for technical department including new capabilities, new staff members, new services (Daniel)</li> <li>Benchmark competitive products and offerings by applications (Greg Z)</li> <li>Implement VoC process capturing innovative application solutions (Greg Z)</li> <li>Enhance and implement new product development process cross-functionally to deliver more, innovative new products (Greg Z)</li> <li>Develop custom sampling &amp; test services program (Daniel)</li> <li>Evaluate R&amp;D work for R&amp;D tax credit (Efrain)</li> <li>Develop strategic partnerships with suppliers (Steven S)</li> </ul> | <ul style="list-style-type: none"> <li>Reduce total cost to cover inflation + 2% annually while maintaining quality (Phil M)</li> <li>Develop and implement a plan to drive continuous improvement throughout the organization (Laura)</li> <li>Create and implement growth plan for factory to support revenue growth including machinery, layout, staffing and shift structure (Phil)</li> <li>Develop and deploy automation strategy by value stream map (Laura)</li> <li>Optimize OEE at all work centers (Laura)</li> <li>Provide yellow/green belt training to all employees (Kevin H)</li> <li>Develop and implement supply chain policies &amp; procedures (Steven S)</li> <li>Develop and implement sourcing strategy (Steven S)</li> <li>Process standardization and centralization throughout the company (Susan)</li> <li>Create / update contingency (business continuity) plan (Bill V)</li> <li>Improve quality performance to be industry leading and support growth (Susan)</li> </ul> | <ul style="list-style-type: none"> <li>Drive and sustain world-class safety standards (John)</li> <li>Develop company branding campaign in the hiring markets (Chris)</li> <li>Relaunch Duraco recognition and rewards program (Danielle)</li> <li>Establish formal onboarding processes &amp; plan (Danielle)</li> <li>Analyze and develop competitive compensation plans for sales (Danielle)</li> <li>Analyze and develop competitive compensation plans for non-sales functions (Danielle)</li> <li>Create, enhance and implement internal communications plan (Danielle)</li> <li>Create and implement employee health &amp; wellness programs (Danielle)</li> <li>Develop recruiting strategy (Danielle)</li> <li>Capture voice of employee e.g., survey, suggestion box, focus groups (Danielle)</li> <li>Develop performance management process (Danielle)</li> <li>Develop talent management and succession planning processes (Danielle)</li> </ul> | <ul style="list-style-type: none"> <li>Determine and develop robust IT structure (Rob)</li> <li>Implement new ERP (PM TBD)</li> <li>Design and implement BI / mgmt dashboards (Rob)</li> <li>Implement live production status at every work center including OEE (Laura)</li> <li>Evaluate, develop and implement best in class CRM (Andy)</li> <li>Implement new website with back end data layer to drive leads and insights into customer behavior (Chris)</li> <li>Implement one phone system with call mgmt system that gives real time status (Rob)</li> <li>Evaluate new technologies for data analytics (Rob)</li> <li>Implement HRIS (Danielle)</li> <li>Determine VoC i.e., what does the customer want in terms of technology informing them of what's happening (VP Sales)</li> <li>Design and implement RPA for order entry when received via email or fax (Rob)</li> </ul> |

# Preliminary Transition and Strategic Plan Calendar

|     | M                             | Tu  | W                                     | Th   | F  | Week |
|-----|-------------------------------|---|---------------------------------------|--|----|------|
| Oct |                               | 1   | 2                                     | 3  | 4  | 1    |
|     | 7                             | 8 <b>Strategic Planning Kickoff</b>       |                                       | 10   | 11 | 2    |
|     | 14                            | 15 Draft charters due by EOD              | 16 Individual charter review sessions | 17 Group charters review session               | 18 | 3    |
|     | 21                            | 22 <b>Q3 Quarterly Operational Review</b> | 23                                    | 24   | 25 | 4    |
|     | 28 Draft workplans due by EOD | 29 Individual workplan review sessions    |                                       | 31 Group workplan review session               | 1  | 5    |
| Nov | 4                             | 5 Final workplans due by EOD              | 6                                     | 7 ▲ 11:00am-12:00pm CT                         | 8  | 6    |
|     | 11                            | 12  | 13                                    | 14 <b>2020 AOP 1<sup>st</sup> Review (TBC)</b> | 15 | 7    |
|     | 18                            | 19 Draft 1 financial analyses due by EOD  | 20                                    | 21 <b>Oct MOR</b><br>▲ 11:00am-12:00pm CT      | 22 | 8    |
|     | 25                            | 26 Final financial analyses due by EOD    | 27                                    | 28 <b>Thanksgiving Holiday</b>                 |    | 9    |
| Dec | 2                             | 3   | 4                                     | 5 ▲ 11:00am-12:00pm CT                         | 6  | 10   |
|     | 9                             | 10  | 11                                    | 12 <b>2020 AOP 2<sup>nd</sup> Review (TBC)</b> | 13 | 11   |
|     | 16                            | 17  | 18                                    | 19 <b>Nov MOR</b><br>▲ 11:00am-12:00pm CT      | 20 | 12   |
|     | 23                            | 24 <b>Christmas Holiday</b>               |                                       | 26   | 27 | 13   |
|     | 30                            | 31  |                                       |  |    |      |

▲ Steering Committee Meeting

# Operational Review

# Commercial and Sales

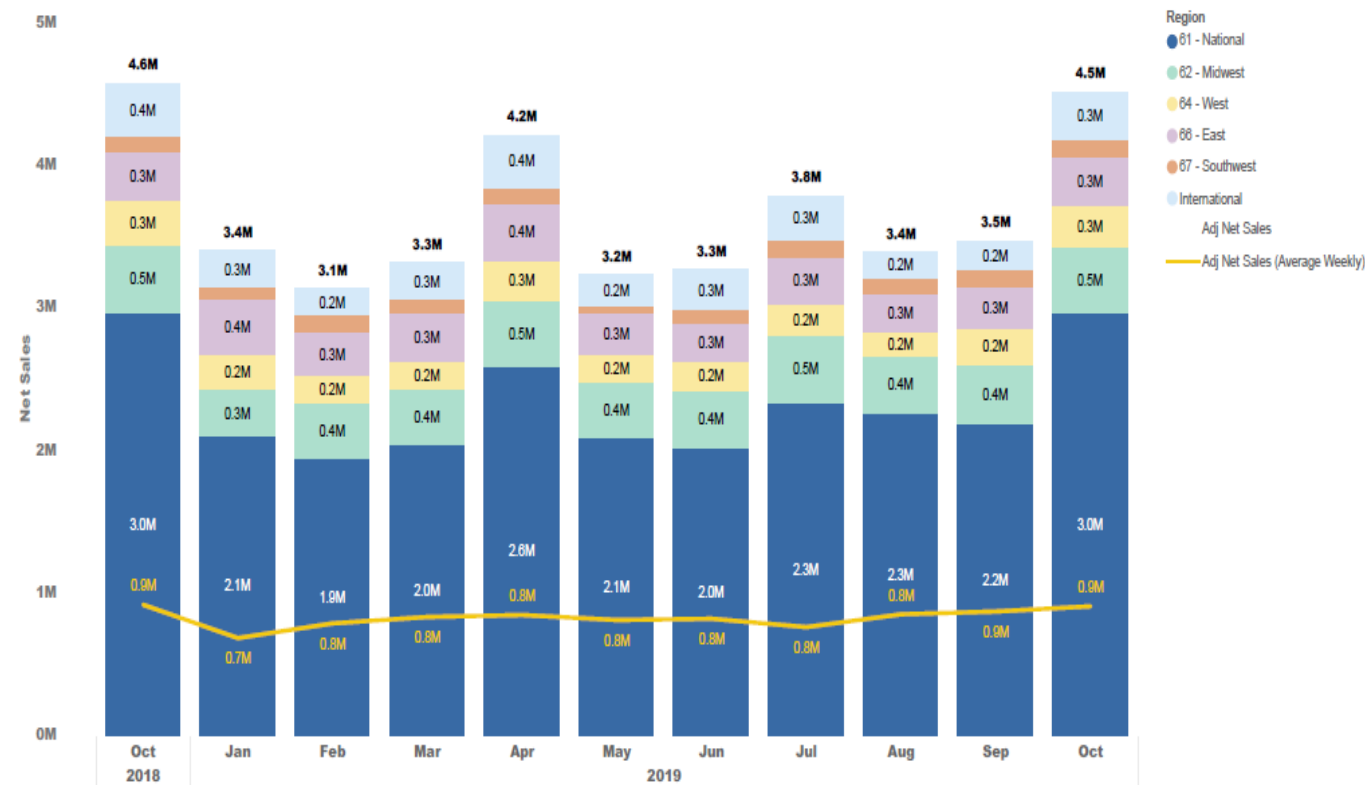


# Commercial Bowling Chart

| PRIORITY                       | 2018 YTD ACT |          | JAN     | FEB     | MAR     | APR     | MAY     | JUN     | JUL     | AUG     | SEP     | OCT     | NOV     | DEC     | FY2019   |
|--------------------------------|--------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|
| GROWTH                         |              |          |         |         |         |         |         |         |         |         |         |         |         |         |          |
| Specialty Tapes                | \$37,334     | PY       | \$3,759 | \$3,233 | \$3,423 | \$4,265 | \$3,602 | \$3,448 | \$3,893 | \$3,735 | \$3,407 | \$4,571 | \$3,361 | \$2,895 | \$43,590 |
|                                | \$37,535     | Plan     | \$3,440 | \$3,182 | \$3,415 | \$4,156 | \$3,565 | \$3,428 | \$4,126 | \$3,968 | \$3,654 | \$4,602 | \$3,583 | \$3,279 | \$44,397 |
|                                | \$35,677     | Fcst/Act | \$3,404 | \$3,172 | \$3,315 | \$4,259 | \$3,225 | \$3,268 | \$3,630 | \$3,460 | \$3,503 | \$4,441 | \$3,287 | \$3,016 | \$41,089 |
| Express Sites                  | \$10,431     | PY       | \$1,091 | \$910   | \$1,002 | \$1,254 | \$957   | \$936   | \$991   | \$1,034 | \$1,024 | \$1,233 | \$811   | \$834   | \$12,075 |
|                                | \$11,140     | Plan     | \$1,146 | \$974   | \$1,072 | \$1,342 | \$1,024 | \$1,002 | \$1,060 | \$1,107 | \$1,095 | \$1,319 | \$889   | \$892   | \$12,921 |
|                                | \$10,596     | Fcst/Act | \$1,048 | \$1,000 | \$1,026 | \$1,257 | \$895   | \$969   | \$1,142 | \$953   | \$1,077 | \$1,228 | \$889   | \$892   | \$12,376 |
| Point of Purchase              | \$15,047     | PY       | \$1,528 | \$1,244 | \$1,351 | \$1,589 | \$1,443 | \$1,384 | \$1,540 | \$1,640 | \$1,360 | \$1,970 | \$1,430 | \$1,207 | \$17,683 |
|                                | \$15,017     | Plan     | \$1,282 | \$1,219 | \$1,326 | \$1,539 | \$1,444 | \$1,387 | \$1,641 | \$1,726 | \$1,454 | \$1,999 | \$1,584 | \$1,402 | \$18,003 |
|                                | \$14,561     | Fcst/Act | \$1,281 | \$1,238 | \$1,342 | \$1,670 | \$1,340 | \$1,263 | \$1,463 | \$1,436 | \$1,434 | \$2,093 | \$1,430 | \$1,207 | \$17,198 |
| Consumer White Goods Appliance | \$4,756      | PY       | \$439   | \$423   | \$480   | \$543   | \$489   | \$434   | \$606   | \$310   | \$438   | \$592   | \$440   | \$373   | \$5,568  |
|                                | \$4,814      | Plan     | \$471   | \$390   | \$403   | \$504   | \$434   | \$453   | \$604   | \$470   | \$481   | \$604   | \$482   | \$482   | \$5,777  |
|                                | \$4,150      | Fcst/Act | \$461   | \$387   | \$320   | \$486   | \$359   | \$513   | \$452   | \$375   | \$382   | \$416   | \$398   | \$398   | \$4,946  |
| Industrials                    | \$3,360      | PY       | \$464   | \$302   | \$285   | \$336   | \$360   | \$369   | \$363   | \$304   | \$245   | \$331   | \$247   | \$240   | \$3,847  |
|                                | \$3,469      | Plan     | \$375   | \$302   | \$303   | \$355   | \$302   | \$303   | \$500   | \$327   | \$327   | \$375   | \$427   | \$302   | \$4,198  |
|                                | \$3,004      | Fcst/Act | \$330   | \$296   | \$291   | \$352   | \$284   | \$300   | \$314   | \$274   | \$241   | \$321   | \$280   | \$280   | \$3,564  |
| Europe                         | \$643        | PY       | \$46    | \$95    | \$4     | \$127   | \$84    | \$21    | \$85    | \$74    | \$43    | \$64    | \$135   | \$0     | \$0      |
|                                | \$320        | Plan     | \$0     | \$0     | \$40    | \$40    | \$40    | \$40    | \$40    | \$40    | \$40    | \$40    | \$40    | \$40    | \$400    |
|                                | \$354        | Fcst/Act | \$0     | \$0     | \$56    | \$85    | \$42    | \$33    | \$73    | \$33    | \$28    | \$2     | \$40    | \$40    | \$434    |
| Distributors                   | \$605        | PY       | \$40    | \$44    | \$78    | \$114   | \$74    | \$49    | \$45    | \$21    | \$77    | \$65    | \$51    | \$46    | \$701    |
|                                | \$664        | Plan     | \$40    | \$58    | \$58    | \$70    | \$68    | \$65    | \$77    | \$70    | \$71    | \$87    | \$66    | \$64    | \$794    |
|                                | \$443        | Fcst/Act | \$32    | \$36    | \$37    | \$82    | \$58    | \$32    | \$39    | \$66    | \$39    | \$23    | \$46    | \$46    | \$535    |
| Other                          | \$952        | PY       | \$54    | \$96    | \$91    | \$112   | \$104   | \$104   | \$103   | \$124   | \$68    | \$96    | \$157   | \$99    | \$1,208  |
|                                | \$1,250      | Plan     | \$120   | \$100   | \$100   | \$150   | \$120   | \$120   | \$150   | \$120   | \$120   | \$150   | \$120   | \$99    | \$1,469  |
|                                | \$1,540      | Fcst/Act | \$209   | \$98    | \$179   | \$109   | \$120   | \$125   | \$121   | \$170   | \$132   | \$277   | \$120   | \$99    | \$1,759  |
| New Products                   | \$0          | PY       | \$0     | \$0     | \$0     | \$0     | \$0     | \$0     | \$0     | \$0     | \$0     | \$0     | \$0     | \$0     | \$0      |
|                                | \$260        | Plan     | \$0     | \$0     | \$0     | \$0     | \$5     | \$5     | \$40    | \$40    | \$75    | \$95    | \$50    | \$40    | \$350    |
|                                | \$134        | Fcst/Act | \$0     | \$0     | \$0     | \$0     | \$1     | \$8     | \$10    | \$16    | \$34    | \$64    | \$50    | \$40    | \$224    |

# Sales Trend Overview

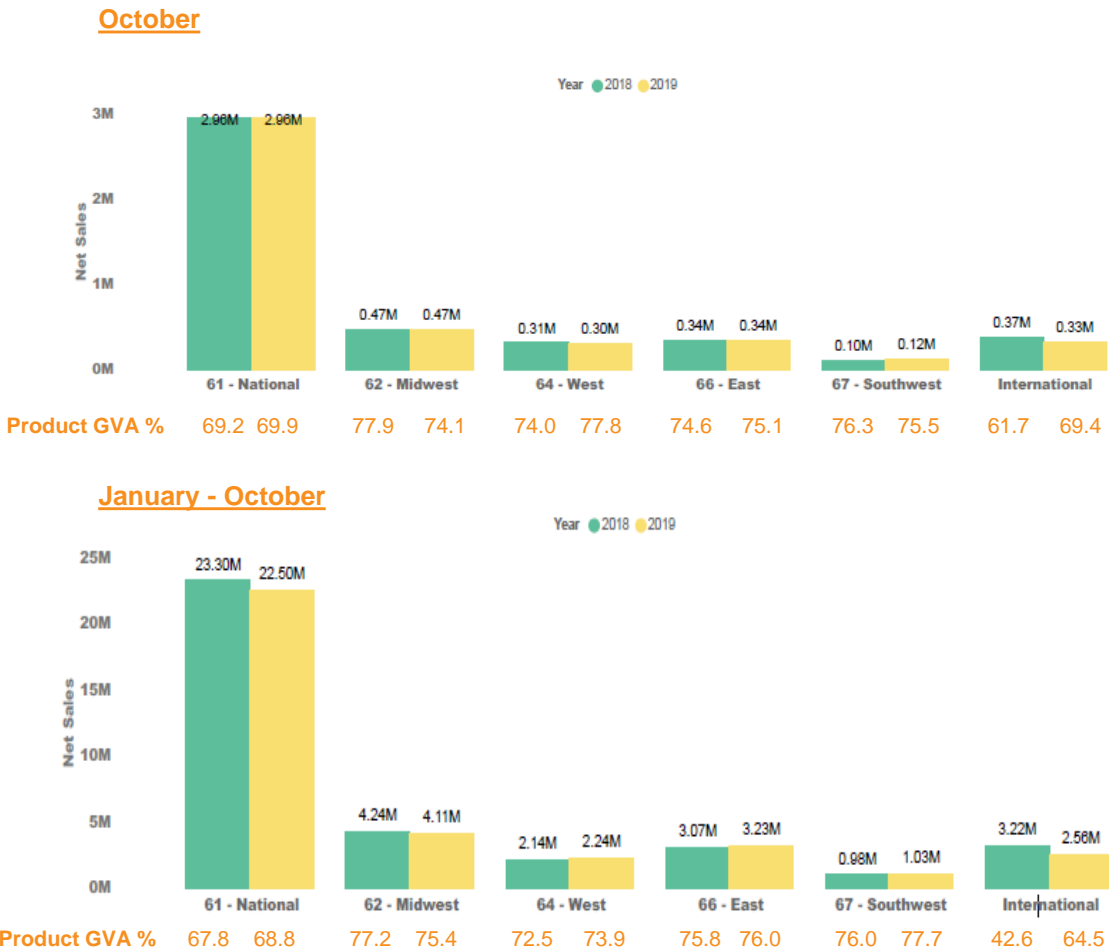
MONTHLY NET SALES BY FISCAL MONTH<sup>1</sup>



1. 5/4/4 weeks per quarter (i.e. January, April, July, and October are 5 weeks, while other months are 4 weeks)

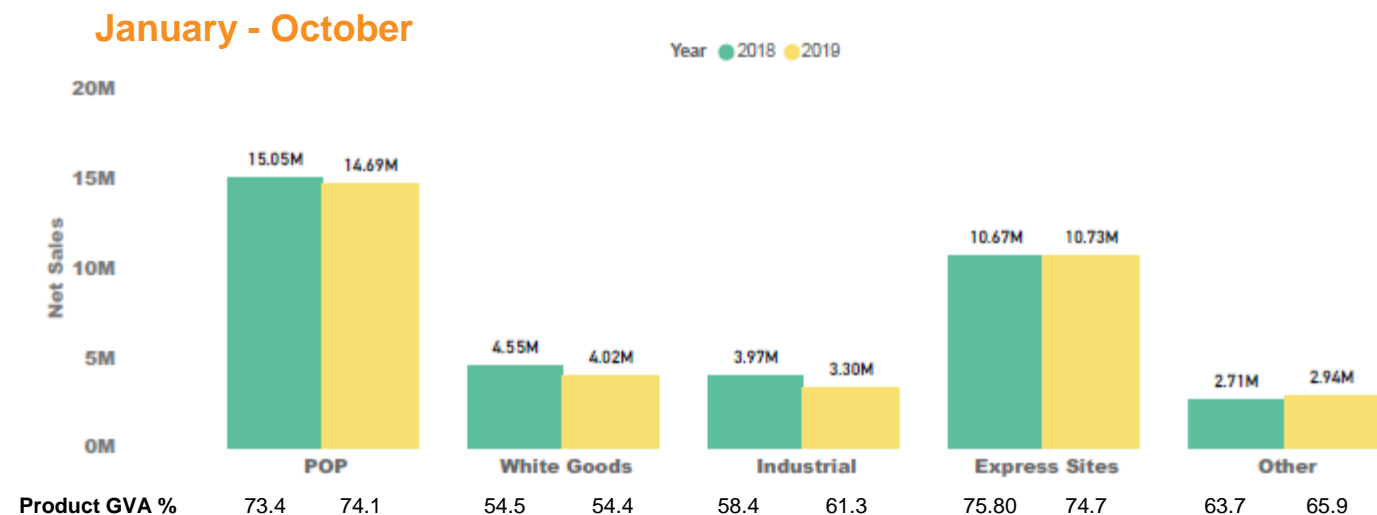
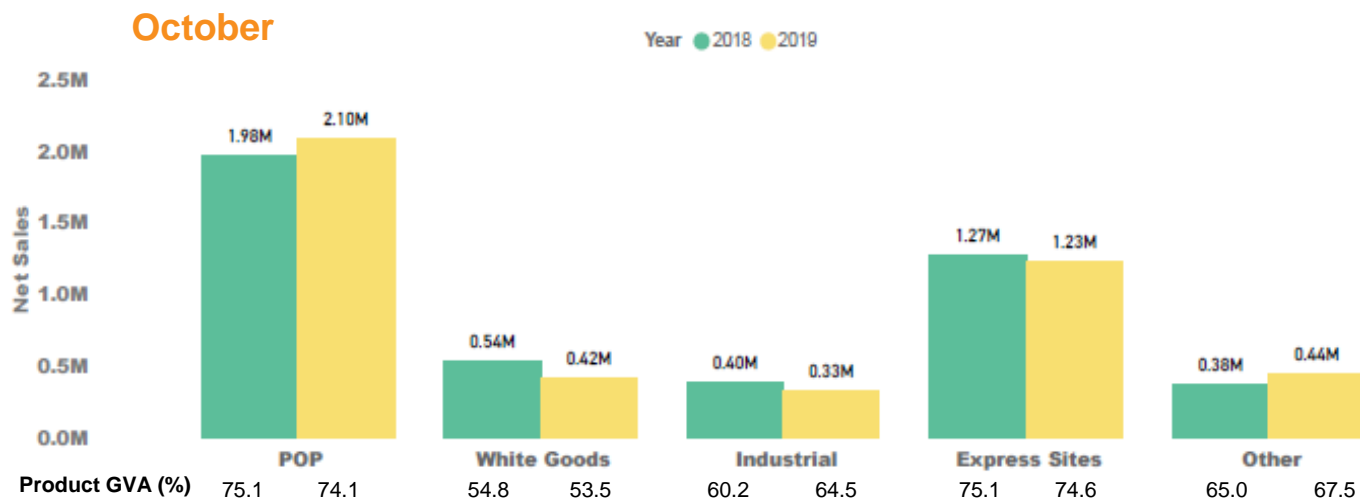


NET SALES CY VS. PY



# Comparable Sale by Customer Segment

## NET REVENUE BY CUSTOMER SEGMENT



## Management Discussion:

### POP segment up 3% for October; continued overall instability

- Large POP accounts up 5.6% MTD, down 2.1% YTD
- WestRock up \$188k YTD, October finished up 55% MoM, or \$35k
- Menasha down trend slowed with MoM, down 3.7%
- PCA, Kinter, Rapid Display, Pratt Display; broad growth versus PY

### Whirlpool continues to pull White Goods segment negative

- Continuing to struggle at Whirlpool struggling – down \$662k YTD
  - Whirlpool agreed to 2.5 year agreement
  - Whirlpool asked Duraco to quote \$500k of conversion products
- GE Appliance awarded new DHB business, expecting to begin shipping in February

### Industrial down 2.4% YTD

- Paroc is having quality concerns with cold temperature applications
- Duraco has won new business at Bradford Company, Ki Kruger, & Airstream
- Truck & Trailer gaining momentum on growth of online shopping – Stoughton Trailer up 16% in October, 9% YTD
- Donaldson Company – filters EOL program (\$105k), however, up 12% in October

### Wall Hanging customer beginning holiday ramp; Mixtiles, Circle Graphics, and PlanetArt all up over 2018

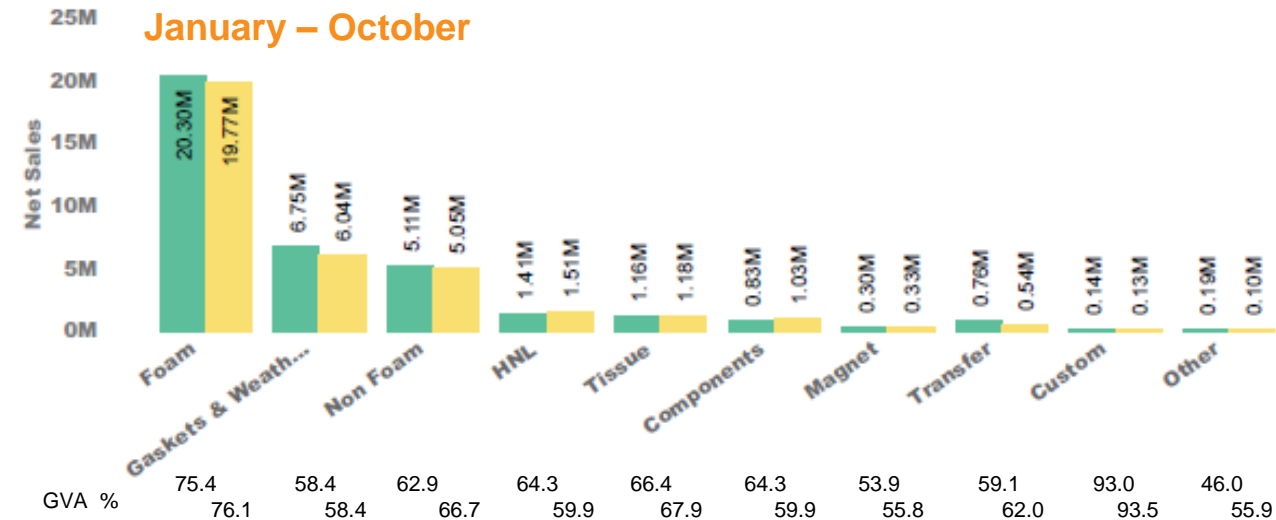
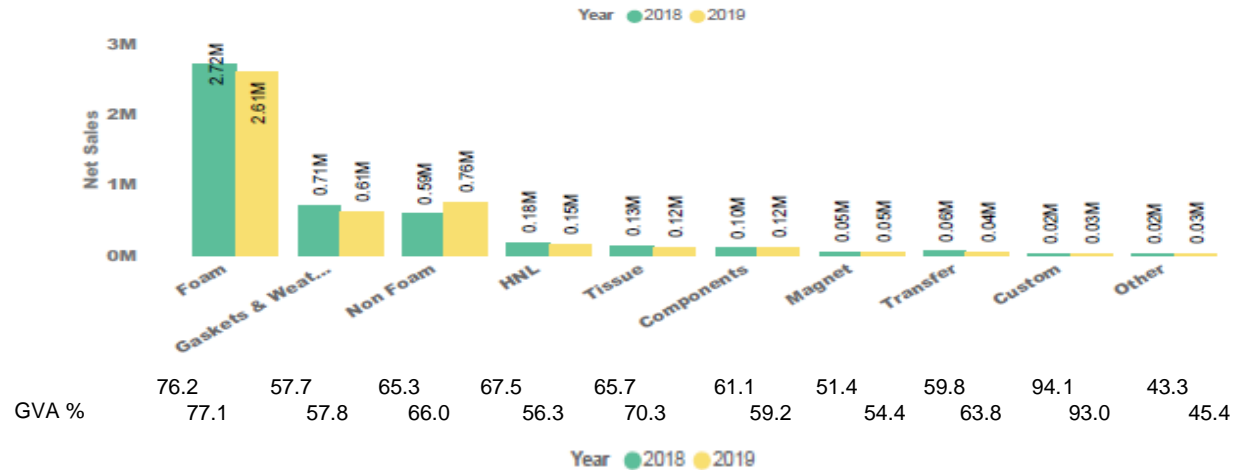
### Express Sites – sales trend down MoM past 3 months

- Closed 3 Express Sites on November 1st
- Working with SmartVentures on logistics model to support new geographic coverage model

# Comparable Sales by Product Category

NET SALES CY VS. PY

October



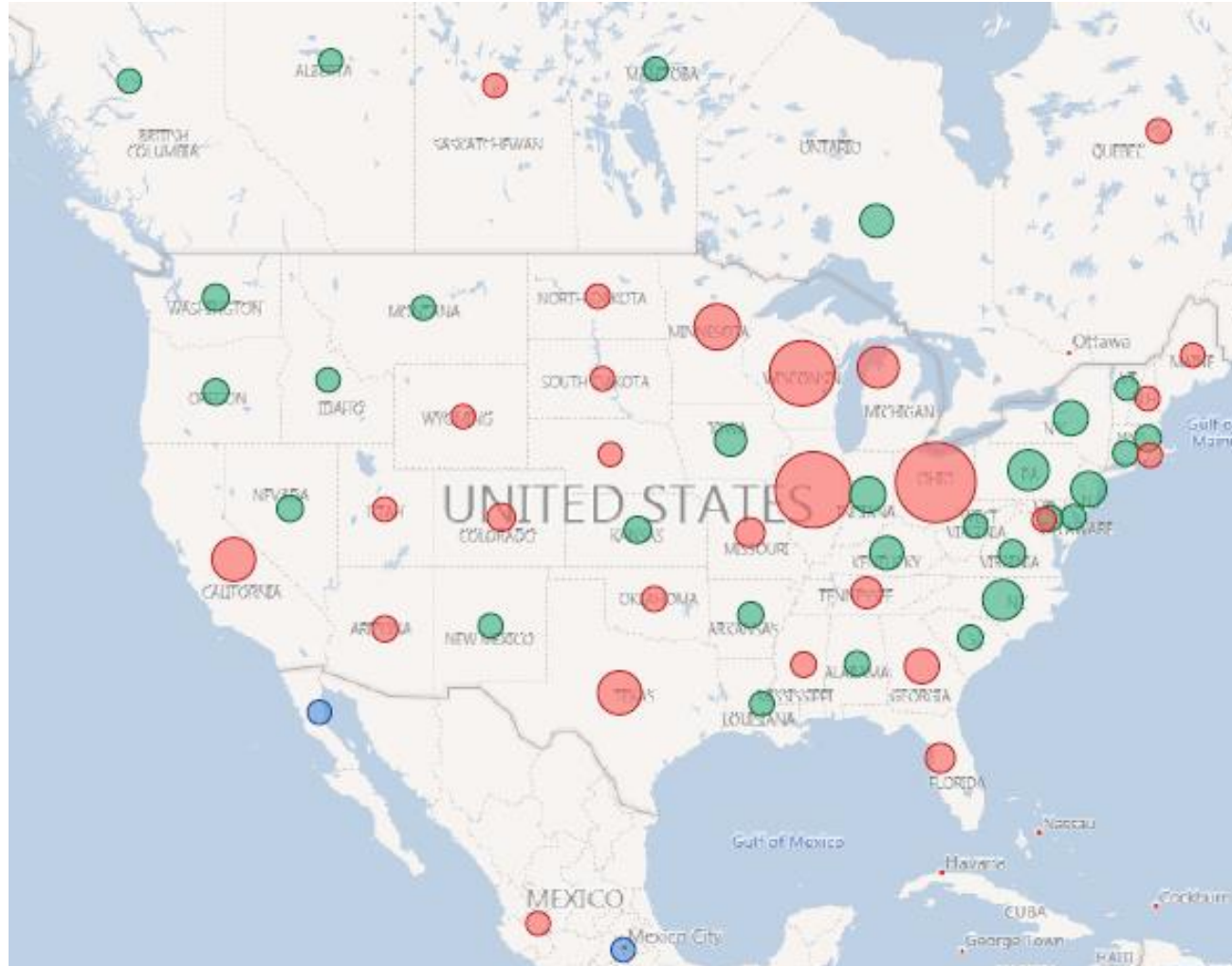
## Management Discussion:

- New products still continue to grow with 4581 breaking the \$100k threshold for YTD sales:
  - 4581 - \$100k
  - Remo One Plus - \$34k
- With development of 4581, much of sales and marketing push has been focused around Film Tape product family. This has been evident in October MTD increases in multiple lines:
  - 4481 – up \$33k
  - 4181 – up \$15k
  - 4503 – up \$12k
  - DK Film 2.0 – up \$17k
  - Duraco Red – up \$37k
- Weather Stripping & Gasket, after an increase in September, saw a fallback in October, being down \$96k (-13.36%). This was led by decreases in:
  - Whirlpool Family – down \$74k
  - G and C Equipment Manufacturing – down \$23k
  - Alliance Laundry – down \$16k
- Expectations for this decrease is for it to halt with new opportunities at Whirlpool and increased sales/marketing focus on Industrial markets
- Duraco High Bond also saw it's third decrease out of the last four months. YTD sales are down \$31k (-2.3%). Decrease mostly led by:
  - LaFrance –down \$78k
  - Siffron – down \$31k
  - Ambassador Press – down \$24k
- This work is being done to better understand technical aspects and better train sales staff

# Sales by Geography

## YTD SALES BY STATE AND YOY % CHANGE IN SALES

Size of the bubble = 2019 YTD sales; Red = decline vs. YTD PY; Green = growth vs. YTD PY;  
Based on delivered state



### Management Discussion:

- Large POP accounts down in MN, WI, IL
  - Imagine, Menasha, K International, ARI Packaging
- Whirlpool primary manufacturing locations are Marion, Clyde & Cleveland, OH and Benton Harbor, MI
- Broad POP base down in California
  - 17 of Top 20 down POP accounts are supported by LA Service Center

# Top Customers by MTD and YTD Sales and GVA

| Customer & Industry                                 | Current Month<br>Adj Net Sales | PY Month Adj<br>Net Sales | MoM Change<br>Adj Net Sales % | Current<br>Month GVA<br>% | PY Month<br>GVA % | Current Year<br>Adj Net Sales | Prior Year Adj<br>Net Sales | YoY Change in<br>Adj Net Sales<br>% | Current Year<br>GVA % | Prior Year<br>GVA % |
|---|--------------------------------|---------------------------|-------------------------------|---------------------------|-------------------|-------------------------------|-----------------------------|-------------------------------------|-----------------------|---------------------|
| Whirlpool (White Goods)                             | 268,890                        | 314,641                   | -15 %                         | 50 %                      | 49 %              | 2,452,298                     | 3,040,898                   | -19 %                               | 50 %                  | 50 %                |
| Essentra (Other)                                    | 142,788                        | 155,173                   | -8 %                          | 49 %                      | 53 %              | 1,002,955                     | 976,207                     | 3 %                                 | 52 %                  | 55 %                |
| Imagine Print Solutions (POP)                       | 134,862                        | 256,121                   | -47 %                         | 80 %                      | 77 %              | 887,024                       | 1,005,053                   | -12 %                               | 80 %                  | 78 %                |
| Menasha (POP)                                       | 92,732                         | 96,283                    | -4 %                          | 70 %                      | 71 %              | 873,416                       | 1,214,392                   | -28 %                               | 70 %                  | 68 %                |
| RR Donnelley (POP)                                  | 165,159                        | 110,459                   | 50 %                          | 66 %                      | 71 %              | 786,489                       | 800,911                     | -2 %                                | 69 %                  | 71 %                |
| WestRock (POP)                                      | 97,359                         | 62,878                    | 55 %                          | 76 %                      | 72 %              | 742,414                       | 553,522                     | 34 %                                | 74 %                  | 74 %                |
| Freeman (POP)                                       | 109,578                        | 73,755                    | 49 %                          | 69 %                      | 71 %              | 618,789                       | 552,908                     | 12 %                                | 70 %                  | 70 %                |
| PCA Corporation (POP)                               | 52,953                         | 44,330                    | 19 %                          | 84 %                      | 82 %              | 565,143                       | 449,592                     | 26 %                                | 83 %                  | 82 %                |
| Circle Graphics (POP)                               | 166,494                        | 102,293                   | 63 %                          | 74 %                      | 74 %              | 461,781                       | 432,930                     | 7 %                                 | 74 %                  | 74 %                |
| Mixtiles (Other)                                    | 107,721                        | 47,294                    | 128 %                         | 81 %                      | 82 %              | 441,299                       | 132,276                     | 234 %                               | 82 %                  | 79 %                |
| Siffron (POP)                                       | 23,697                         | 52,245                    | -55 %                         | 73 %                      | 78 %              | 377,461                       | 382,483                     | -1 %                                | 71 %                  | 66 %                |
| Paroc (Industrial)                                  | 2,106                          | 64,000                    | -97 %                         |                           | 33 %              | 353,526                       | 643,000                     | -45 %                               | 42 %                  | 33 %                |
| Hennessy Industries - Bada (Other)                  | 38,970                         | 39,406                    | -1 %                          | 61 %                      | 62 %              | 353,385                       | 362,236                     | -2 %                                | 61 %                  | 62 %                |
| Great Northern Corporation (POP)                    | 102,548                        | 77,868                    | 32 %                          | 83 %                      | 81 %              | 342,606                       | 218,776                     | 57 %                                | 83 %                  | 82 %                |
| Rapid Display (POP)                                 | 36,539                         | 39,462                    | -7 %                          | 80 %                      | 78 %              | 336,943                       | 291,012                     | 16 %                                | 77 %                  | 78 %                |
| Ampac (POP)   | 41,831                         | 10,896                    | 284 %                         | 56 %                      | 57 %              | 329,958                       | 179,789                     | 84 %                                | 57 %                  | 57 %                |
| Innomark (POP)                                      | 36,107                         | 34,096                    | 6 %                           | 76 %                      | 80 %              | 326,847                       | 385,715                     | -15 %                               | 77 %                  | 78 %                |
| Serigraph Incorporated (POP)                        | 41,096                         | 17,178                    | 139 %                         | 78 %                      | 77 %              | 312,344                       | 128,794                     | 143 %                               | 77 %                  | 77 %                |
| La France Corporation (White Goods)                 | 9,061                          | 88,618                    | -90 %                         | 68 %                      | 68 %              | 309,059                       | 420,234                     | -26 %                               | 70 %                  | 70 %                |
| Alliance Laundry Systems LLC (White Goods)          | 37,245                         | 53,007                    | -30 %                         | 65 %                      | 65 %              | 296,311                       | 324,215                     | -9 %                                | 65 %                  | 64 %                |
| Donaldson (Industrial)                              | 29,715                         | 27,344                    | 9 %                           | 63 %                      | 66 %              | 296,228                       | 402,975                     | -26 %                               | 58 %                  | 60 %                |
| Flower City Printing Company (POP)                  | 44,446                         | 25,412                    | 75 %                          | 77 %                      | 76 %              | 289,330                       | 299,029                     | -3 %                                | 77 %                  | 69 %                |
| Plastic Products Company Incorporated (White Goods) | 22,264                         | 14,149                    | 57 %                          | 47 %                      | 47 %              | 257,548                       | 120,647                     | 113 %                               | 47 %                  | 47 %                |
| Bay Cities Container Corporation (POP)              | 52,085                         | 35,047                    | 49 %                          | 81 %                      | 84 %              | 255,253                       | 164,203                     | 55 %                                | 83 %                  | 84 %                |
| QUAD GRAPHICS NEW BERLIN (POP)                      | 59,729                         | 54,136                    | 10 %                          | 76 %                      | 82 %              | 249,417                       | 180,263                     | 38 %                                | 78 %                  | 81 %                |
| Stumps Shindigz (POP)                               | 41,017                         | 4,601                     | 792 %                         | 75 %                      | 73 %              | 240,067                       | 60,558                      | 296 %                               | 75 %                  | 73 %                |
| Stoughton Trailers Incorporated (Industrial)        | 25,683                         | 22,121                    | 16 %                          | 44 %                      | 44 %              | 237,574                       | 218,625                     | 9 %                                 | 42 %                  | 48 %                |
| ATLANTIC PACKAGING (Other)                          | 17,777                         | 42,698                    | -58 %                         | 68 %                      | 66 %              | 225,049                       | 341,661                     | -34 %                               | 69 %                  | 66 %                |
| PRESSURE SENSITIVE NETWORK (POP)                    | 14,308                         | 13,149                    | 9 %                           | 63 %                      | 60 %              | 197,859                       | 157,569                     | 26 %                                | 57 %                  | 53 %                |
| B & R Moll Incorporated (POP)                       | 895                            | 3,327                     | -73 %                         | 59 %                      | 71 %              | 195,917                       | 77,743                      | 152 %                               | 57 %                  | 66 %                |
| SCHNEIDER ELECTRIC MEXICO (Industrial)              | 18,058                         | 17,773                    | 2 %                           | 66 %                      | 60 %              | 190,178                       | 161,168                     | 18 %                                | 65 %                  | 62 %                |
| Bernard Group (POP)                                 | 31,037                         | 33,031                    | -6 %                          | 84 %                      | 82 %              | 182,052                       | 152,691                     | 19 %                                | 80 %                  | 81 %                |
| BRADFORD COMPANY (Industrial)                       | 21,284                         | 7,559                     | 182 %                         | 24 %                      | 27 %              | 169,080                       | 84,133                      | 101 %                               | 25 %                  | 24 %                |
| K International (POP)                               | 21,409                         | 3,535                     | 506 %                         | 86 %                      | 86 %              | 166,621                       | 216,665                     | -23 %                               | 85 %                  | 81 %                |
| GE Appliances (White Goods)                         | 19,451                         | 18,432                    | 6 %                           | 41 %                      | 36 %              | 159,679                       | 102,709                     | 55 %                                | 42 %                  | 36 %                |
| <b>Total</b>  | <b>4,511,287</b>               | <b>4,567,376</b>          | <b>-1 %</b>                   | <b>70 %</b>               | <b>70 %</b>       | <b>35,676,402</b>             | <b>36,944,911</b>           | <b>-3 %</b>                         | <b>69 %</b>           | <b>69 %</b>         |



# Sales Breakdown by Company and Segment

YoY Net Sales

| sales_tier            | POP   | White Goods | Industrial | Other | Total   |
|-----------------------|-------|-------------|------------|-------|---------|
| <\$1,000              | 361K  | 5K          | 63K        | 68K   | 497K    |
| <\$1,000 - \$15,000   | -164K | -7K         | -34K       | -112K | -317K   |
| \$15,000 - \$50,000   | -608K | 31K         | -125K      | -87K  | -789K   |
| \$50,000 - \$100,000  | -138K | -39K        | 56K        | 87K   | -34K    |
| \$100,000 - \$250,000 | 109K  | 201K        | 36K        | -272K | 74K     |
| >\$250,000            | -471K | -728K       | -403K      | -97K  | -1,699K |
| Other                 | 322K  | 13K         | -51K       | 716K  | 999K    |
| Total                 | -589K | -523K       | -459K      | 302K  | -1,269K |

YoY % Change in Net Sales

| sales_tier            | POP   | White Goods | Industrial | Other | Total |
|-----------------------|-------|-------------|------------|-------|-------|
| <\$1,000              | 87 %  | 319 %       | 93 %       | 31 %  | 71 %  |
| <\$1,000 - \$15,000   | -4 %  | -20 %       | -4 %       | -28 % | -6 %  |
| \$15,000 - \$50,000   | -14 % | 15 %        | -12 %      | -20 % | -13 % |
| \$50,000 - \$100,000  | -4 %  | -100 %      | 5 %        | 31 %  | -1 %  |
| \$100,000 - \$250,000 | 3 %   | 42 %        | 4 %        | -51 % | 1 %   |
| >\$250,000            | -7 %  | -19 %       | -38 %      | -6 %  | -12 % |
| Other                 | 284 % | Infinity    | -36 %      | 104 % | 106 % |
| Total                 | -3 %  | -12 %       | -9 %       | 7 %   | -3 %  |

YoY GVA

| sales_tier            | POP   | White Goods | Industrial | Other | Total |
|-----------------------|-------|-------------|------------|-------|-------|
| <\$1,000              | 287K  | 3K          | 47K        | 57K   | 394K  |
| <\$1,000 - \$15,000   | -126K | -5K         | -34K       | -81K  | -246K |
| \$15,000 - \$50,000   | -499K | 19K         | -91K       | -52K  | -623K |
| \$50,000 - \$100,000  | -115K | -43K        | -2K        | 64K   | -96K  |
| \$100,000 - \$250,000 | 97K   | 107K        | 17K        | -184K | 37K   |
| >\$250,000            | -200K | -403K       | -147K      | -99K  | -849K |
| Other                 | 199K  | 9K          | -21K       | 565K  | 752K  |
| Total                 | -357K | -313K       | -231K      | 270K  | -631K |

YoY % Change in GVA

| sales_tier            | POP   | White Goods | Industrial | Other | Total |
|-----------------------|-------|-------------|------------|-------|-------|
| <\$1,000              | 94 %  | 257 %       | 92 %       | 34 %  | 75 %  |
| <\$1,000 - \$15,000   | -5 %  | -25 %       | -6 %       | -26 % | -7 %  |
| \$15,000 - \$50,000   | -16 % | 12 %        | -13 %      | -19 % | -14 % |
| \$50,000 - \$100,000  | -5 %  | -100 %      | -0 %       | 31 %  | -3 %  |
| \$100,000 - \$250,000 | 3 %   | 45 %        | 3 %        | -52 % | 1 %   |
| >\$250,000            | -4 %  | -20 %       | -32 %      | -10 % | -10 % |
| Other                 | 222 % | Infinity    | -29 %      | 114 % | 114 % |
| Total                 | -2 %  | -13 %       | -8 %       | 10 %  | -3 %  |

## Management Discussion:

### POP segment makes up 63% of sales and 67% of profits

- Chung Lam is international and down \$334k in sales for business that will not repeat.
- Menasha down \$340k in YTD sales for company 61
- Serigraph up \$142k YTD in GVA
- Geographic sales coverage important to maintain customer support as market changes continue

### White Goods makes up 11% of sales and 8% of profits

- Whirlpool is down \$570k in sales and \$280k in GVA

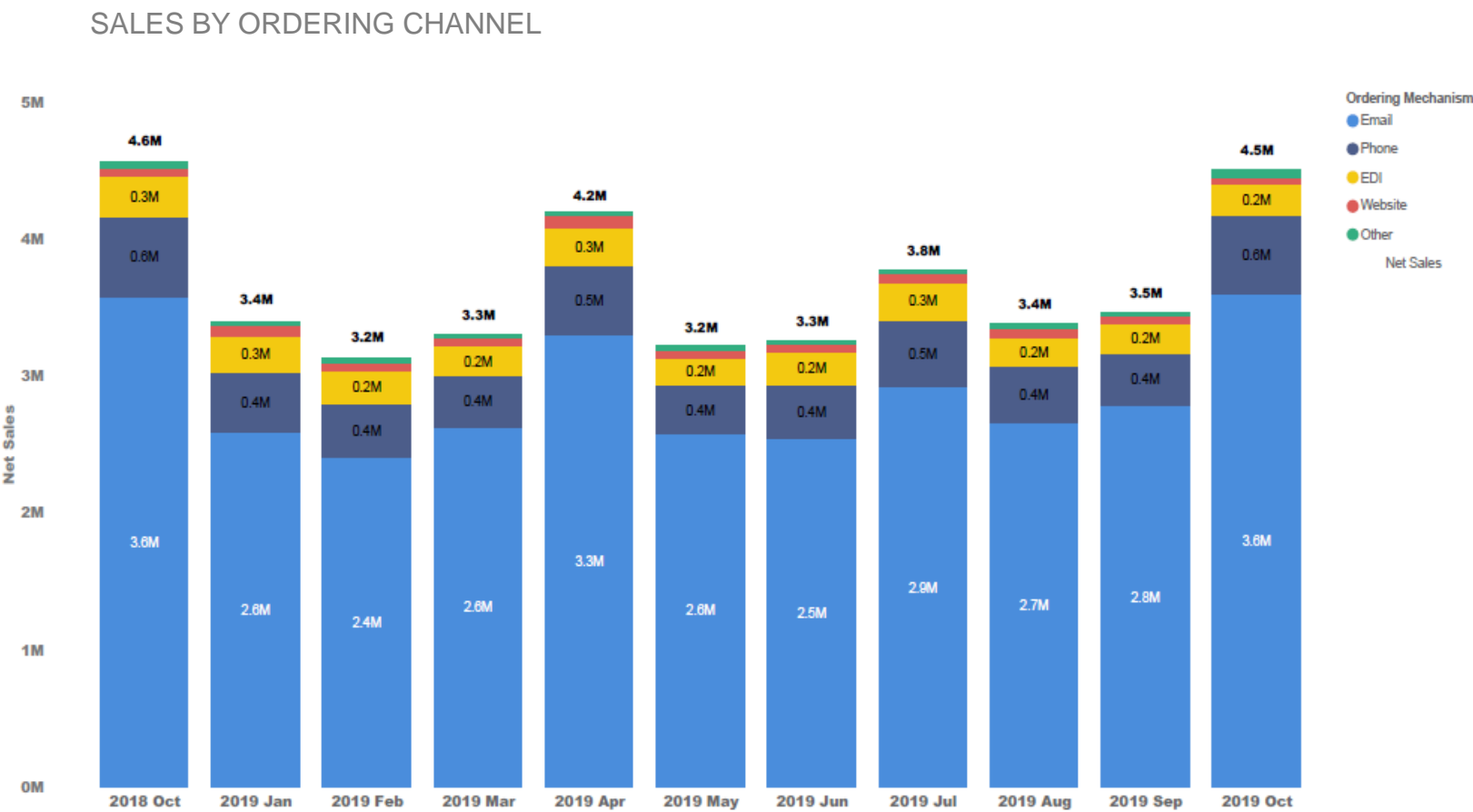
### Other makes up 13% of revenue and 13% of profits

- Growth is driven by wall hangings customers Mixtiles and PlanetArt who are up \$399k in sales
- Automotive segment hurting by the loss of Undercover down \$212k in sales

### Industrial makes up 13% of sales and 12% of profits

- Geographic sales coverage allows for more focus on each territory
- Working with SmartVentures to build plan supporting greater "go-to-market" strategy; web, distribution, converters
- Looking at low GVA customers for strategic pricing action

# Sales Trend Overview



## Management Discussion:

### Email is ~80% of current ordering method

- The orders are generally sent as PDFs and manually entered in our CRM (MSS) by the customer service team

### EDI is exclusively for Whirlpool, but not true EDI

- Explore move more customers to EDI when we have a new ERP system

### The Other category includes orders by: fax, customer's website, postal mail, and orders called in by a Duraco Sales Person

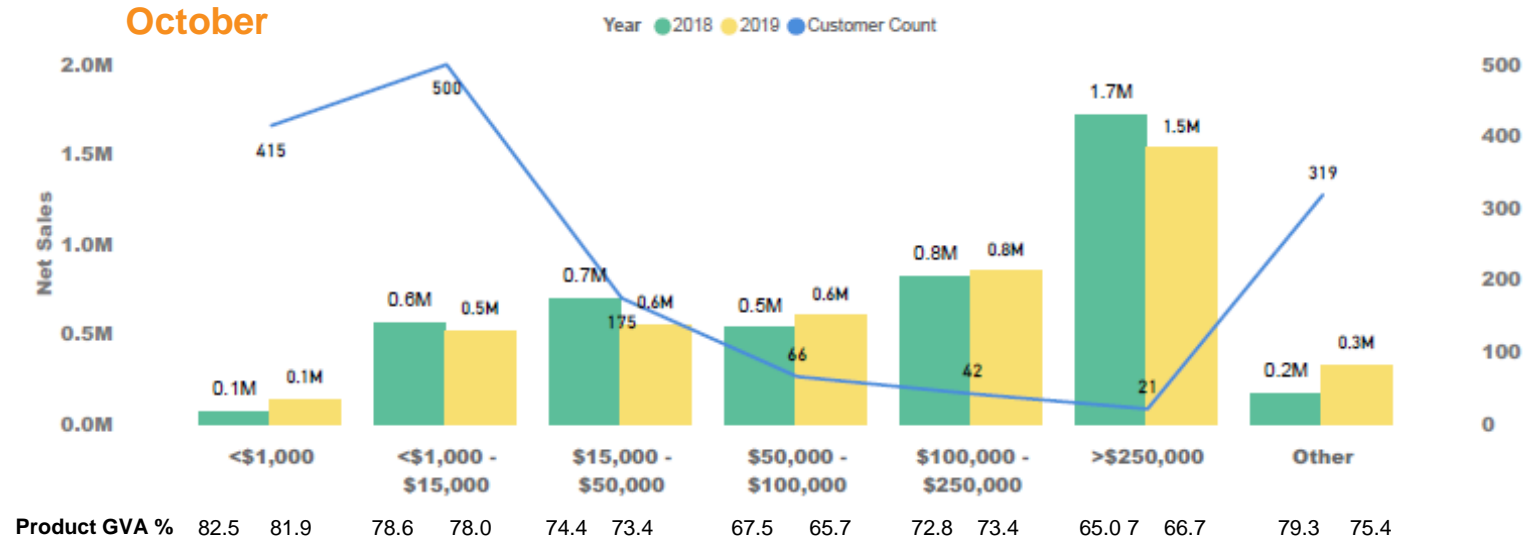
- The majority of revenue in this category comes from faxes

### The new website will have the functionality and ease of use to provide a better customer experience



# Comparable Sales by Customer Size

## SALES BY CUSTOMER SIZE<sup>1</sup>



## Management Discussion:

### \$250k+ (22 accounts)

- Whirlpool represents the biggest decline, down \$589k YTD or (19%)
- Menasha is down \$339k (28%) YTD and WestRock is up \$188k (34%) YTD
- Chung Lam is project-based business that is not repeating, down \$334k

### \$100k - \$250k (48 accounts)

- This Tier is growing despite Undercover moving business before year started, down \$212k YTD
- Major growth drivers are POP accounts Plastic Products, GNC, Serigraph, Quad Graphics, Bay City Containers. GE Appliances has also grown 55% YTD and new projects are still being won

### \$50 - \$100k (76 accounts)

- Halstead represents a decrease of \$79k. Biggest growth accounts are Stumps Shindigz \$179k and B&R Moll \$118k

### \$15k - \$50k (248 accounts)

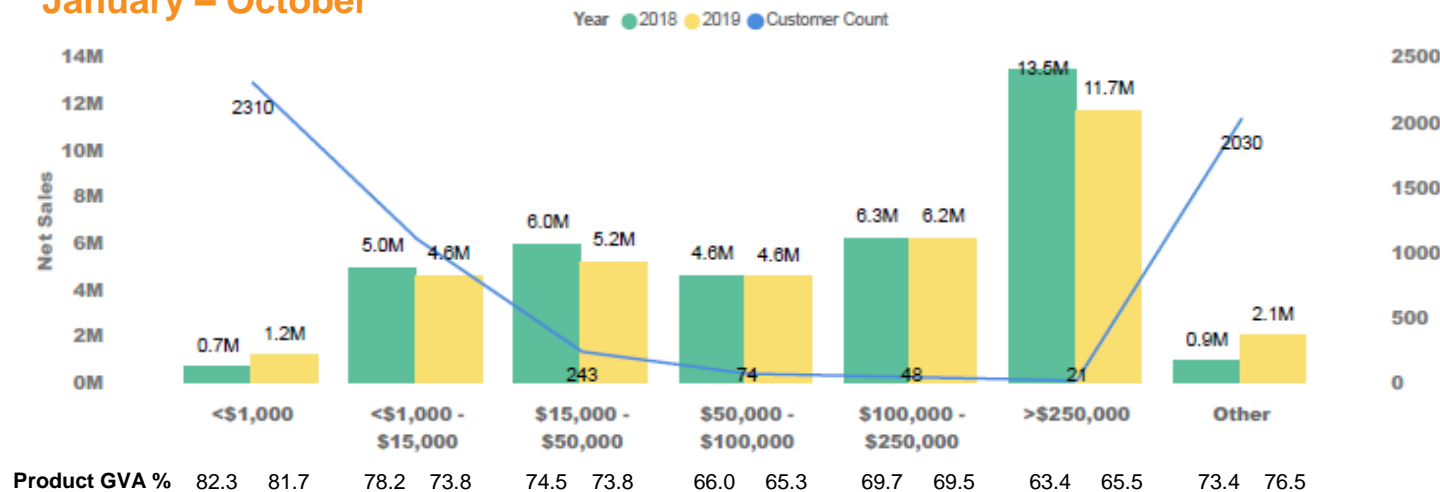
- This tier is down \$789k YTD. The decline is a combination of projects not repeating and business lost. These customers will be supported by Outside & Inside Sales going forward

### \$1k to \$15k

- Tier is down \$322k YTD. These accounts will be a focus when we rebuild and align the inside sales team

**Other category is customers that were new in 2018 or 2019**

## January – October

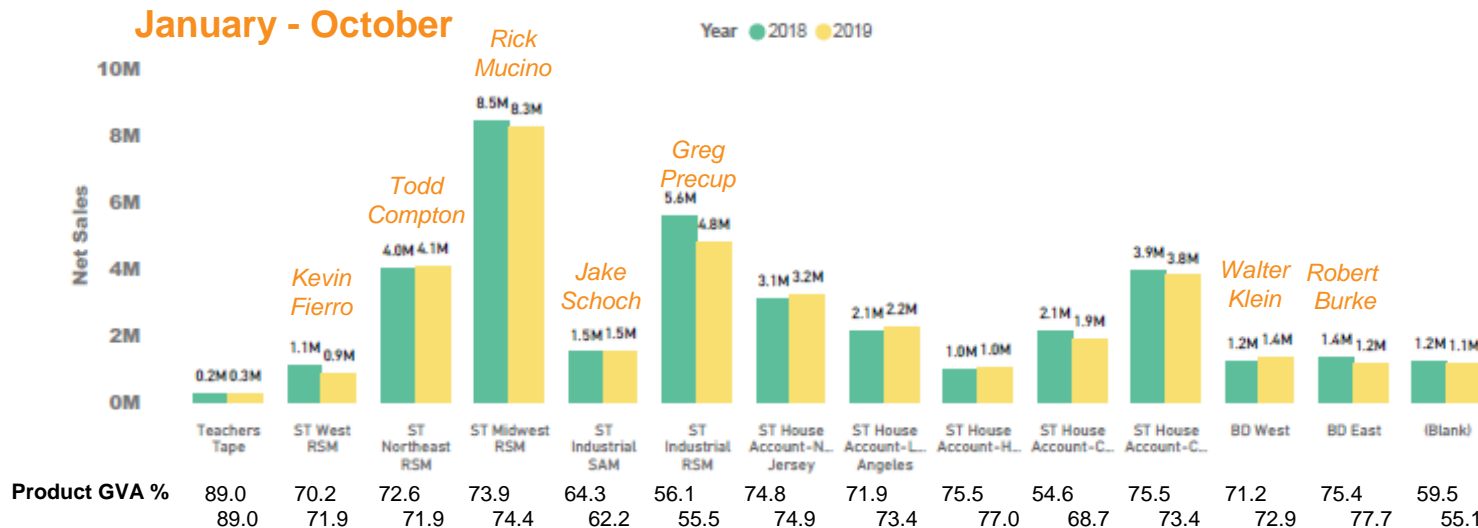
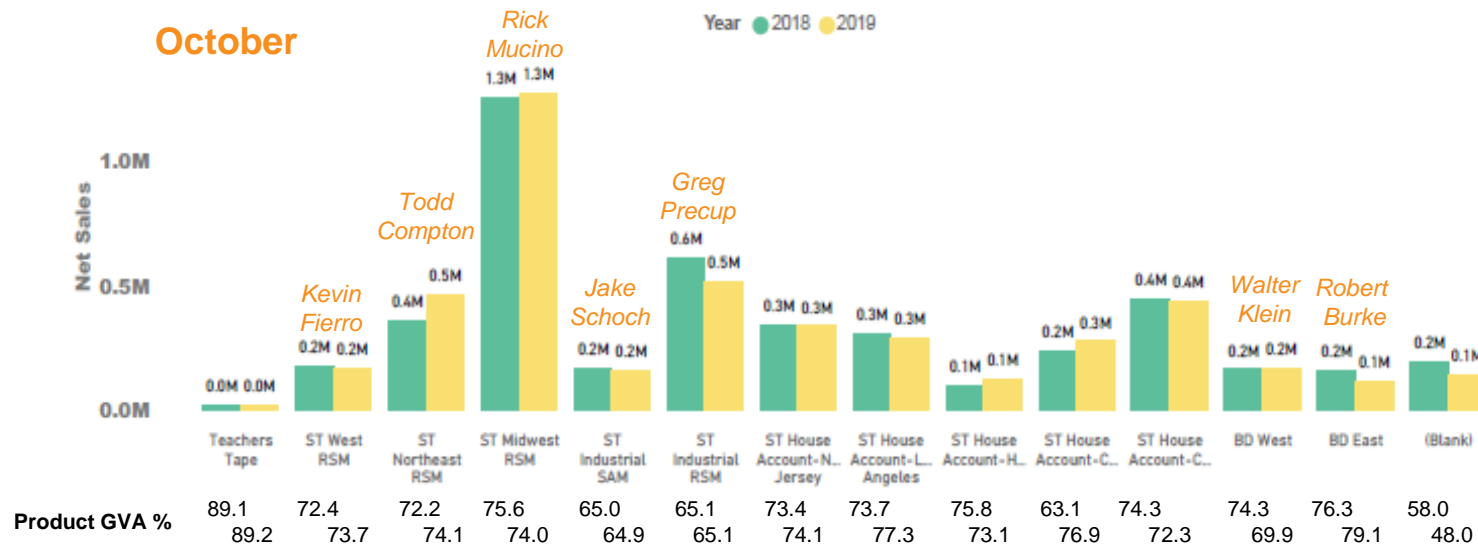


\*\*\* "Other" customers are those that joined in the current or prior fiscal year

# Sales Trend Overview

## SALES BY TERRITORY

Express Site Sales are tied to a territory rather than salesperson



\*\*\* "Other" are sales to Essentra and legacy customers of Essentra transferred to Duraco

## Management Discussion:

**Service Centers closed November 1<sup>st</sup>, moving to centralized inside sales team**

- High churn rate and lack of lead conversion process within Service Centers
- Working with SmartVentures to develop logistics supply chain model to support North America coverage from Duraco HQ

**Currently supporting Southeast and Southwest territories from other regional sales people – Limits time for customer facing call**

**Industrial RSM down \$863k YTD primarily Whirlpool down \$663k**

- GE Appliance awarded DHB scheduled to begin shipping February
- Up MoM; Extang, 522%, Plastic Products Co, 58%, Donaldson 12%, TH Plastics, 15%, Quantum Plastics, 175%
- Down YTD; Undercover \$213k, Donaldson \$103k

**Midwest RSM responsible for all large POP customers; October, up 1.0% MoM, YTD down \$197k or -2.3%**

- Up MoM; WestRock 55%, RR Donnelley 51%, Sonoco 80%, PCA 21%, Chief Container 418%, GNC 75%
- Down YTD; Menasha \$340k or -28%, Imagine \$118k or -12%, Artemax \$84k or 67%, Atlantic Packaging \$116k or -34%, RR Donnelley, \$13k, or -1.7%

**Northeast RSM started with Duraco in February 2019, down 16% MoM, down 1.0% YTD**

- HAVI competing against Ampac for the McDonald's "to go" bags
- Up MoM; Ampac, 354%, Flower City Printing 75%, Multi Packaging Solutions 138%, KD Services \$11k
- Down YTD; Miller Studio \$89k or -42%, Commercial Cutting & Graphics, \$50k or -54%, Summit Manufacturing \$72k or -84%

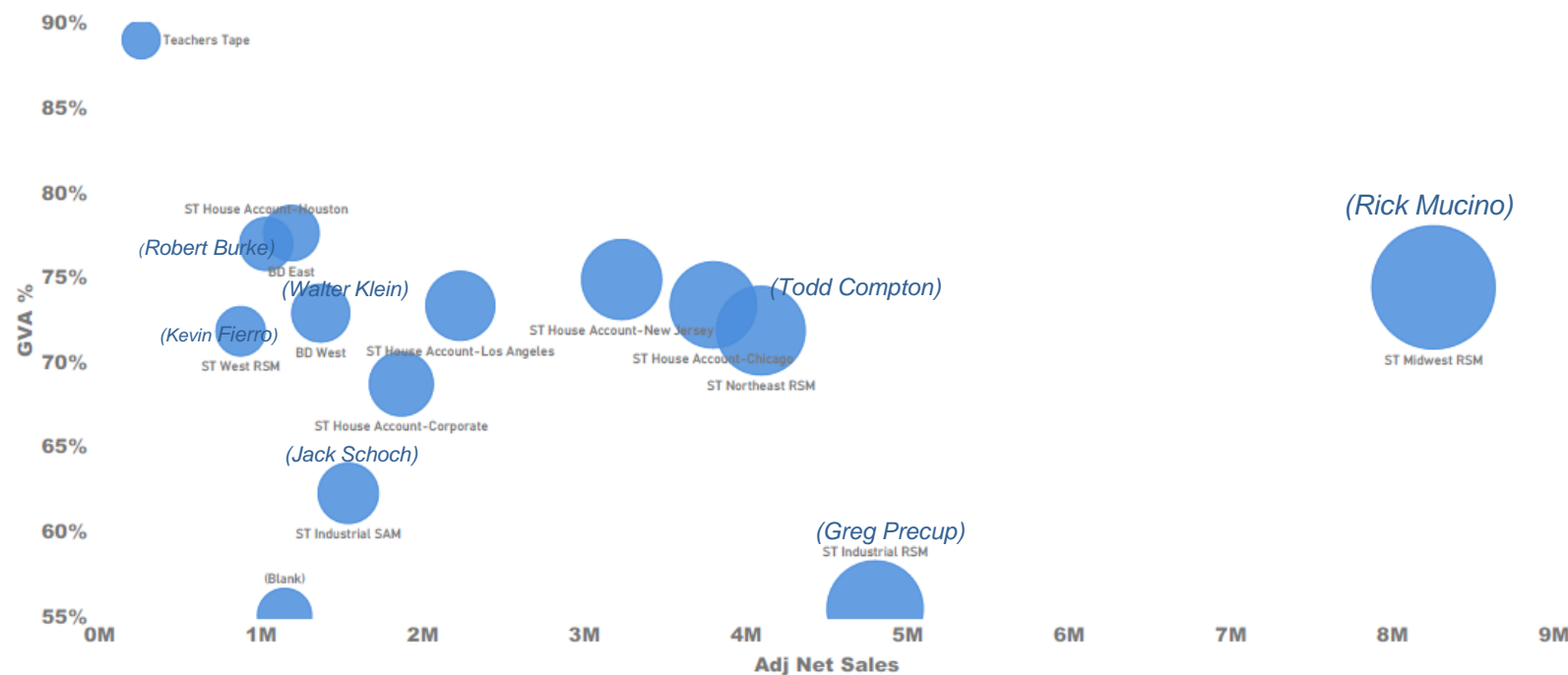
**Business Development West positive month and YTD; up 4.9% & 11.7% YTD**

- Stumps Shindigz \$41k, Rand Graphics \$22k

# Sales Rep Efficiency

## SALES REP TRAILING THREE MONTHS

Net revenue contribution vs. Gross Margin



## Management Discussion:

SmartVentures is assisting with a study of the sales and commercial functions

- Plan to address Sales group performance, go-to-market strategy, distribution channels, markets served, territory alignment, data metrics, pricing and discounting review, Sales group compensation, CRM, Sales operations, and Sales training program

- Action Plan and Road Map for implementation starting 2020

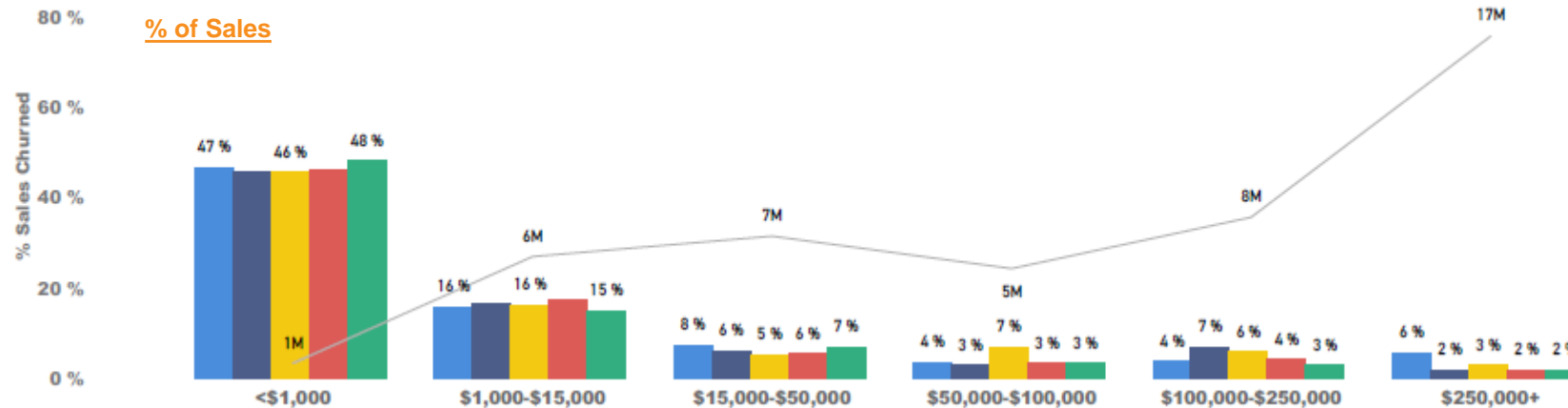
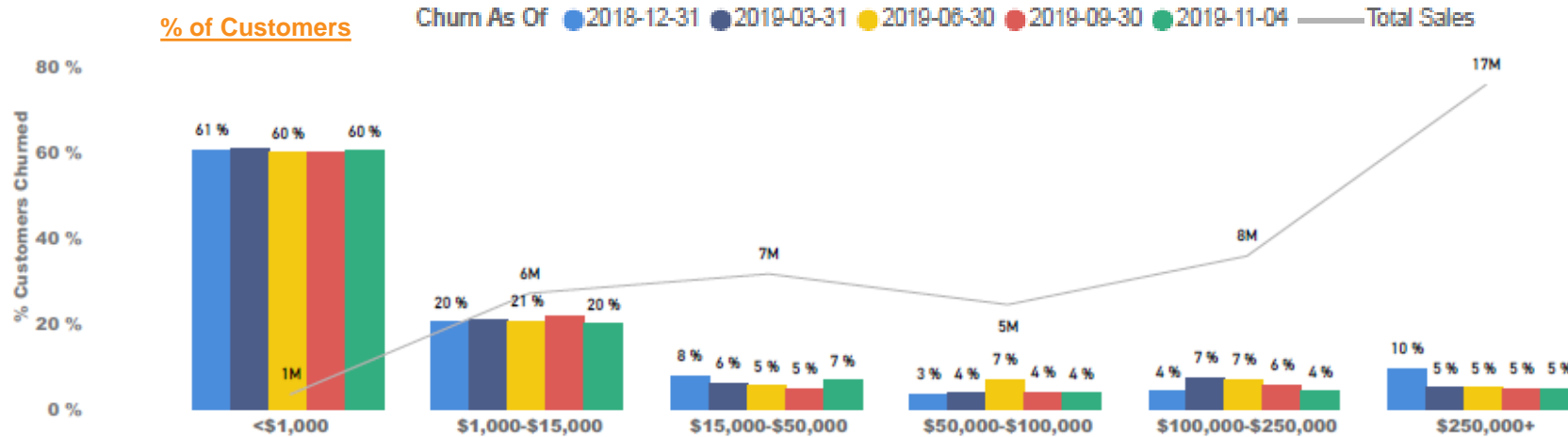
## Details:

- Rick Mucino (Midwest) has the majority of large POP customers
- Greg Precup (Industrial / Appliance) supports Whirlpool and other appliance customers
- Kevin Fierro (West) – the volume is low for the greater geography
  - Duraco is underpenetrated in the Texas market...lack sales resource
- Todd Compton (Northeast) has a blend of POP & Other accounts, and supports Canada
- Jack Schoch (Industrial) managing small, lower margin accounts
- Teacher's Tape has untapped potential...working with SmartVentures

# Sales Trend Overview

## CUSTOMER CHURN

Defined as customers whose trailing 12-month product revenue is less than 10% of the 12-24 month product revenue, excluding Teachers Tapes (B2C channel)



Customer spend (12-24 months ago)



## Management Discussion:

### Churn rate for >\$50k improved from 7 to 5 accounts

- Duraco understands the churn for each account

### Between \$15k - \$50k increased from 12 to 16 accounts

### Accounts below \$15k improved from 3239 to 3179

- Duraco to improve our online ordering process
- Building stronger inside sales and customer support teams to promote a better customer experience for small to medium size customers

### Details:

Customers \$250k+ (1 account)

- Chung Lam: End of life part for Target Store

Customers \$100k - \$250k (1 account)

- Halstead: Lack of programs and low demand for their decorative wall planks

Customers \$50k - \$100k (2 accounts)

- Wilbert Plastics: End of life part, and no longer a tier 1 for Whirlpool
- Baesman Group: Decline is project based. Inside sales is actively working on new projects and products

Customers \$15k - \$50k (16 accounts)

- The majority of these customers are handled by the inside sales team
- Each of these accounts will receive a call and a potential sales visit to understand lost revenue

Customers \$1k - \$15k (improvement from 305 accounts to 278)

- These accounts are handled by inside sales
- Accounts this size will be a focus as we build and align the inside sales team

Customers under \$1k (improvement from 2934 to 2901 accounts)

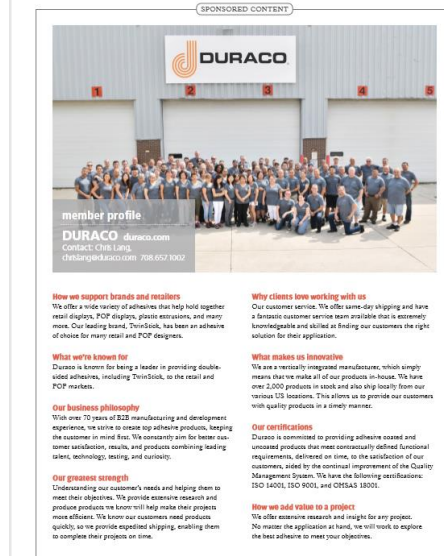
- Churn is flat and could potentially reduced by a more user friendly website

# Marketing Overview

# October Retrospective

## OVERVIEW OF ACTIVITIES THAT OCCURRED DURING THE PRIOR MONTH

- The marketing department communicated through a variety of channels to generate **162 leads** in October.
- Leads are defined as contacts who complete a form fill for a sample request.
- The following channels were utilized:
  - Assembly Magazine
  - Design: Retail
  - Shop!
  - Direct Mail
  - Printing Impressions
  - Creative Magazine
- To view the Q4 IMC calendar, please see **Appendix**.



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see together connect online at altopassocation.org

# Operations and Manufacturing

# Operations Dashboard

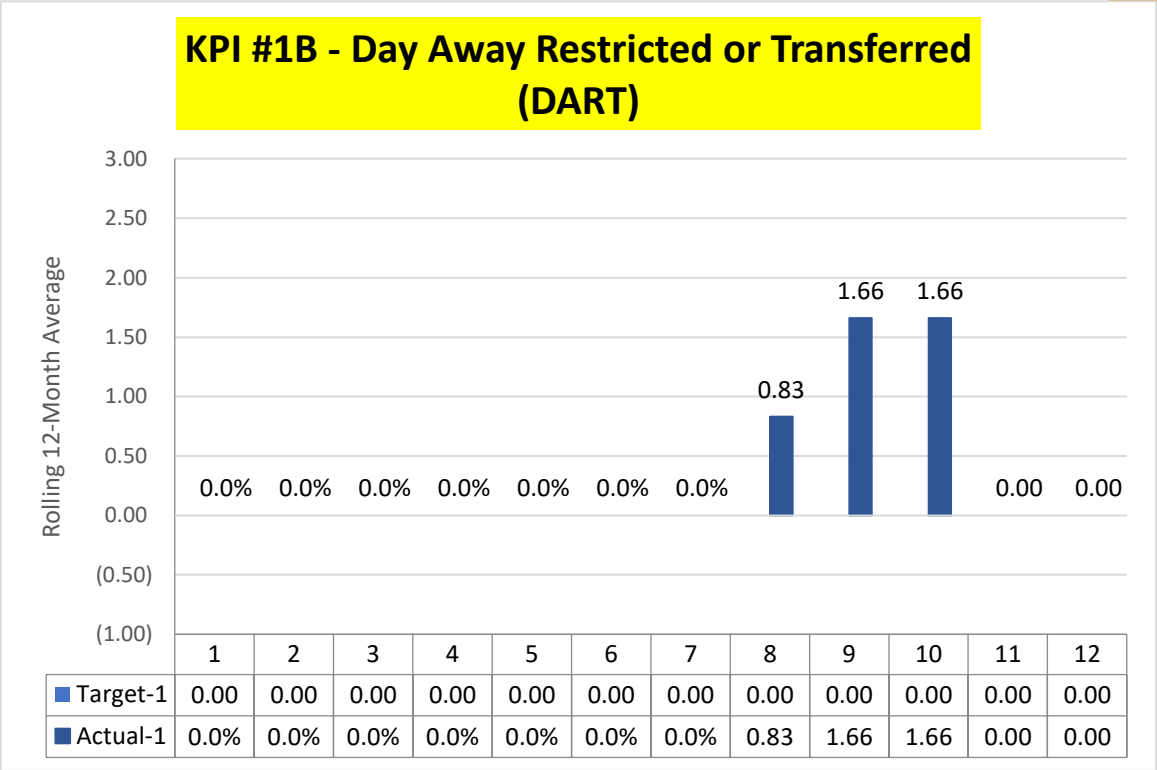
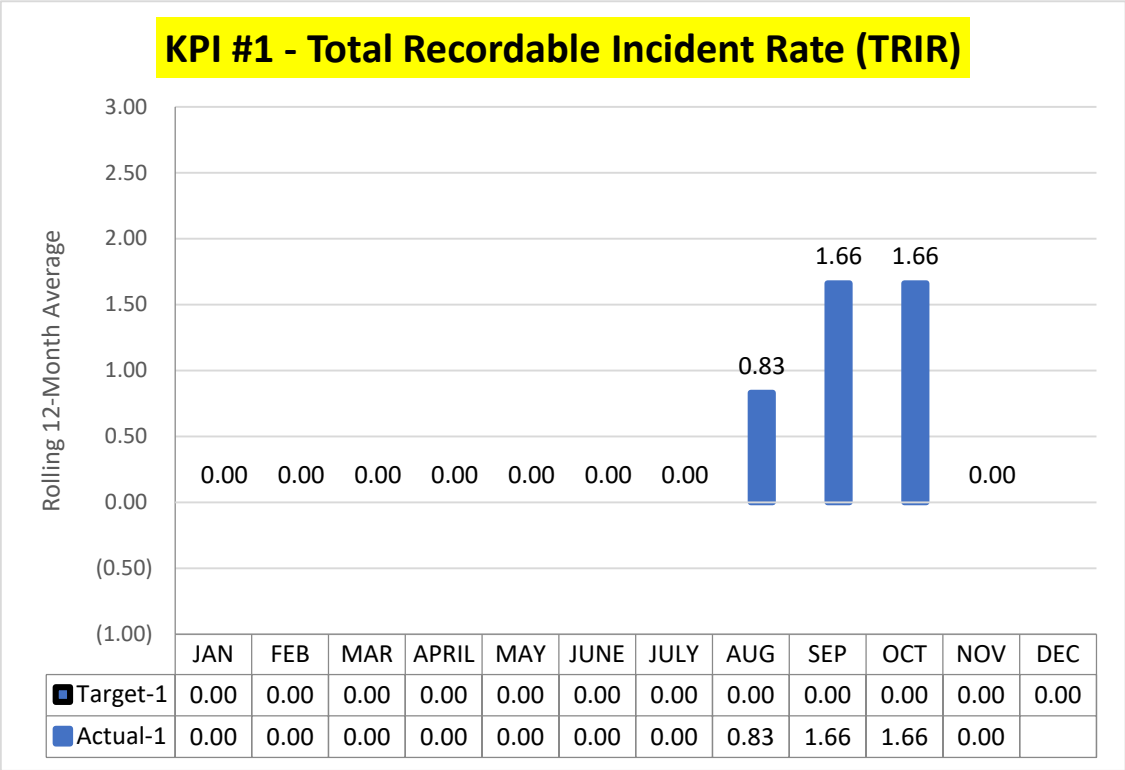
|         | PRIORITY  | UOM | Owner    |        | JAN      | FEB     | MAR     | APR     | MAY     | JUN     | JUL     | AUG     | SEP     | OCT     |
|---------|---|-----|----------|--------|----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Safety  | Total Recordable Incident Rate (TRIR Rolling 12M) | #   | John B.  | PY     | 1.93     | 1.94    | 1.95    | 1.3     | 1.3     | 1.4     | 1.4     | 1.4     | 1.4     | 1.4     |
|         |   |     |          | Plan   | 0        | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       |
|         |   |     |          | Actual | 0        | 0       | 0       | 0       | 0       | 0       | 0       | 0.83    | 1.66    | 1.66    |
|         | DART Score  | #   | John B.  | PY     | 1.28     | 1.28    | 1.28    | 1.28    | 1.28    | 1.28    | 1.28    | 1.28    | 1.28    | 1.28    |
|         |   |     |          | Plan   | 1.3      | 1.0     | 1.0     | 1.0     | 1.0     | 1.0     | 1.0     | 1.0     | 1.0     | 1.0     |
|         |   |     |          | Actual | 0        | 0       | 0       | 0       | 0       | 0       | 0       | 0.83    | 1.66    | 1.66    |
|         | Step Completion %                                 | %   | John B.  | PY     | 78%      | 89%     | 92%     | 94%     | 94%     | 90%     | 89%     | 88%     | 83%     | 89%     |
|         |   |     |          | Plan   | 80%      | 80%     | 92%     | 92%     | 92%     | 92%     | 92%     | 92%     | 92%     | 92%     |
|         |   |     |          | Actual | 97%      | 93%     | 94%     | 96%     | 93%     | 94%     | 93%     | 93%     | 92%     | 93%     |
|         | Landfill Diversion %                              | %   | Bill V.  | PY     | 41%      | 13%     | 26%     | 20%     | 21%     | 21%     | 13%     | 16%     | 22%     | 1%      |
|         |   |     |          | Plan   | 30%      | 30%     | 30%     | 30%     | 30%     | 30%     | 30%     | 30%     | 30%     | 30%     |
|         |   |     |          | Actual | 53%      | 80%     | 45%     | 46%     | 33%     | 51%     | 54%     | 43%     | 38%     | 36%     |
| Quality | Customer EQDs                                     | #   | Susan C. | PY     | 12       | 8       | 12      | 10      | 10      | 12      | 9       | 9       | 10      | 16      |
|         |   |     |          | Plan   | 11       | 10      | 10      | 11      | 10      | 10      | 11      | 10      | 10      | 11      |
|         |   |     |          | Actual | 11       | 11      | 9       | 12      | 7       | 10      | 10      | 12      | 18      | 18      |
|         | Percentage of EQDs/Lines shipped                  | #   | Susan C. | PY     | 0.28%    | 0.22%   | 0.31%   | 0.22%   | 0.27%   | 0.33%   | 0.19%   | 0.21%   | 0.25%   | 0.23%   |
|         |   |     |          | Plan   | 0.25%    | 0.25%   | 0.25%   | 0.25%   | 0.25%   | 0.25%   | 0.25%   | 0.25%   | 0.25%   | 0.25%   |
|         |   |     |          | Actual | 0.28%    | 0.30%   | 0.23%   | 0.30%   | 0.18%   | 0.28%   | 0.25%   | 0.28%   | 0.47%   | 0.43%   |
|         | Cost of Poor Quality (COPQ)                       | \$  | David D. | PY     | \$122.45 | \$90.67 | 45.397  | 66.383  | 71.91   | 65.42   | 85.823  | 83.6213 | 37.891  | 50.761  |
|         |   |     |          | Plan   | \$75.30  | \$60.23 | \$60.23 | \$75.30 | \$60.23 | \$60.23 | \$75.30 | \$60.23 | \$60.23 | \$75.30 |
|         |   |     |          | Actual | \$66.17  | \$54.52 | \$60.51 | \$47.97 | \$47.78 | \$23.18 | \$33.31 | \$69.50 | \$38.47 | \$92.88 |
|         | Rework  | \$  | Danny F. | Plan   | \$9.79   | \$7.83  | \$7.83  | \$9.79  | \$7.83  | \$7.83  | \$9.79  | \$7.83  | \$7.83  | \$9.79  |
|         |   |     |          | Actual | \$8      | \$14    | \$14.00 | \$6.89  | \$2.89  | \$3.75  | \$8.65  | \$4.02  | \$6.27  | 4.251   |
|         | Material Scrap                                    | \$  | Danny F. | Plan   | \$31.02  | \$24.82 | \$24.82 | \$31.02 | \$24.82 | \$24.82 | \$31.02 | \$24.82 | \$24.82 | \$31.02 |
|         |   |     |          | Actual | \$14.58  | \$20.23 | \$11.15 | \$22.12 | \$14.50 | \$11.90 | \$21.39 | \$14.23 | \$24.21 | \$22.34 |
|         | Total Credits                                     | \$  | David D. | Plan   | \$34.48  | \$27.59 | \$27.59 | \$34.48 | \$27.59 | \$27.59 | \$34.48 | \$27.59 | \$27.59 | \$34.48 |
|         |   |     |          | Actual | \$43.20  | \$20.60 | \$35.36 | \$18.97 | \$30.40 | \$7.53  | \$3.28  | \$51.25 | \$7.99  | \$66.30 |
|         | CS Credits Issued                                 | \$  | Andy S.  | Plan   | \$11.00  | \$10.00 | \$10.00 | \$11.00 | \$10.00 | \$10.00 | \$11.00 | \$10.00 | \$10.00 | \$11.00 |
|         |   |     |          | Actual | \$43.08  | \$20.60 | \$32.80 | \$18.10 | \$18.00 | \$0.00  | \$2.44  | \$33.47 | \$19.73 | \$36.62 |
|         | QC Return Credits Issued                          | \$  | Susan C. | Plan   | \$15.58  | \$12.46 | \$12.46 | \$15.58 | \$12.46 | \$12.46 | \$15.58 | \$12.46 | \$12.46 | \$15.58 |
|         |   |     |          | Actual | \$0.12   | \$0.00  | \$2.56  | \$0.87  | \$2.57  | \$7.53  | \$0.83  | \$17.78 | \$7.94  | \$29.67 |



# Operations Dashboard – con't

|          | PRIORITY                                 | UOM     | Owner     |        | JAN      | FEB      | MAR      | APR      | MAY      | JUN      | JUL      | AUG      | SEP      | OCT      |
|----------|--|---------|-----------|--------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Delivery | Shipments Specialty Tapes (Consolidated) | \$      | Phil M.   | PY     | \$3,669  | \$3,499  | \$3,503  | \$4,301  | \$3,198  | \$3,335  | \$3,936  | \$3,523  | \$3,700  | \$4,517  |
|          |  |         |           | Plan   | \$3,802  | \$3,165  | \$3,389  | \$4,009  | \$3,474  | \$3,266  | \$3,891  | \$3,826  | \$3,548  | \$4,499  |
|          |  |         |           | Actual | \$3,320  | \$3,081  | \$3,255  | \$4,065  | \$3,154  | \$3,218  | \$3,710  | \$3,460  | \$3,503  | \$0      |
|          | Shipments Chicago (External Only)        | \$      | Phil M.   | PY     | \$2,661  | \$2,593  | \$2,606  | \$3,116  | \$2,260  | \$2,470  | \$2,860  | \$2,605  | \$2,553  | \$3,112  |
|          |  |         |           | Plan   | \$2,576  | \$2,169  | \$2,296  | \$2,640  | \$2,386  | \$2,229  | \$2,798  | \$2,686  | \$2,396  | \$3,099  |
|          |  |         |           | Actual | \$2,308  | \$2,084  | \$2,229  | \$2,852  | \$2,659  | \$2,244  | \$2,490  | \$2,504  | \$2,426  | \$0      |
|          | Production Efficiency                    | %       | Danny F.  | PY     | 87.0%    | 87.0%    | 88.4%    | 88.3%    | 89.0%    | 89.3%    | 89.4%    | 89.6%    | 89.9%    | 90.1%    |
|          |  |         |           | Plan   | 90.0%    | 90.0%    | 90.0%    | 90.0%    | 90.0%    | 90.0%    | 91.0%    | 91.0%    | 91.0%    | 91.0%    |
|          |  |         |           | Actual | 90.2%    | 89.9%    | 89.8%    | 90.2%    | 91.1%    | 89.6%    | 89.2%    | 89.0%    | 90.0%    | 92.0%    |
|          | OTDIF                                    | %       | Phil M.   | PY     | 98.2%    | 98.0%    | 97.1%    | 98.5%    | 98.2%    | 98.6%    | 98.4%    | 98.3%    | 98.0%    | 98.3%    |
|          |  |         |           | Plan   | 98.0%    | 98.0%    | 98.0%    | 98.0%    | 98.0%    | 98.0%    | 98.0%    | 98.0%    | 98.0%    | 98.0%    |
|          |  |         |           | Actual | 98.8%    | 98.8%    | 99.0%    | 98.5%    | 98.8%    | 98.2%    | 95.3%    | 98.3%    | 97.6%    | 98.7%    |
| Cost     | Cost Savings                             | \$      | Laura K.  | PY     | \$25,030 | \$38,134 | \$60,789 | \$63,654 | \$56,638 | \$43,631 | \$50,189 | \$60,461 | \$43,334 | \$56,258 |
|          |  |         |           | Plan   | \$65,082 | \$51,930 | \$47,620 | \$51,392 | \$50,924 | \$50,924 | \$50,642 | \$47,725 | \$57,041 | \$50,580 |
|          |  |         |           | Actual | \$49,012 | \$44,479 | \$35,812 | \$25,633 | \$57,198 | \$72,371 | \$55,092 | \$46,762 | \$50,973 | \$0      |
|          | Consolidated Gross Inventory Dollars     | \$000's | Phil M.   | PY     | \$6,645  | \$6,435  | \$6,361  | \$6,398  | \$6,265  | \$6,007  | \$6,349  | \$6,253  | \$6,049  | \$6,166  |
|          |  |         |           | Plan   | \$6,490  | \$6,270  | \$6,280  | \$6,290  | \$6,280  | \$6,270  | \$6,260  | \$6,260  | \$6,370  | \$6,350  |
|          |  |         |           | Actual | \$6,460  | \$6,560  | \$5,952  | \$6,235  | \$0      | \$0      | \$0      | \$5,487  | \$5,649  | \$5,496  |
|          | Operating Profit Consolidated            | \$000's | Efrain G. | PY     | \$564    | \$588    | NT       | NT       | NT       | NT       | NT       | NT       | NT       | NT       |
|          |  |         |           | Plan   | \$798    | \$431    | \$835    | \$1,020  | \$840    | \$774    | \$380    |          |          |          |
|          |  |         |           | Actual | \$661    | \$757    | \$963    | \$1,055  | \$803    | \$908    | \$357    | \$527    | \$285    | \$1,319  |
| People   | Employee Turnover Rate (Voluntary)       | #       | Danielle  | PY     | 0.73%    | 0.00%    | 0.73%    | 0.00%    | 0.00%    | 0.73%    | 0.00%    | 0.00%    | 0.00%    | 0.80%    |
|          |  |         |           | Plan   | 1.0%     | 1.0%     | 1.0%     | 1.0%     | 1.0%     | 1.0%     | 1.0%     | 1.0%     | 1.0%     | 1.0%     |
|          |  |         |           | Actual | 0.8%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     |
|          | Total Headcount (FP-& Express ST)        | #       | Danielle  | PY     | 125      | 126      | 125      | 124      | 125      | 123      | 122      | 126      | 126      | 125      |
|          |  |         |           | Plan   | 126      | 126      | 126      | 126      | 126      | 126      | 134      | 126      | 126      | 126      |
|          |  |         |           | Actual | 123      | 123      | 122      | 124      | 125      | 126      | 139      | 140      | 144      | 144      |

# Health and Safety



**Management Discussion:**

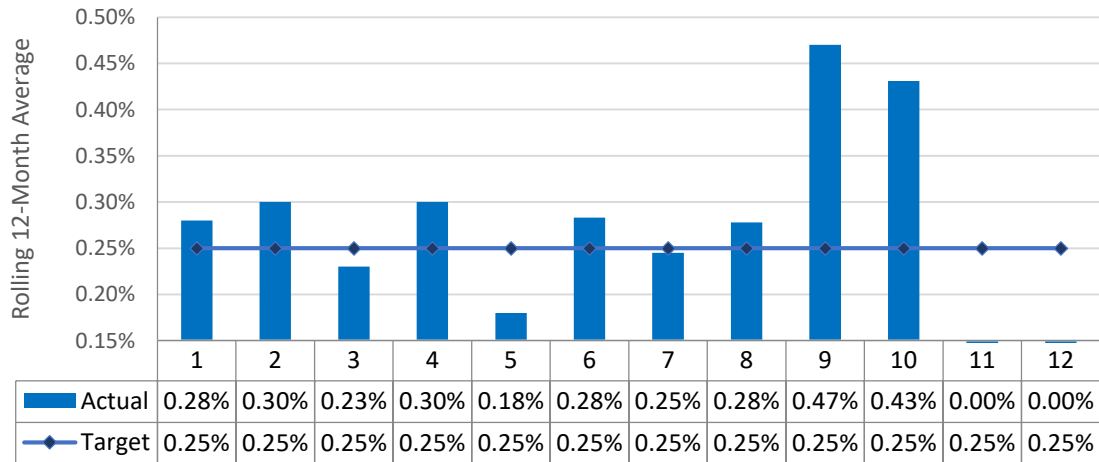
No injuries in October.

Water testing of our eyewash stations revealed trace amounts of Legionella. After a thorough cleaning of the stations the feed lines were also cleaned. Additional testing was then performed which included other locations throughout the facility. Test results again showed trace amounts in one of those areas as well. Weekly flushing of all faucets throughout the facility will begin on 11/11/19. Village of Forest Park is also working with us on this issue; weekly flushing of the fire hydrants have begun during the week of 11/4/19. Additional testing to be performed on 11/12/19. We are currently with a consultant on this matter.

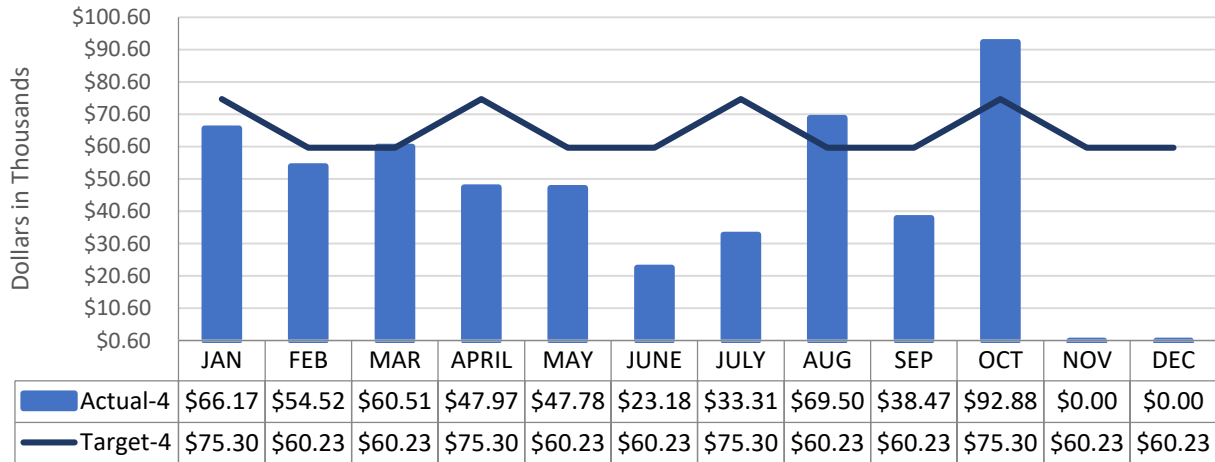
# Quality

**EQD % OF LINES SHIPPED**  
*Defective order lines as % of total order lines*

**KPI #3A - EQD/lines shipped %**



**KPI #4 - Cost of Poor Quality (COPQ)**



**Management Discussion:**

EQD%: higher than goal, main drivers were quality of cut and part set-up. We also had 5 EQD's not yet classified and need further evaluation.

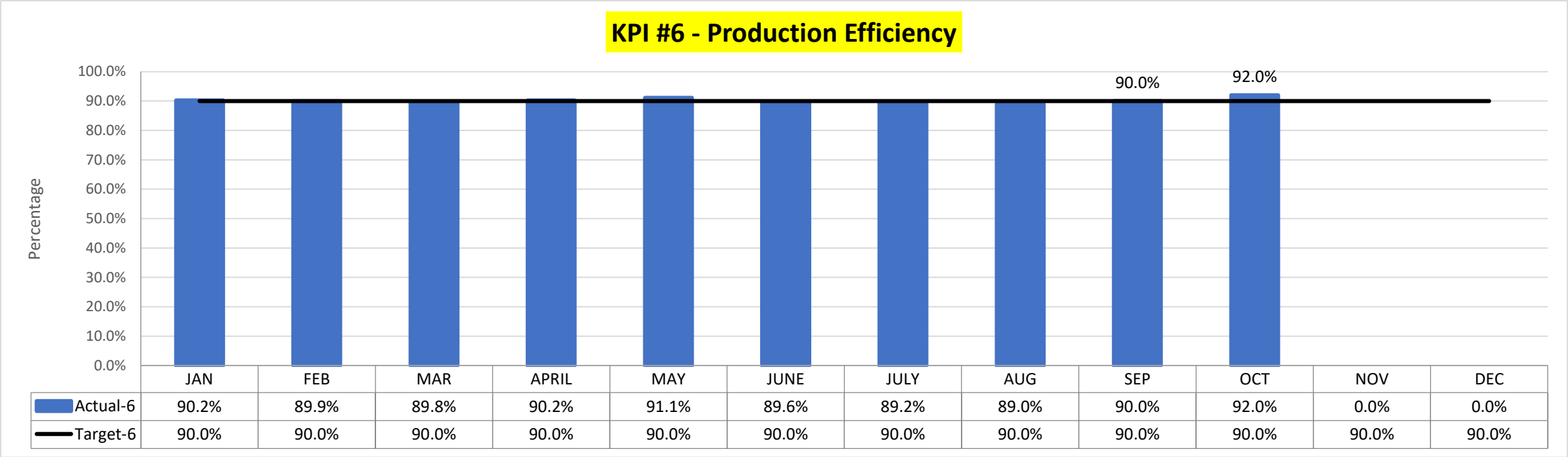
COPQ:  
CS Credits: Main drivers CSR Errors \$16K, New hires  
QC Returns Main drivers:  
\$7600 to Ampac for liner issue  
\$4600 to Essentra Puerto Rico (negotiated by Pat Downs)  
\$3800 to Acme Plastics for quality of cut

YTD date compared to 2018: \$720 Vs 2019 \$534 (down 34%), 25.8% below.

|                          |    |        |         |
|--------------------------|----|--------|---------|
| CS Credits Issued        | \$ | Plan   | \$11.00 |
|                          |    | Actual | \$36.62 |
| QC Return Credits Issued | \$ | Plan   | \$15.58 |
|                          |    | Actual | \$29.67 |

# Productivity

**Production Efficiency**  
*% of standard throughput achieved*

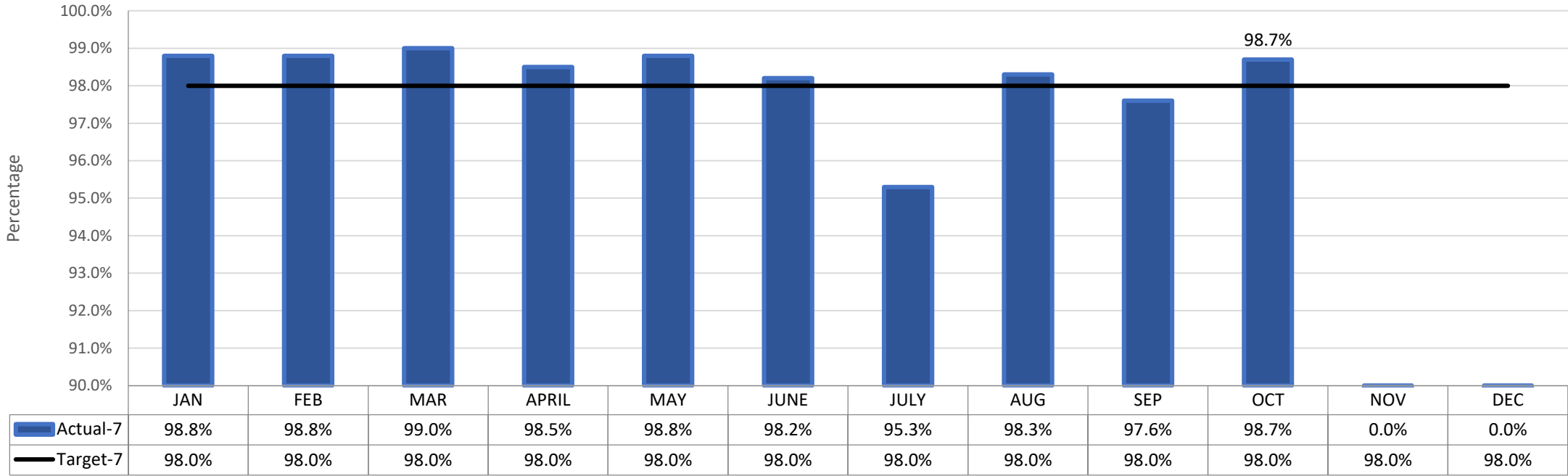


**Management Discussion:**

Main driver for a good month was product mix, we have seen a 4% uptick in efficiencies in the converter work center where we performed our latest Kaizen and 5S+ events

# Shipping

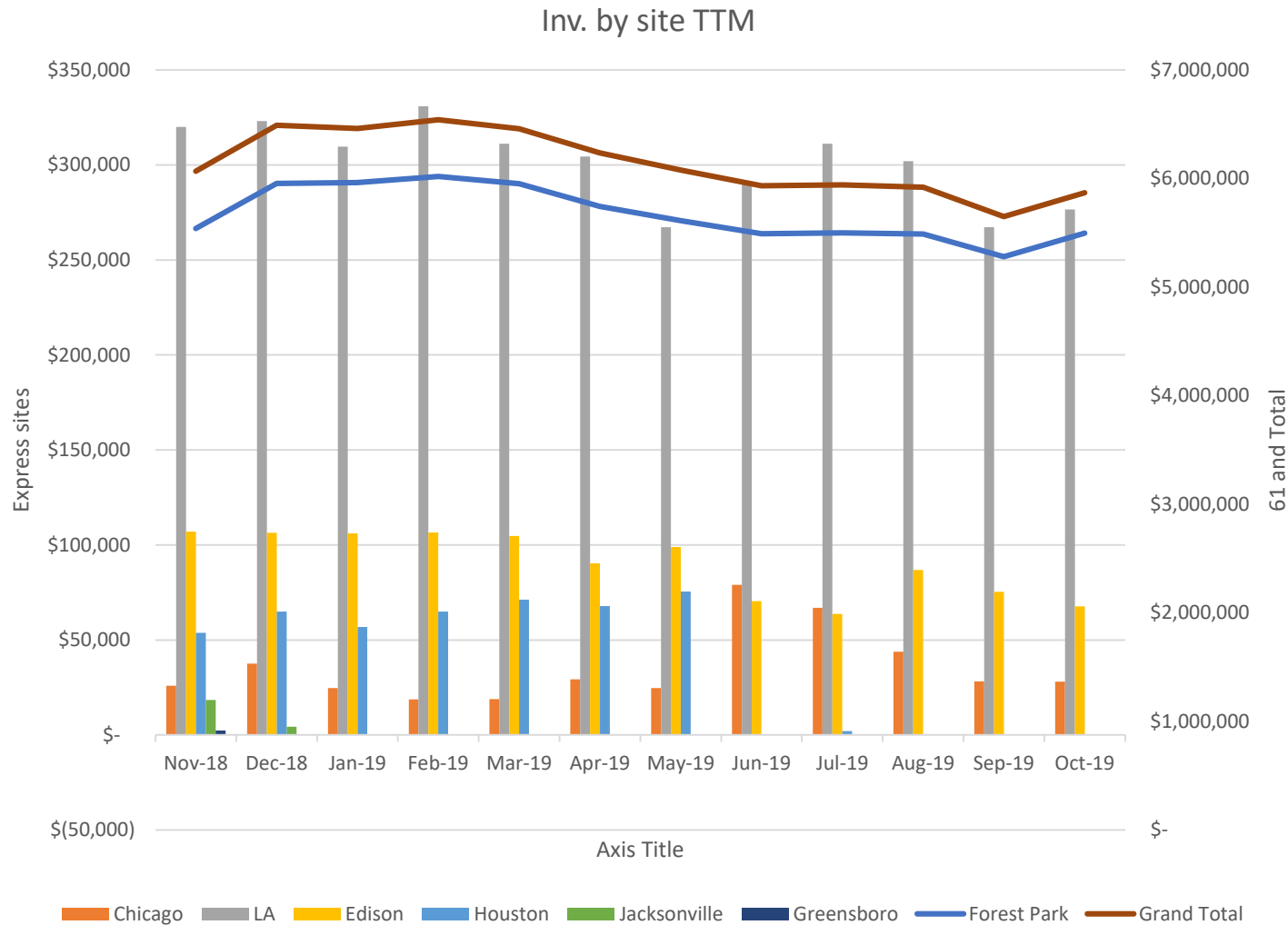
KPI #7 - On-Time In Full Delivery (OTIFD)



Management Discussion:

A good rebound from the previous month.

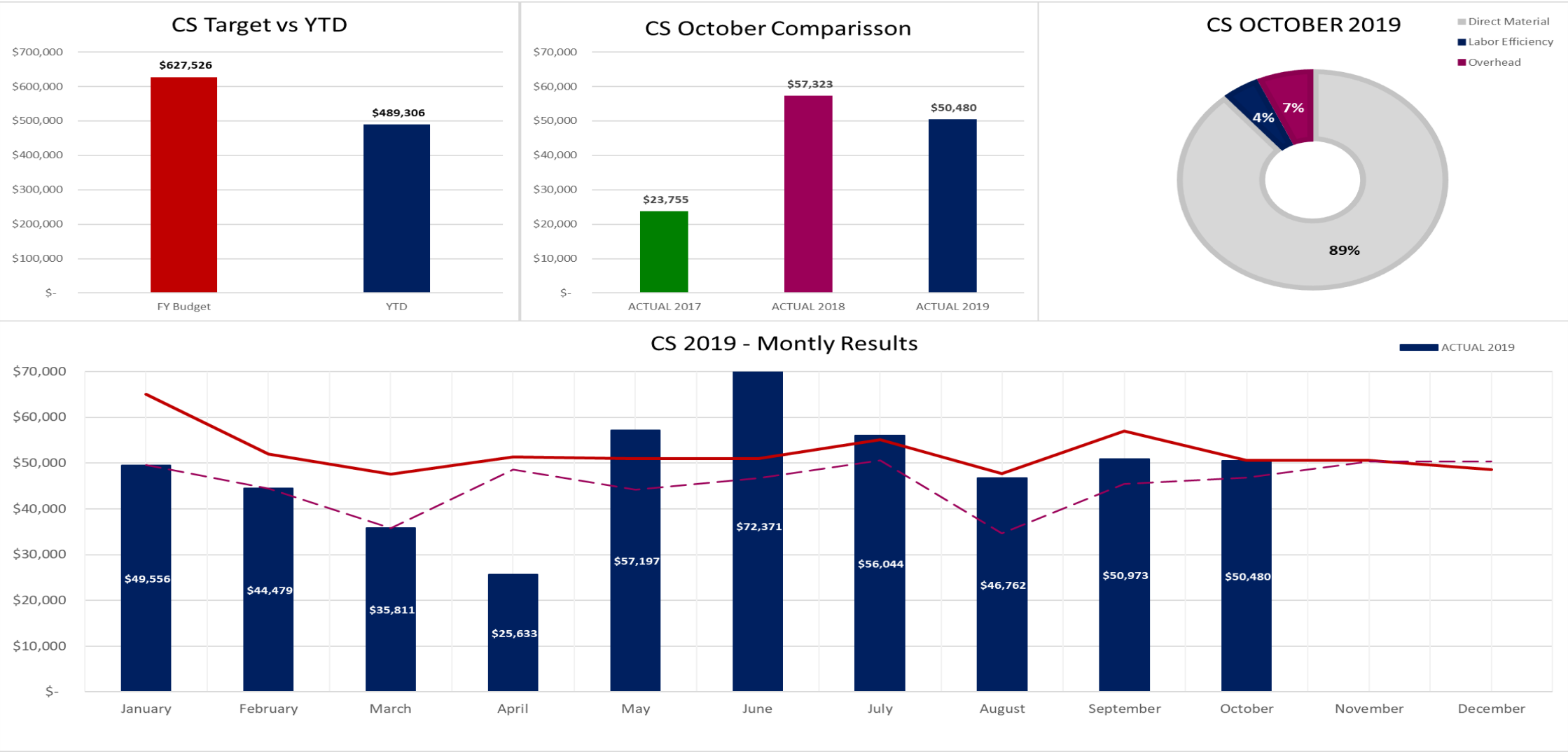
# Inventory



## Management Discussion:

- Jacksonville and Greensboro Express sites were shut down Jan. 2019
- Currently a Greenbelt project is in place to look at optimizing Finished Goods inventory. Some Minimums and lot sizes have been adjusted down
- Gross inventory up 4.1% from last month or \$218k. A majority is at Forest park, the express sites stayed at relatively the same level. The increase was seen in both FG's and WIP, a majority contributed to inventory build for Circle Graphics the balanced normal fluctuation in levels.
- Gross inventory down 7.8% as compared to end of 2018.

# Duraco Cost Savings 2019- Specialty tapes



# Smart Ventures - Logistics



# Supply Chain Project Update

- Have on boarded two of the new LTL Carriers with SOP's and are fully operational with measured savings
- Will be onboarding final LTL Carrier Fusion Transport third week of November
- Have received additional bids for Same Day shipments and finalizing selected service provider
- Duraco is working with 3PL in Toronto to finalize requirements and establish SOP for go to market Supply Chain services
- Helped in review of Process Weaver TMS and provided cost savings approach to service agreement and development
- Duraco will need to review updated rate increases from UPS for 2020 along with accessorial increases

## To Do Project Actions:

- Finalize Draft Shipping Policy and Procedures for Duraco will be completed by November 29<sup>th</sup> 2019

### Known Estimated Cost Improvements

|   |                      |                 |
|---|----------------------|-----------------|
| ✓ Improve LTL Rates                                 | On Track for Savings | \$60K - \$80K   |
| ✓ Improve Freight Forwarder Rates                   | On Track for Savings | \$12K - \$18K   |
| ✓ Establish new Shipping Policy and Same Day Direct | On Track for Savings | \$15K - \$25K   |
| ✓ Add Shipping Charge to Collect Shipments          | To be Reviewed       | \$75K - \$110K* |

•Duraco will need to understand potential customer impact and determine internally to move forward or not

# Financial Review

# Summary P&L – Sept 2019

| \$'000                          | MTD           |                | Var (Fcst)    |                 | Bud MTD       |                 | Var (Bud)      |               | PY MTD          |               | Var (PY)        |                 | YTD             |                 |     | TTM |
|---------------------------------|---------------|----------------|---------------|-----------------|---------------|-----------------|----------------|---------------|-----------------|---------------|-----------------|-----------------|-----------------|-----------------|-----|-----|
|                                 | Act           | Fcst           | \$            | %               | Act           | \$              | %              | Act           | \$              | %             | Act             | %               | Act             | Fcst            | Bud | \$  |
|                                 |               |                |               |                 |               |                 |                |               |                 |               |                 |                 |                 |                 |     |     |
| <b>Gross Revenue</b>            | \$ 4,445      | \$ 4,462       | \$ (16)       | (0.4%)          | \$ 4,610      | \$ (164)        | (3.6%)         | \$ 4,503      | \$ (57)         | (1.3%)        | \$ 35,009       | \$ 35,586       | \$ 37,613       | \$ 41,938       |     |     |
| <b>Net Revenue</b>              | <b>4,441</b>  | <b>4,454</b>   | <b>(13)</b>   | <b>(0.3%)</b>   | <b>4,602</b>  | <b>(161)</b>    | <b>(3.5%)</b>  | <b>4,571</b>  | <b>(130)</b>    | <b>(2.8%)</b> | <b>35,677</b>   | <b>35,457</b>   | <b>37,535</b>   | <b>41,933</b>   |     |     |
| Material                        | 1,391         | 1,471          | 79            | 5.4%            | 1,525         | 133             | 8.8%           | 1,517         | 126             | 8.3%          | 11,898          | 11,921          | 12,675          | 13,698          |     |     |
| DM %                            | 31.3%         | 33.0%          | 0             | 5.1%            | 33.1%         | 0               | 5.4%           | 33.2%         |                 |               | 33.3%           | 33.6%           | \$ 0            | 32.7%           |     |     |
| Labor                           | 456           | 474            | 18            | 3.7%            | 465           | 9               | 1.9%           | 462           | 6               | 1.3%          | 4,015           | 4,050           | 4,170           | 4,861           |     |     |
| DL %                            | 10.3%         | 10.6%          | 0             | 3.5%            | 10.1%         | (0)             | (1.7%)         | 10.1%         |                 |               | 11.3%           | 11.4%           | \$ 0            | 11.6%           |     |     |
| Other COGS                      | 479           | 575            | 96            | 16.7%           | 552           | 73              | 13.2%          | 531           | 52              | 9.8%          | 4,493           | 4,624           | 4,792           | 5,258           |     |     |
| <b>Total COGS</b>               | <b>2,326</b>  | <b>2,519</b>   | <b>193</b>    | <b>7.7%</b>     | <b>2,541</b>  | <b>215</b>      | <b>8.5%</b>    | <b>2,510</b>  | <b>184</b>      | <b>7.3%</b>   | <b>20,406</b>   | <b>20,594</b>   | <b>21,638</b>   | <b>23,817</b>   |     |     |
| <b>Gross Margin</b>             | <b>2,115</b>  | <b>1,935</b>   | <b>180</b>    | <b>9.3%</b>     | <b>2,061</b>  | <b>54</b>       | <b>2.6%</b>    | <b>2,061</b>  | <b>54</b>       | <b>2.6%</b>   | <b>15,271</b>   | <b>14,862</b>   | <b>15,897</b>   | <b>18,116</b>   |     |     |
| Gross Margin %                  | 47.6%         | 43.4%          |               |                 | 44.8%         |                 |                | 45.1%         |                 |               | 42.8%           | 41.9%           | 42.4%           | 517.6%          |     |     |
| R&D                             | 29            | 27             | (2)           | (7.6%)          | 26            | (3)             | (11.7%)        | 26            | 3               | 9.5%          | 258             | 246             | 235             | 296             |     |     |
| Sales & Marketing               | 355           | 517            | 162           | 31.4%           | 412           | 57              | 13.8%          | 440           | (85)            | (19.4%)       | 3,396           | 3,636           | 3,724           | 3,854           |     |     |
| Administrative                  | 320           | 294            | (26)          | (8.9%)          | 167           | (153)           | (91.2%)        | 163           | 157             | 95.9%         | 1,861           | 1,768           | 1,514           | 2,049           |     |     |
| Other Opex                      | 31            | –              | (31)          | 0               | –             | (31)            | 0              | –             | 31              | 0             | 31              | –               | –               | 33              |     |     |
| <b>Total Opex</b>               | <b>734</b>    | <b>837</b>     | <b>104</b>    | <b>12.4%</b>    | <b>605</b>    | <b>(129)</b>    | <b>(21.4%)</b> | <b>630</b>    | <b>104</b>      | <b>16.5%</b>  | <b>5,545</b>    | <b>5,650</b>    | <b>5,472</b>    | <b>6,232</b>    |     |     |
| <b>EBITDA</b>                   | <b>1,381</b>  | <b>1,097</b>   | <b>284</b>    | <b>25.9%</b>    | <b>1,456</b>  | <b>(75)</b>     | <b>(5.2%)</b>  | <b>1,431</b>  | <b>(50)</b>     | <b>(3.5%)</b> | <b>9,726</b>    | <b>9,207</b>    | <b>10,426</b>   | <b>11,884</b>   |     |     |
| EBITDA %                        | 31.1%         | 24.6%          |               |                 | 31.6%         |                 |                | 31.3%         |                 |               | 27.3%           | 26.0%           | 27.8%           | 28.3%           |     |     |
| Bank allowable EBITDA add-backs | 34            | –              | 34            | 0               | (222)         | 256             | (115.2%)       | (227)         | 261             |               | (1,304)         | (1,415)         | (2,220)         | (1,758)         |     |     |
| <b>Bank EBITDA</b>              | <b>1,414</b>  | <b>1,097</b>   | <b>317</b>    | <b>28.9%</b>    | <b>1,234</b>  | <b>180</b>      | <b>14.6%</b>   | <b>1,204</b>  | <b>211</b>      | <b>17.5%</b>  | <b>8,422</b>    | <b>7,797</b>    | <b>8,206</b>    | <b>10,126</b>   |     |     |
|                                 | 31.9%         | 24.6%          |               |                 | 26.8%         |                 |                |               |                 |               |                 |                 |                 |                 |     |     |
| <b>(Standalone Costs)</b>       | <b>(115)</b>  | <b>–</b>       | <b>(38)</b>   | <b>0</b>        | <b>–</b>      | <b>115</b>      | <b>0</b>       | <b>–</b>      | <b>(115)</b>    | <b>(0)</b>    | <b>(505)</b>    | <b>(413)</b>    | <b>–</b>        | <b>(505)</b>    |     |     |
| <b>Indicative EBITDA</b>        | <b>1,299</b>  | <b>1,020</b>   | <b>279</b>    | <b>27.4%</b>    | <b>1,234</b>  | <b>65</b>       | <b>5.3%</b>    | <b>1,204</b>  | <b>96</b>       | <b>7.9%</b>   | <b>7,917</b>    | <b>7,384</b>    | <b>8,206</b>    | <b>9,621</b>    |     |     |
| Indicative %                    | 29.3%         | 22.9%          |               |                 | 26.8%         |                 |                | 26.3%         |                 |               | 22.2%           | 20.8%           | 21.9%           | 22.9%           |     |     |
| <b>Net Income (Loss)</b>        | <b>\$ 462</b> | <b>\$ (53)</b> | <b>\$ 515</b> | <b>(964.1%)</b> | <b>\$ 918</b> | <b>\$ (457)</b> | <b>(49.7%)</b> | <b>\$ 910</b> | <b>\$ (448)</b> | <b>49.3%</b>  | <b>\$ 5,269</b> | <b>\$ 4,460</b> | <b>\$ 6,181</b> | <b>\$ 6,447</b> |     |     |

| \$'000                                | MTD           |               | Variance (Fcst) |              | Bud MTD       |                 | Variance (Bud) |               | PY MTD        |              | Variance        |                 | YTD             |                 |     |    |
|---------------------------------------|---------------|---------------|-----------------|--------------|---------------|-----------------|----------------|---------------|---------------|--------------|-----------------|-----------------|-----------------|-----------------|-----|----|
|                                       | Act           | Fcst          | \$              | %            | Act           | \$              | %              | Act           | \$            | %            | Act             | %               | Act             | Fcst            | Bud | \$ |
|                                       |               |               |                 |              |               |                 |                |               |               |              |                 |                 |                 |                 |     |    |
| <b>Opex Overview:</b>                 |               |               |                 |              |               |                 |                |               |               |              |                 |                 |                 |                 |     |    |
| Payroll (Payroll, OT, SS & Taxes, Ter | \$ 339        | \$ 395        | 56              | 14.2%        | \$ 281        | (58)            | (20.6%)        | \$ 305        | \$ 33         | 10.9%        | \$ 2,470        | \$ 2,537        | \$ 2,453        | 2,917           |     |    |
| Benefits (Medical, Dental, Life, AD   | 53            | 61            | 8               | 13.2%        | 45            | (8)             | (16.9%)        | 47            | 6             | 11.7%        | 405             | 410             | \$ 392          | 480             |     |    |
| Bonus                                 | 61            | 96            | 35              | 36.1%        | 39            | (23)            | (58.7%)        | 51            | 10            | 20.0%        | 439             | 472             | \$ 357          | 527             |     |    |
| Marketing                             | 73            | 98            | 25              | 25.4%        | 89            | 15              | 17.3%          | 88            | (14)          | (16.2%)      | 776             | 776             | \$ 791          | 736             |     |    |
| Commissions                           | 11            | 10            | (1)             | (7.9%)       | 10            | (1)             | (7.9%)         | 12            | (1)           | (4.3%)       | 93              | 92              | \$ 91           | 77              |     |    |
| Travel and Entertainment              | 26            | 33            | 7               | 20.5%        | 21            | (5)             | (25.5%)        | 13            | 13            | 93.7%        | 184             | 208             | \$ 159          | 219             |     |    |
| Rent and Facilities                   | –             | 27            | 27              | 100.0%       | 16            | 16              | 100.0%         | 16            | (16)          | (100.0%)     | 130             | 199             | \$ 196          | 162             |     |    |
| Insurance                             | 17            | 17            | –               | 0.0%         | 4             | (13)            | (301.0%)       | 4             | 13            | 294.3%       | 86              | 86              | \$ 37           | 98              |     |    |
| Professional Fees                     | 5             | 8             | 3               | 37.7%        | 8             | 3               | 37.7%          | 13            | (8)           | (62.6%)      | 122             | 52              | \$ 67           | 99              |     |    |
| Utilities, Repairs, Maint. & Security | 3             | 1             | (1)             | (85.0%)      | 3             | 1               | 24.5%          | 7             | (4)           | (60.5%)      | 34              | 35              | \$ 43           | 40              |     |    |
| Office Supplies                       | 9             | 5             | (4)             | (76.8%)      | 5             | (4)             | (76.8%)        | 6             | 4             | 64.0%        | 60              | 54              | \$ 52           | 65              |     |    |
| IT                                    | 28            | 26            | (2)             | (6.4%)       | 26            | (2)             | (6.4%)         | 27            | 1             | 3.1%         | 254             | 260             | \$ 244          | 282             |     |    |
| Bad Debt                              | 9             | 3             | (6)             | (161.1%)     | 3             | (6)             | (161.1%)       | (2)           | 11            | (540.5%)     | 33              | 35              | \$ 39           | 36              |     |    |
| Real Estate Taxes                     | 16            | 16            | –               | 0.0%         | 16            | –               | 0.0%           | 13            | 3             | 22.9%        | 138             | 138             | \$ 138          | 158             |     |    |
| Other Expenses                        | 84            | 41            | (43)            | (106.4%)     | 38            | (46)            | (119.5%)       | 30            | 54            | 177.7%       | 320             | 296             | \$ 412          | 338             |     |    |
| <b>Total Opex</b>                     | <b>\$ 734</b> | <b>\$ 837</b> | <b>\$ 104</b>   | <b>12.4%</b> | <b>\$ 605</b> | <b>\$ (129)</b> | <b>(21.4%)</b> | <b>\$ 630</b> | <b>\$ 104</b> | <b>16.5%</b> | <b>\$ 5,545</b> | <b>\$ 5,650</b> | <b>\$ 5,472</b> | <b>\$ 6,232</b> |     |    |

## Management Discussion:

### COGS

- Reduced material cost due to favorable mix compared to forecast. Increased sales in the higher margin 'Other' segment and decreased sales of the lower margin segments.
- Union costs favorable due to lower medical and other insurance expense.
- Lower 'Other COGS' due to increased inventory, lower spending across all departments. In addition, lower freight expense than forecasted partially due to the new freight savings.

### OPEX

- Open positions are the key driver to lower OPEX costs.
- Other OPEX is the severance costs for the eliminated service center roles.

### ADD-BACKS

- Add-backs relate to severance and travel for acquisitions.

### EBITDA

- Indicative EBITDA is better than budget and plan due largely to a favorable mix and lower headcount

# Indicative EBITDA Bridge – October 2018 to October 2019

## Management Discussion:

- Top and bottom 10 customer revenue and GVA impact are listed to the left of the bridge (\$174k lower revenue and \$84k lower GVA).
- Net Volume/Sales Price/Mix impact nets to (\$9k) due
- \$61k of cost savings includes \$7k of freight savings from new SmartVentures savings program.
- \$36k of Paroc inventory reserve was created this month due to concerns around customer taking delivery.
- Benefit of \$34k of inventory movement due to inventory build.
- Travel costs increased in the month due to travel for the Q3 MOR, PTSC, supplier audits, and acquisitions.
- Insurance and medical costs increased due to the carveout.
- SG&A headcount cost is higher due to adding CFO, EA, and 2 IT people partially offset by the vacant commercial roles that were occupied in 2018 at the express sites.
- Bad Debt increases YOY due to a delayed payment from Essentra PR (quality issue), and a small release in 2018.
- \$31k of severance costs relates to the centralization of our inside sales and customer service teams.
- \$115k of Indicative EBITDA adjustments reduce EBITDA for TSA costs and remaining standalone costs that have yet to be absorbed in the P&L

| Customer              | Volume       | GM          |
|-----------------------|--------------|-------------|
| Imagine Print         | (121)        | (94)        |
| La France             | (80)         | (54)        |
| Paroc                 | (62)         | (20)        |
| Whirlpool             | (41)         | (17)        |
| Plastic Power         | (29)         | (16)        |
| Siffron               | (29)         | (23)        |
| Atlantic Packaging    | (25)         | (17)        |
| G&C Equipment         | (23)         | (19)        |
| The Bergmann Group    | (23)         | (10)        |
| Frank Mayer and Assoc | (21)         | (18)        |
| Circle Graphics       | 59           | 44          |
| Mix Tiles             | 60           | 49          |
| RR Donnelley          | 55           | 39          |
| Ampac                 | 39           | 22          |
| Stumps Shindigz       | 36           | 27          |
| Freeman               | 33           | 23          |
| Extang                | 34           | 22          |
| Westrock              | 34           | 25          |
| Chief Container       | 33           | 28          |
| Great Northern Corp   | 25           | 20          |
| POP                   | -            | -           |
| Distribution          | -            | -           |
| Industrial            | -            | -           |
| White Goods           | -            | -           |
| All Others            | (129)        | (93)        |
| <b>Total</b>          | <b>(174)</b> | <b>(84)</b> |

|   | Revenue      | GM           | Indicative EBITDA |
|---|--------------|--------------|-------------------|
| 2018  | 4,571        | 2,049        | 1,204             |
| Net Volume/Price/Mix Impact = (9)   |              |              |                   |
| Total Volume Impact   | (174)        | (84)         | (84)              |
| Total Price Impact  | 44           | 44           | 44                |
| Other Volume/Mix Impact   |              | 31           | 31                |
| Cost Savings  |              | 61           | 61                |
| Paroc Inventory Reserve   |              | (36)         | (36)              |
| Inventory Movement  |              | 34           | 34                |
| Wage Inflation  |              | (18)         | (28)              |
| Travel  |              | (6)          | (20)              |
| Overtime  |              | (3)          | (3)               |
| Bonus   |              | 14           | 13                |
| Supplies  |              | 9            | 6                 |
| Utilities   |              | 9            | 9                 |
| QOE Error   |              | 13           | -                 |
| Insurance   |              | 2            | (22)              |
| SG&A Headcount  |              |              | (20)              |
| Medical Benefits  |              |              | (10)              |
| Bad Debt  |              |              | (14)              |
| Rent (Service Centers)  |              |              | 16                |
| Advertising Spend   |              |              | 14                |
| IT Costs  |              |              | 6                 |
| Real Estate Taxes   |              |              | (3)               |
| Bank Fees   |              |              | (5)               |
| Severance   |              |              | (31)              |
| Other   |              | (3)          | (9)               |
| \$34k of Add-backs  |              |              |                   |
| Add-back Severance  |              |              | 31                |
| Add-back Acq Travel Costs   |              |              | 3                 |
| \$115k of Indicative EBITDA adjustments in 2019 more than offset by \$227k of standalone costs in 2018. |              |              |                   |
| IT TSA  |              |              | (41)              |
| Other TSA Costs   |              |              | (57)              |
| 2018 Standalone Adjustment  |              |              | 227               |
| Other Standalone Costs  |              |              | (17)              |
| <b>2019</b>   | <b>4,441</b> | <b>2,115</b> | <b>1,299</b>      |

# Indicative EBITDA Bridge – 2019E

## Management Discussion:

- The bridge to the right is an approximation of 2019 Estimated run rate standalone EBITDA
- There were several errors found in the Deloitte and BDO QOE files that result in 2018 H1 EBITDA being understated by \$334k. This reduces the TTM EBITDA at the time of acquisition.
- Gross Margin is lower than the TTM EBITDA due to volume partially offset by cost savings.
- The reforecast includes headcount costs for several positions that were not in the standalone model, including: CFO, VP of Sales, Exec Assistant, two regional sales managers, and an appliance sales rep.
- The reforecast was too conservative in Q4, and therefore the margin is understated by approximately \$250k.
- The bridge assumes that all headcount will be hired according to schedule. We already know that this will not happen, so EBITDA should be higher than \$8.5 as long as the sales forecast is delivered.

|       |       |  |
|-------|-------|--|
| \$    | 10.0  | TTM EBITDA at purchase                             |
| \$    | (0.3) | Phasing Issue with QOE                             |
| <hr/> |       |  |
| \$    | 9.7   | Real TTM EBITDA at purchase                        |
| \$    | (0.5) | Lower GM (volume partially offset by cost savings) |
| \$    | (0.9) | SG&A above SA structure envisioned in QOE          |
| \$    | 0.3   | Understated Margin in Forecast                     |
| <hr/> |       |  |
| \$    | 8.5   | 2019E Run Rate Standalone EBITDA                   |

# Balance Sheet

|   | Oct-19           | Variance        |               | Sep-19           | Oct-19           | Variance        |               |
|---|------------------|-----------------|---------------|------------------|------------------|-----------------|---------------|
| \$'000  | Act              | \$              | %             | Act              | Fcst             | \$              | %             |
| <b>Current Assets</b>                             |                  |                 |               |                  |                  |                 |               |
| Cash and cash equivalents                         | \$ 1,165         | \$(1,188)       | (50.5%)       | \$ 2,353         | \$ 1,316         | \$(151)         | (11.5%)       |
| Short term investments                            | —                | —               | 0             | —                | —                | —               | 0             |
| <i>Accounts receivable, gross</i>                 | 6,217            | 36              | 0.6%          | 6,181            | 5,738            | (479)           | (8.3%)        |
| <i>Accounts receivable, reserves</i>              | (91)             | (8)             | 9.3%          | (83)             | (83)             | 8               | (9.2%)        |
| Accounts receivable, net                          | 6,126            | 28              | 0.5%          | 6,098            | 5,655            | (471)           | (8.3%)        |
| <i>Inventory, gross</i>                           | 5,990            | 335             | 5.9%          | 5,655            | 5,987            | (3)             | (0.1%)        |
| <i>Inventory, reserves</i>                        | (1,009)          | (56)            | 5.8%          | (953)            | (811)            | 198             | (24.3%)       |
| Inventory, net                                    | 4,981            | 279             | 5.9%          | 4,702            | 5,176            | 194             | 3.8%          |
| Prepaid expenses and other current assets         | 571              | 263             | 85.5%         | 308              | 317              | (254)           | (80.3%)       |
| Current portion of deferred taxes                 | —                | —               | 0             | —                | —                | —               | 0             |
| Other current assets                              | —                | —               | 0             | —                | —                | —               | 0             |
| <b>Total Current Assets</b>                       | <b>12,844</b>    | <b>(617)</b>    | <b>(4.6%)</b> | <b>13,461</b>    | <b>12,464</b>    | <b>380</b>      | <b>3.0%</b>   |
| <b>Non-Current Assets</b>                         |                  |                 |               |                  |                  |                 |               |
| <i>Property, plant &amp; equipment, gross</i>     | 19,908           | 66              | 0.3%          | 19,841           | 20,503           | 596             | 2.9%          |
| <i>Accumulated depreciation</i>                   | (7,609)          | (85)            | 1.1%          | (7,524)          | (7,609)          | (0)             | 0.0%          |
| Property, plant & equipment, net                  | 12,299           | (19)            | (0.2%)        | 12,318           | 12,894           | 596             | 4.6%          |
| <i>Identifiable intangible assets, gross</i>      | —                | —               | 0             | —                | —                | —               | 0             |
| <i>Accumulated amortization</i>                   | (17,440)         | (116)           | 0.7%          | (17,324)         | (17,440)         | 0               | (0.0%)        |
| Identifiable intangible assets, net               | 61,537           | (116)           | (0.2%)        | 61,654           | 61,505           | (32)            | (0.1%)        |
| Deferred financing cost                           | —                | —               | 0             | —                | —                | —               | 0             |
| Other non-current assets                          | —                | —               | 0             | —                | —                | —               | 0             |
| <b>Total Non-Current Assets</b>                   | <b>73,836</b>    | <b>(135)</b>    | <b>(0.2%)</b> | <b>73,971</b>    | <b>74,400</b>    | <b>563</b>      | <b>0.8%</b>   |
| <b>Total Assets</b>                               | <b>\$ 86,680</b> | <b>\$ (752)</b> | <b>(0.9%)</b> | <b>\$ 87,432</b> | <b>\$ 86,863</b> | <b>\$ 184</b>   | <b>0.2%</b>   |
| <b>Current Liabilities</b>                        |                  |                 |               |                  |                  |                 |               |
| Current portion of long-term debt                 | —                | \$ —            | 0             | \$ —             | \$ —             | \$ —            | 0             |
| Line of Credit                                    | 277              | (614)           | (68.9%)       | 891              | 294              | (16)            | (5.6%)        |
| Accounts payable                                  | 2,208            | 303             | 15.9%         | 1,905            | 2,025            | 183             | 9.0%          |
| Accrued liabilities                               | 1,842            | 42              | 2.3%          | 1,800            | 1,766            | 76              | 4.3%          |
| Accrued compensation                              | —                | —               | 0             | —                | —                | —               | 0             |
| Income taxes payable                              | 318              | 171             | 115.5%        | 148              | 3                | 315             | 9134.6%       |
| Other current liabilities                         | —                | —               | 0             | —                | —                | —               | 0             |
| <b>Total Current Liabilities</b>                  | <b>4,646</b>     | <b>(99)</b>     | <b>(2.1%)</b> | <b>4,744</b>     | <b>4,089</b>     | <b>557</b>      | <b>13.6%</b>  |
| <b>Long-term liabilities</b>                      |                  |                 |               |                  |                  |                 |               |
| Long-term debt less current maturities            | 41,359           | (1,115)         | (2.6%)        | 42,474           | 42,209           | (850)           | (2.0%)        |
| Deferred income taxes                             | —                | —               | 0             | —                | —                | —               | 0             |
| Other non-current liabilities                     | —                | —               | 0             | —                | —                | —               | 0             |
| <b>Total Long-Term Liabilities</b>                | <b>41,359</b>    | <b>(1,115)</b>  | <b>(2.6%)</b> | <b>42,474</b>    | <b>42,909</b>    | <b>(1,550)</b>  | <b>(3.6%)</b> |
| <b>Total Liabilities</b>                          | <b>46,005</b>    | <b>(1,214)</b>  | <b>(2.6%)</b> | <b>47,218</b>    | <b>46,998</b>    | <b>(993)</b>    | <b>(2.1%)</b> |
| <b>Shareholders' Equity</b>                       |                  |                 |               |                  |                  |                 |               |
| Common stock                                      | 39,007           | —               | 0.0%          | 39,007           | 39,007           | —               | 0.0%          |
| Capital in excess of stated value                 | —                | —               | 0             | —                | —                | —               | 0             |
| Retained earnings                                 | 1,668            | 462             | 38.3%         | 1,206            | 859              | 809             | 94.3%         |
| Accumulated other comprehensive income            | —                | —               | 0             | —                | —                | —               | 0             |
| Other equity transactions                         | —                | —               | 0             | —                | —                | —               | 0             |
| <b>Total Shareholders' Equity</b>                 | <b>40,675</b>    | <b>462</b>      | <b>1.1%</b>   | <b>40,214</b>    | <b>39,866</b>    | <b>809</b>      | <b>2.0%</b>   |
| <b>Total Liabilities and Shareholders' Equity</b> | <b>\$ 86,680</b> | <b>\$ (752)</b> | <b>(0.9%)</b> | <b>\$ 87,432</b> | <b>\$ 86,863</b> | <b>\$ (184)</b> | <b>(0.2%)</b> |

## Management Discussion:

- Reduction in cash is due to quarterly payment of loan and interest for \$1,137k and an additional loan payment of \$850k
- Loan balance is lower than forecast due to additional principal payment in October and normal \$260k payment
- Income tax accrual is based on Net Income. This balance will reduce over the next several months as restructuring costs increase and BT provides further tax advice.

# OPEX Detail

|  | YTD             |                 |                     | Explanation of Variance     |             |                       |             | Variance Impact           |                       |                              |
|--|-----------------|-----------------|---------------------|-----------------------------|-------------|-----------------------|-------------|---------------------------|-----------------------|------------------------------|
|  | Act             | Forecast        | Variance<br>B / (W) | One-Time /<br>Non-recurring | Timing      | Change in<br>Run-rate | Other       | Total Variance<br>B / (W) | YoY Impact<br>B / (W) | Annualized<br>Impact B / (W) |
| Payroll (Payroll, OT, SS & Taxes, Temp Labor, Share Options) | \$ 2,470        | \$ 2,537        | \$ 67               |                             | \$ -        | \$ 67                 | \$ -        | \$ 67                     | \$ 67                 | \$ 399.14                    |
| Benefits (Medical, Dental, Life, AD&D & 401K)                | 404.96          | 409.84          | 5                   | 5                           | -           | -                     | -           | 5                         | -                     | -                            |
| Bonus  | 439.46          | 472.36          | 33                  | 33                          | -           | -                     | -           | 33                        | -                     | -                            |
| Marketing  | 775.90          | 775.90          | (0)                 | (0)                         | -           | -                     | -           | (0)                       | -                     | -                            |
| Commissions  | 93.20           | 92.30           | (1)                 | (1)                         | -           | -                     | -           | (1)                       | -                     | -                            |
| Travel and Entertainment                                     | 183.78          | 208.41          | 25                  | 25                          | -           | -                     | -           | 25                        | -                     | -                            |
| Rent and Facilities  | 130.08          | 198.78          | 69                  |                             |             | 69                    | -           | 69                        | 69                    | 412                          |
| Insurance  | 86.18           | 86.18           | -                   |                             | -           | -                     | -           | -                         | -                     | -                            |
| Professional Fees  | 122.05          | 52.42           | (70)                | (70)                        | -           | -                     | -           | (70)                      | -                     | -                            |
| Utilities, Repairs, Maint. & Security                        | 34.00           | 34.61           | 1                   | 1                           | -           | -                     | -           | 1                         | -                     | -                            |
| Office Supplies  | 59.50           | 54.19           | (5)                 | (5)                         | -           | -                     | -           | (5)                       | -                     | -                            |
| IT   | 254.35          | 259.57          | 5                   | 5                           | -           | -                     | -           | 5                         | -                     | -                            |
| Bad Debt   | 33.39           | 34.98           | 2                   | 2                           | -           | -                     | -           | 2                         | -                     | -                            |
| Real Estate Taxes  | 137.82          | 137.82          | (0)                 | (0)                         | -           | -                     | -           | (0)                       | -                     | -                            |
| Other Expenses   | 320.14          | 295.93          | (24)                | (24)                        | -           | -                     | -           | (24)                      | -                     | -                            |
| <b>Total Opex</b>  | <b>\$ 5,545</b> | <b>\$ 5,650</b> | <b>\$ 105</b>       | <b>\$ (30)</b>              | <b>\$ -</b> | <b>\$ 135</b>         | <b>\$ -</b> | <b>\$ 105</b>             | <b>\$ 135</b>         | <b>\$ 811</b>                |

## Management Discussion:

- Payroll: Have not hired VP of Sales and other open positions.
- Rent and Facilities: Change in Run-rate represents rent expense increase for LA & New Jersey offices resulted by sublease cost agreed upon the TSA agreement.
- Professional Fees: Recruiting Fees for search and hire. Inside Sales, IT Manager, Customer Service, and Executive Assistant. These have been taken as an add-back.

# One- time costs

| ONE-TIME COSTS                      |          |          |                     |                             |        |                       |       |                             |                             |                           |                       |                              |  |
|-------------------------------------|----------|----------|---------------------|-----------------------------|--------|-----------------------|-------|-----------------------------|-----------------------------|---------------------------|-----------------------|------------------------------|--|
| \$'000                              |          |          |                     |                             |        |                       |       |                             |                             |                           |                       |                              |  |
|                                     | YTD      |          |                     | Explanation of Variance     |        |                       |       |                             |                             | Variance Impact           |                       |                              |  |
|                                     | Act      | Forecast | Variance<br>B / (W) | One-Time /<br>Non-recurring | Timing | Change in<br>Run-rate | Other | Forecast (06/19 -<br>06/20) | Forecast (07/20 -<br>12/20) | Total Variance<br>B / (W) | YoY Impact<br>B / (W) | Annualized<br>Impact B / (W) |  |
| Transaction Serives Agreement (TSA) | \$ 393   | \$ 393   | \$ 0                | \$                          | 0      | \$                    | –     | \$ 791                      | \$ (25)                     | \$ 0                      | \$ 0                  | \$ 3                         |  |
| Opening Balance Sheet audit         | 12       | 5        | (7)                 | \$                          | (7)    | –                     | –     | 12                          |                             | (7)                       | (7)                   | (42)                         |  |
| Asset Valuation Report              | 10       | 40       | 30                  | \$                          | 30     | –                     | –     | 40                          |                             | 30                        | 30                    | 180                          |  |
| ERP Implementation                  | –        | 75       | 75                  | \$                          | 75     | –                     | –     | 550                         |                             | 75                        | 75                    | 450                          |  |
| Website Build                       | 85       | 35       | (50)                | \$                          | (50)   | –                     | –     | 350                         |                             | (50)                      | (50)                  | (300)                        |  |
| Data Analytics Platform             | 4        | 80       | 76                  | \$                          | 76     |                       |       | 160                         |                             |                           |                       |                              |  |
| IT System Upgrade                   | –        | 50       | 50                  | \$                          | 50     | –                     | –     | 300                         | 50                          | 50                        | 50                    | 300                          |  |
| Supply Chain Specialist             | 60       | 60       | –                   | \$                          | –      | –                     | –     | 60                          |                             | –                         | –                     | (60)                         |  |
| Pricing Specialist                  | –        |          | –                   | \$                          | –      | –                     | –     |                             | 125                         | –                         | –                     | –                            |  |
| Sales Force Efficiency Specialist   | 99       | 60       | (39)                | \$                          | (39)   | –                     | –     | 134                         |                             | (39)                      | (39)                  | (234)                        |  |
| MOR Setup                           | 37       | 50       | 13                  | \$                          | 13     | –                     | –     | 40                          |                             | 13                        | 13                    | 76                           |  |
| HR Specialist                       | 117      | 130      | 13                  | \$                          | 13     | –                     | –     | 147                         |                             | 13                        | 13                    | 78                           |  |
| Beckway Group                       | 171      | 187      | 15                  | \$                          | 15     |                       |       | 171                         |                             |                           |                       |                              |  |
| IT Specialist                       | 36       | 30       | (6)                 | \$                          | (6)    | –                     | –     | 126                         | 35                          | (6)                       | (6)                   | (36)                         |  |
| Recruitment of new personnel        | –        | 243      | 243                 | \$                          | 243    | –                     | –     | –                           |                             | 243                       | 243                   | 1,458                        |  |
| Marketing/product roadmap study     | –        | –        | –                   | \$                          | –      | –                     | –     | –                           | 200                         | –                         | –                     | –                            |  |
| Rebranding                          | 23       | 75       | 52                  | \$                          | 52     | –                     | –     | 75                          |                             | 52                        | 52                    | 313                          |  |
| Other                               | 5        | –        | (5)                 | \$                          | (5)    | –                     | –     | 5                           |                             | (5)                       | (5)                   | (30)                         |  |
| Total 1x Costs                      | \$ 1,052 | \$ 1,513 | \$ 461              | \$ –                        | \$ 461 | \$ –                  | \$ –  | \$ 2,961                    | \$ 385                      | \$ 369                    | \$ 369                | \$ 2,156                     |  |

## Management Discussion:

- YTD includes one-time costs since Close
- Current forecast for first year spend is higher than bank allowable \$3m, will flex with CAPEX (ERP, Website, IT Upgrades) and other add back categories.
- Billing is delayed for Opening Balance Sheet Audit



# Cashflow Statement

| \$'000  | MTD |         | Variance |         | PY-MTD |         | Variance |     | YTD  |    | Variance |      | PY YTD |          | Variance |          |    |       |         |    |   |    |          |   |
|---|-----|---------|----------|---------|--------|---------|----------|-----|------|----|----------|------|--------|----------|----------|----------|----|-------|---------|----|---|----|----------|---|
|   | Act | Fcst    | \$       | %       | Act    | \$      | %        | Act | Fcst | \$ | %        | Act  | \$     | %        |          |          |    |       |         |    |   |    |          |   |
| Cash flow from operations                         |     |         |          |         |        |         |          |     |      |    |          |      |        |          |          |          |    |       |         |    |   |    |          |   |
| Net Income (Loss)                                 | \$  | 462     | \$       | 39      | \$     | 422     | 1070.8%  | \$  | —    | \$ | 462      | 0    | \$     | 5,269    | \$       | 4,460    | \$ | 809   | 18.1%   | \$ | — | \$ | 5,269    |   |
| Depreciation, amortization and other              |     | 201     |          | 639     |        | (437)   | (68.5%)  |     | —    |    | 201      | 0    |        | 2,018    |          | 2,018    |    | (0)   | (0.0%)  |    | — |    | 2,018    |   |
| Capitalized fees & expenses                       |     | —       |          | —       |        | —       |          |     | —    |    | —        | 0    |        | —        |          | —        |    | —     | 0       |    | — |    | —        |   |
| Gain (loss) on sale of fixed assets               |     | —       |          | —       |        | —       |          |     | —    |    | —        | 0    |        | —        |          | —        |    | —     | 0       |    | — |    | —        |   |
| Non-cash interest expense                         |     | 258     |          | 880     |        | (621)   | (70.6%)  |     | —    |    | 258      | 0    |        | 1,154    |          | 1,197    |    | (43)  | (3.6%)  |    | — |    | 1,154    |   |
| Non-cash dividends                                |     | —       |          | —       |        | —       |          |     | —    |    | —        |      |        | (2,702)  |          | (2,702)  |    | —     | 0.0%    |    | — |    | (2,702)  |   |
| Deferred income tax                               |     | —       |          | —       |        | —       |          |     | —    |    | —        |      |        | —        |          | —        |    | —     |         |    | — |    | —        |   |
| Change in operating assets and liabilities:       |     |         |          |         |        |         |          |     |      |    |          |      |        |          |          |          |    |       |         |    |   |    |          |   |
| Accounts receivable                               |     | (28)    |          | (117)   |        | 89      | (76.1%)  |     | —    |    | (28)     |      |        | (1,134)  |          | (663)    |    | (471) | 71.0%   |    | — |    | (1,134)  |   |
| Inventory   |     | (279)   |          | (78)    |        | (202)   | 259.5%   |     | —    |    | (279)    |      |        | 506      |          | 312      |    | 194   | 62.4%   |    | — |    | 506      |   |
| Prepaid expenses and other current assets         |     | (263)   |          | (213)   |        | (50)    | 23.7%    |     | —    |    | (263)    |      |        | 2,785    |          | 3,039    |    | (254) | (8.4%)  |    | — |    | 2,785    |   |
| Accounts payable                                  |     | 303     |          | 51      |        | 252     | 493.5%   |     | —    |    | 303      |      |        | (749)    |          | (932)    |    | 183   | (19.7%) |    | — |    | (749)    |   |
| Accrued expenses                                  |     | 42      |          | 702     |        | (660)   | (94.0%)  |     | —    |    | 42       |      |        | 347      |          | 971      |    | (624) | (64.3%) |    | — |    | 347      |   |
| Accrued income taxes                              |     | 171     |          | 26      |        | 144     | 547.6%   |     | —    |    | 171      |      |        | (5,574)  |          | (5,888)  |    | 315   | (5.3%)  |    | — |    | (5,574)  |   |
| Other changes in operating assets and liabilities |     | —       |          | —       |        | —       |          |     | —    |    | —        |      |        | (26,484) |          | (26,451) |    | (32)  | 0.1%    |    | — |    | (26,484) |   |
| Other cash flow from operations                   |     | —       |          | —       |        | —       |          |     | —    |    | —        |      |        | —        |          | —        |    | —     |         |    | — |    | —        |   |
| Total Cash Flow from Operations                   | \$  | 865     | \$       | 1,930   | \$     | (1,064) | (55.1%)  | \$  | 839  | \$ | 27       | 3.2% | \$     | (24,563) | \$       | (24,639) | \$ | 76    | (0.3%)  | \$ | — | \$ | (24,563) |   |
| Cash flow from investing                          |     |         |          |         |        |         |          |     |      |    |          |      |        |          |          |          |    |       |         |    |   |    |          |   |
| Additions to property, plant and equipment        | \$  | (66)    | \$       | (392)   | \$     | 326     | (83.1%)  | \$  | —    | \$ | (66)     |      | \$     | 1,786    | \$       | 1,191    | \$ | 596   | 50.0%   | \$ | — | \$ | 1,786    |   |
| Acquisitions of companies, net of cash acquired   |     | —       |          | —       | \$     | —       |          |     | —    |    | —        |      |        | —        |          | —        |    | —     |         |    | — |    | —        |   |
| Investment in intangibles                         |     | —       |          | —       | \$     | —       |          |     | —    |    | —        |      |        | —        |          | —        |    | —     |         |    | — |    | —        |   |
| Earnout payments                                  |     | —       |          | —       | \$     | —       |          |     | —    |    | —        |      |        | —        |          | —        |    | —     |         |    | — |    | —        |   |
| Other cash flow from investing (goodwill)         |     | —       |          | —       | \$     | —       |          |     | —    |    | —        |      |        | —        |          | —        |    | —     |         |    | — |    | —        |   |
| Total Cash Flow from Investing                    | \$  | (66)    | \$       | (392)   | \$     | 326     |          | \$  | —    | \$ | (66)     |      | \$     | 1,786    | \$       | 1,191    | \$ | 596   | 50.0%   | \$ | — | \$ | 1,786    |   |
| Cash flow from financing                          |     |         |          |         |        |         |          |     |      |    |          |      |        |          |          |          |    |       |         |    |   |    |          |   |
| Proceeds from the issuance (repayment) of ST      | \$  | —       | \$       | —       | \$     | —       |          | \$  | —    | \$ | —        |      | \$     | —        | \$       | —        | \$ | —     |         | \$ | — | \$ | —        |   |
| Proceeds from the issuance of debt                |     | —       |          | —       |        | —       |          |     | —    |    | —        |      |        | —        |          | —        |    | —     |         |    | — |    | —        |   |
| Repayment of debt                                 |     | (1,987) |          | —       |        | (1,987) |          |     | —    |    | (1,987)  |      |        | (1,987)  |          | (1,137)  |    | (850) | 74.8%   |    | — |    | (1,987)  |   |
| Capital lease                                     |     | —       |          | —       |        | —       |          |     | —    |    | —        |      |        | —        |          | —        |    | —     |         |    | — |    | —        |   |
| Common stock issued (repurchased)                 |     | —       |          | —       |        | —       |          |     | —    |    | —        |      |        | —        |          | —        |    | —     |         |    | — |    | —        |   |
| Common stock cash dividends paid                  |     | —       |          | —       |        | —       |          |     | —    |    | —        |      |        | —        |          | —        |    | —     |         |    | — |    | —        |   |
| Preferred stock issued (repurchased)              |     | —       |          | —       |        | —       |          |     | —    |    | —        |      |        | —        |          | —        |    | —     |         |    | — |    | —        |   |
| Other cash flow from financing costs              |     | —       |          | —       |        | —       |          |     | —    |    | —        |      |        | —        |          | —        |    | —     |         |    | — |    | —        |   |
| Total Cash Flow from Financing                    | \$  | (1,987) | \$       | (1,164) | \$     | (823)   | 70.7%    | \$  | —    | \$ | (1,987)  |      | \$     | 20,647   | \$       | 21,470   | \$ | (823) | (3.8%)  | \$ | — | \$ | 20,647   |   |
| Effect of FX rates on cash and cash equivalents   | \$  | —       | \$       | —       | \$     | —       |          | \$  | —    | \$ | —        |      | \$     | —        | \$       | —        | \$ | —     |         | \$ | — | \$ | —        |   |
| Net change in cash                                | \$  | (1,188) | \$       | 374     | \$     | (1,562) | (417.8%) | \$  | —    | \$ | (1,188)  |      | \$     | (2,130)  | \$       | (1,978)  | \$ | (151) | 7.6%    | \$ | — | \$ | (2,130)  |   |
| Beginning cash                                    |     | 2,353   |          | 4,109   |        | (1,757) | (42.7%)  |     | —    |    | 2,353    |      |        | 22,826   |          | 21,668   |    | 1,158 | 5.3%    |    | — |    | 22,826   | — |
| Change in cash                                    |     | (1,188) |          | 374     |        | (1,562) | (417.8%) |     | —    |    | (1,188)  |      |        | (2,130)  |          | (1,978)  |    | (151) | 7.6%    |    | — |    | (2,130)  | — |
| Ending cash                                       | \$  | 1,165   | \$       | 4,483   | \$     | (3,318) | (74.0%)  | \$  | —    | \$ | 1,165    |      | \$     | 20,696   | \$       | 19,689   | \$ | 1,007 | 5.1%    | \$ | — | \$ | 20,696   |   |

## Management Discussion:

- Inventory build is due largely to timing and increase in raw materials. Overall, Inventory is lower than forecast by \$200k.
- PPD expenses increased due largely to \$167k OGC management fee
- A/P increased largely due to timing of restructuring costs and inventory purchases.
- Largest outflow was \$1.1m of loan payments and \$877k of interest payments

# Debt Leverage Ratios

Duraco Specialty Tapes

## COVENANT CALCULATION DETAIL

|  | Jan 19  | Feb 19  | Mar 19  | Apr 19  | May 19  | Jun 19   | Jul 19   | Aug 19   | Sep 19   | Oct 19   | (Fcast)<br>Nov 19 | (Fcast)<br>Dec 19 |
|--|---------|---------|---------|---------|---------|----------|----------|----------|----------|----------|-------------------|-------------------|
| Bank EBITDA Calculation  |         |         |         |         |         |          |          |          |          |          |                   |                   |
| Bank EBITDA  | \$521   | \$626   | \$688   | \$945   | \$738   | \$784    | \$784    | \$999    | \$924    | \$1,414  | \$637             | \$457             |
| TTM Bank EBITDA  | \$9,631 | \$9,792 | \$9,919 | \$9,994 | \$9,926 | \$9,886  | \$9,721  | \$9,802  | \$9,915  | \$10,126 | \$9,842           | \$9,517           |
| Fixed Charge Coverage Ratio (Section 6.1)                            |         |         |         |         |         |          |          |          |          |          |                   |                   |
| Bank EBITDA  | \$521   | \$626   | \$688   | \$945   | \$738   | \$784    | \$784    | \$999    | \$924    | \$1,414  | \$637             | \$457             |
| i - Unfinanced Capital Expenditures                                  | 88      | 88      | 88      | 88      | 88      | 88       | -        | -        | 49       | 66       | -                 | -                 |
| ii - Management Fees paid or incurred                                | 83      | 83      | 83      | 83      | 83      | 83       | 83       | 83       | 83       | 83       | 83                | 83                |
| iii - Income/franchise taxes paid or incurred                        | 80      | 80      | 80      | 80      | 80      | 80       | 80       | 80       | 80       | 80       | 80                | 80                |
| iv - Restricted Distributions paid in cash                           | -       | -       | -       | -       | -       | -        | -        | -        | -        | -        | -                 | -                 |
| v - Contingent Purchase Price Obligations paid in cash               | -       | -       | -       | -       | -       | -        | -        | -        | -        | -        | -                 | -                 |
| Operating Cash Flow (Numerator)                                      | \$270   | \$375   | \$437   | \$694   | \$487   | \$533    | \$621    | \$836    | \$712    | \$1,186  | \$475             | \$294             |
| Interest Expense   | 275     | 275     | 275     | 275     | 275     | 275      | 275      | 275      | 275      | 275      | 275               | 275               |
| Less: Interest Received  | -       | -       | -       | -       | -       | -        | -        | -        | -        | -        | -                 | -                 |
| a Net Cash Interest  | \$275   | \$275   | \$275   | \$275   | \$275   | \$275    | \$275    | \$275    | \$275    | \$275    | \$275             | \$275             |
| b Regularly scheduled principal payments                             | -       | -       | 265     | -       | -       | 265      | \$ -     | \$ -     | \$ -     | 265      | -                 | 265               |
| Fixed Charges (Denominator)  | \$275   | \$275   | \$540   | \$275   | \$275   | \$540.1  | \$275    | \$275    | \$275    | \$540    | \$275             | \$540             |
| TTM Numerator  | \$8,907 | \$8,860 | \$8,780 | \$8,646 | \$8,370 | \$8,123  | \$7,838  | \$7,800  | \$7,744  | \$7,768  | \$7,365           | \$6,920           |
| TTM Denominator  | 1,365   | 1,640   | 2,180   | 2,456   | 2,731   | 3,271    | 3,546    | 3,821    | 4,096    | 4,361    | 4,361             | 4,361             |
| Fixed Charge Coverage Ratio  | N/A     | N/A     | N/A     | N/A     | N/A     | N/A      | N/A      | N/A      | 1.89     | 1.78     | 1.69              | 1.59              |
| Covenant   |         |         |         |         |         |          |          |          | 1.10     |          | 1.10              |                   |
| Status   | Pass    |         |         |         |         |          |          |          | Pass     |          | Pass              |                   |
| Total Debt to EBITDA Ratio (Section 6.2)                             |         |         |         |         |         |          |          |          |          |          |                   |                   |
| + Outstanding amount of Revolving Loans                              | \$ -    | \$ -    | \$ -    | \$ -    | \$ -    | \$ -     | \$ -     | \$ -     | \$ -     | \$ -     | \$ -              | \$ -              |
| + Outstanding Principal Balance - Term Loan                          | -       | -       | -       | -       | -       | \$42,474 | \$42,474 | \$42,474 | \$42,474 | \$41,359 | \$41,359          | \$41,094          |
| + Outstanding Principal Balance - Other Debt                         | -       | -       | -       | -       | -       | \$ -     | \$ -     | \$ -     | \$ -     | \$ -     | \$ -              | \$ -              |
| - Qualified Cash   | -       | -       | -       | -       | -       | (765)    | (1,366)  | (1,922)  | (2,354)  | (1,540)  | (1,000)           | (500)             |
| Bank Debt  | \$ -    | \$ -    | \$ -    | \$ -    | \$ -    | \$41,709 | \$41,108 | \$40,552 | \$40,120 | \$39,819 | \$40,359          | \$40,594          |
| TTM Bank EBITDA  | \$9,631 | \$9,792 | \$9,919 | \$9,994 | \$9,926 | \$9,886  | \$9,721  | \$9,802  | \$9,915  | \$10,126 | \$9,842           | \$9,517           |
| Leverage Ratio   | N/A     | N/A     | N/A     | N/A     | N/A     | 4.22     | 4.23     | 4.14     | 4.05     | 3.93     | 4.10              | 4.27              |
| Maximum Permitted Total Debt to EBITDA Ratio for the defined period. |         |         |         |         |         |          |          |          | 6.25     |          | 6.25              |                   |
| Status   | Pass    |         |         |         |         |          |          |          | Pass     |          | Pass              |                   |

## Management Discussion:

- Fixed Charge Coverage Ratio is projected to be well above the minimum level required at the end of December.
- Total Debt to EBITDA ratio at the end of the year is projected to be 4.27. EBITDA would need to be \$11.3m to reduce the applicable margin at the first adjustment date. It needs to stay above \$8.4m to maintain the current applicable margin.

# 13 Week Cash Forecast



## 13 Week Cash Flow Forecast

|                                      | W/E | 11/9/19   | Act 11/9/19 | 11/16/19  | 11/23/19  | 11/30/19  | 12/7/19   | 12/14/19  | 12/21/19  | 12/28/19  | 12/31/19    | 1/4/20    | 1/11/20   | 1/18/20   | 1/25/20   | 2/1/20    | 2/8/20    |
|--------------------------------------|-----|-----------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Beginning Cash Balance</b>        |     | 1,727,364 | 1,727,364   | 1,926,859 | 1,561,691 | 1,738,224 | 1,701,390 | 1,943,676 | 1,840,587 | 2,315,273 | 2,228,059   | 1,037,059 | 980,582   | 993,078   | 1,294,074 | 1,011,570 | 1,052,532 |
| <b>Total Cash Inflow</b>             |     | 720,000   | 739,093     | 813,582   | 838,533   | 900,148   | 836,370   | 761,161   | 965,437   | 866,018   | 110,000     | 536,607   | 769,246   | 769,246   | 769,246   | 769,246   | 689,023   |
| <b>Cash Outflow</b>                  |     |           |             |           |           |           |           |           |           |           |             |           |           |           |           |           |           |
| Accounts Payable                     |     | 362,500   | 309,648     | 412,000   | 437,000   | 406,482   | 362,000   | 364,500   | 362,000   | 431,482   | -           | 362,000   | 362,000   | 339,500   | 337,000   | 370,200   | 337,000   |
| Payroll                              |     | 70,000    | 73,040      | 305,000   | 70,000    | 305,000   | 70,000    | 310,000   | 70,000    | 310,000   | -           | 70,000    | 310,000   | 70,000    | 310,000   | 70,000    | 310,000   |
| Union Benefits                       |     | 1,000     | 28,679      | -         | -         | 62,000    | 1,000     | 5,000     | -         | 62,000    | -           | -         | -         | -         | -         | 62,000    | -         |
| Non-Union Benefits                   |     | 65,467    | 73,520      | -         | -         | 65,000    | -         | -         | -         | 65,000    | -           | -         | -         | -         | -         | 65,000    | -         |
| 401k                                 |     | -         | 23,621      | 26,000    | -         | 26,000    | -         | 26,000    | -         | 26,000    | -           | -         | 26,000    | -         | 26,000    | -         | 26,000    |
| Taxes                                |     | -         | -           | -         | -         | -         | -         | -         | -         | -         | -           | -         | -         | -         | -         | -         | -         |
| CAPEX                                |     | -         | -           | 312,000   | -         | -         | -         | 40,000    | -         | -         | -           | -         | -         | -         | 320,000   | -         | -         |
| Term Loan Interest Payments          |     | -         | -           | -         | -         | -         | -         | -         | -         | -         | 775,000     | -         | -         | -         | -         | -         | -         |
| Term Loan Payments                   |     | -         | -           | -         | -         | -         | -         | -         | -         | -         | 265,000     | -         | -         | -         | -         | -         | -         |
| Revolver Interest Payments           |     | -         | -           | -         | -         | -         | -         | -         | -         | -         | -           | -         | -         | -         | -         | -         | -         |
| Revolver Payments                    |     | -         | -           | -         | -         | -         | -         | -         | -         | -         | -           | -         | -         | -         | -         | -         | -         |
| Unused Line Fee Payments             |     | -         | -           | -         | -         | -         | -         | -         | -         | -         | 11,000      | -         | -         | -         | -         | -         | -         |
| OGC Quarterly Management Fee Payment |     | -         | -           | -         | -         | -         | -         | -         | -         | -         | 250,000     | -         | -         | -         | -         | -         | -         |
| One Time Costs                       |     | 171,250   | 31,090      | 123,750   | 155,000   | 72,500    | 161,084   | 118,750   | 58,750    | 58,750    | -           | 161,084   | 58,750    | 58,750    | 58,750    | 161,084   | -         |
| <b>Total Cash Outflow</b>            |     | 670,217   | 539,598     | 1,178,750 | 662,000   | 936,982   | 594,084   | 864,250   | 490,750   | 953,232   | 1,301,000   | 593,084   | 756,750   | 468,250   | 1,051,750 | 728,284   | 673,000   |
| <b>Weekly Cash Inflow/(Outflow)</b>  |     | 49,783    | 199,495     | (365,168) | 176,533   | (36,834)  | 242,286   | (103,089) | 474,687   | (87,214)  | (1,191,000) | (56,477)  | 12,496    | 300,996   | (282,504) | 40,962    | 16,023    |
| <b>Ending Cash Balance</b>           |     | 1,777,147 | 1,926,859   | 1,561,691 | 1,738,224 | 1,701,390 | 1,943,676 | 1,840,587 | 2,315,273 | 2,228,059 | 1,037,059   | 980,582   | 993,078   | 1,294,074 | 1,011,570 | 1,052,532 | 1,068,556 |
| <b>Outstanding Checks</b>            |     | (460,000) | (701,539)   | (460,000) | (460,000) | (460,000) | (460,000) | (460,000) | (460,000) | (460,000) | (460,000)   | (460,000) | (460,000) | (460,000) | (460,000) | (460,000) | (460,000) |
| <b>Net Available Cash</b>            |     | 1,317,147 | 1,225,320   | 1,101,691 | 1,278,224 | 1,241,390 | 1,483,676 | 1,380,587 | 1,855,273 | 1,768,059 | 577,059     | 520,582   | 533,078   | 834,074   | 551,570   | 592,532   | 608,556   |

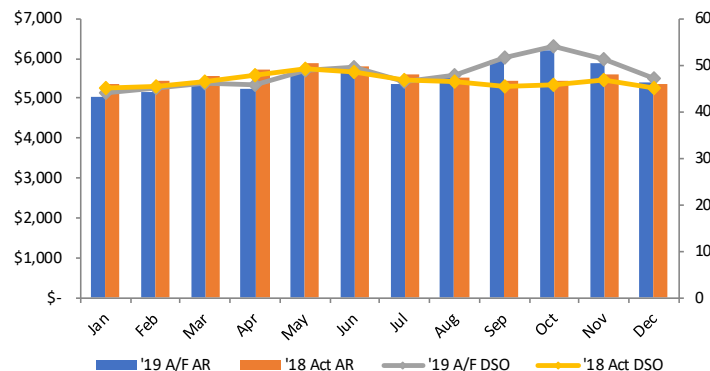
## MANAGEMENT DISCUSSION

- (w/e 11/16) Website Build - \$85K
- (w/e 11/16) Capex - \$72K for new Air Compressor.
- (w/e 11/16) Capex - Initial \$240K payment for the Duplex Slitter machine cost.
- (w/e 12/14) Capex - Initial \$40K payment for the End Splicer machine.
- (w/e 1/25) Capex - Second payment, \$320K, for the Duplex Slitter machine.
- (w/e 12/31) Loan Interest - Quarterly \$775K interest payment on loan.
- (w/e 12/31) Loan Payment - Quarterly \$265K repayment of loan.
- (Oct - Mar) IT Projects - Est. weekly cost to begin ERP conversion, Website Build and Systems upgrade.

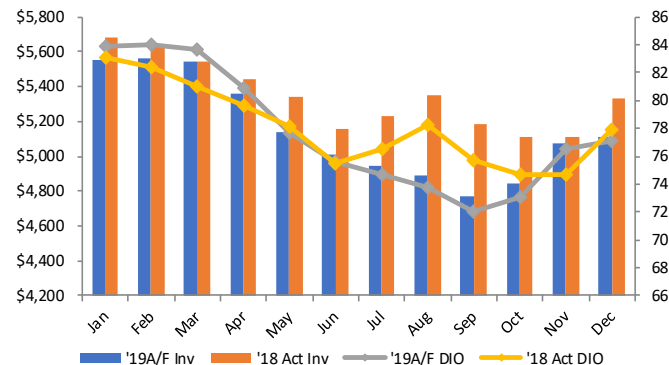


# Working Capital and Cash Conversion Cycle

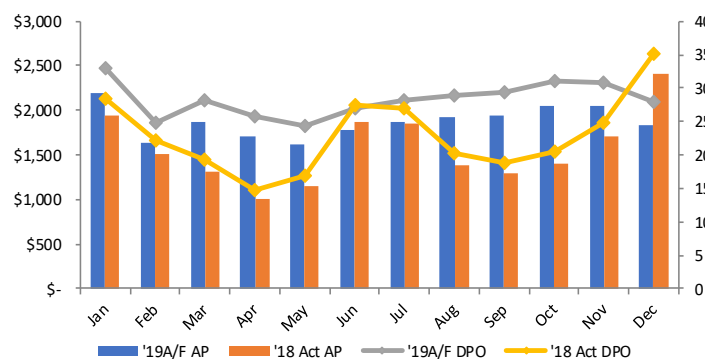
Accounts receivable, net



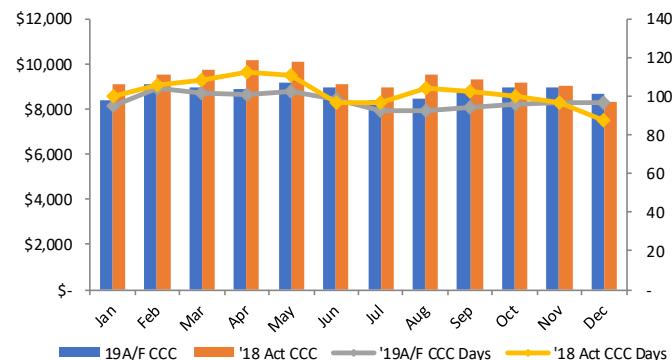
Inventory, net



Accounts Payable, net



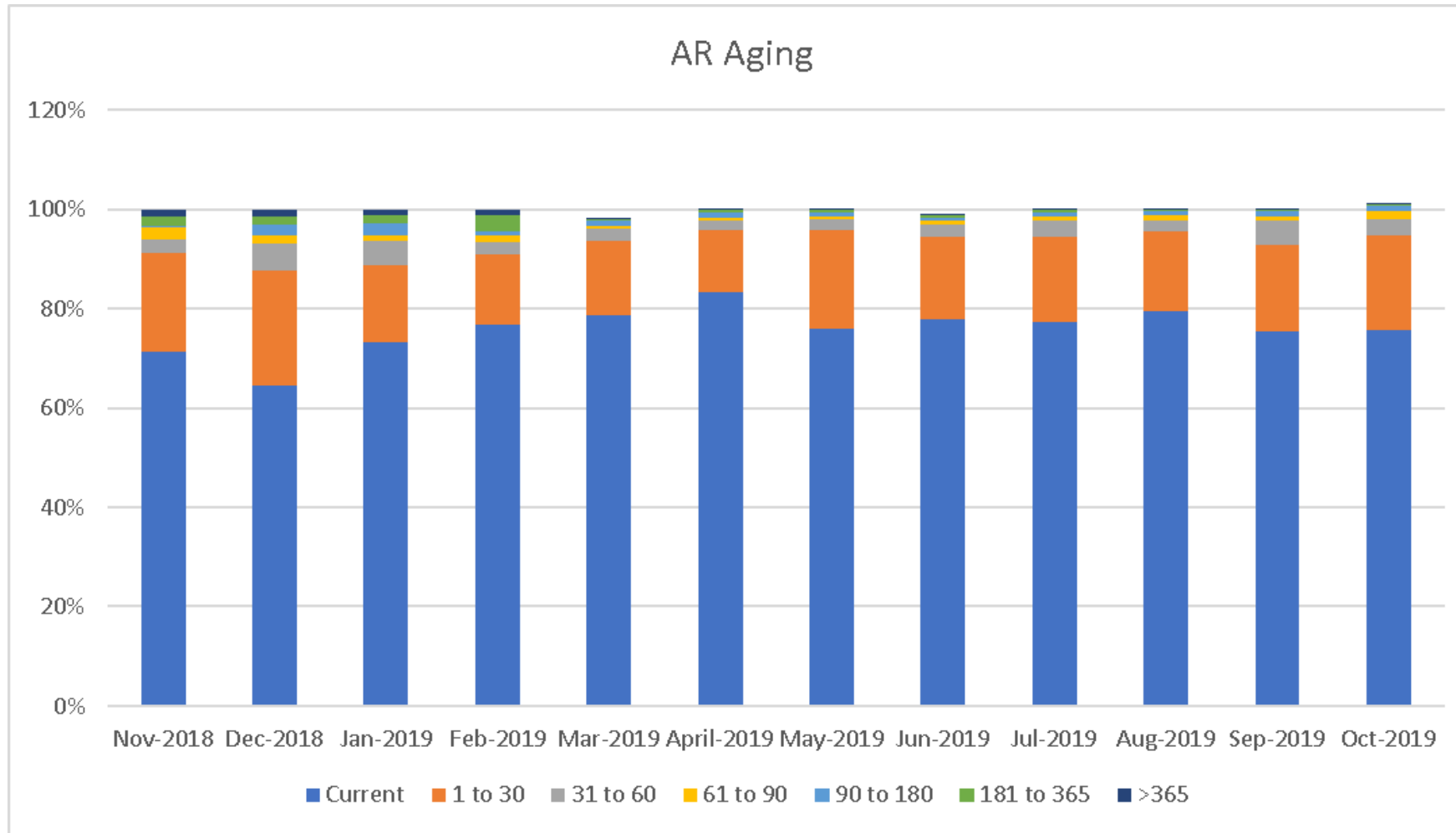
Cash Conversion Cycle



## Management Discussion:

- '19 CCC has improved due largely to lower inventory balances and higher A/P partially offset by higher A/R.
- Inventory was built in October partially due largely to timing. Inventory balance is down significantly from prior year and is below forecast.
- A/P is higher due partially to one off restructuring costs which will not be at this level at this time next year. Team is working to track how much is in A/P each month to make sure we have a clean benchmark.
- A/P is lower at the end of the year as there will not be an A/P hold; former parent held A/P at the end of each year.

# Accounts Receivable Aging

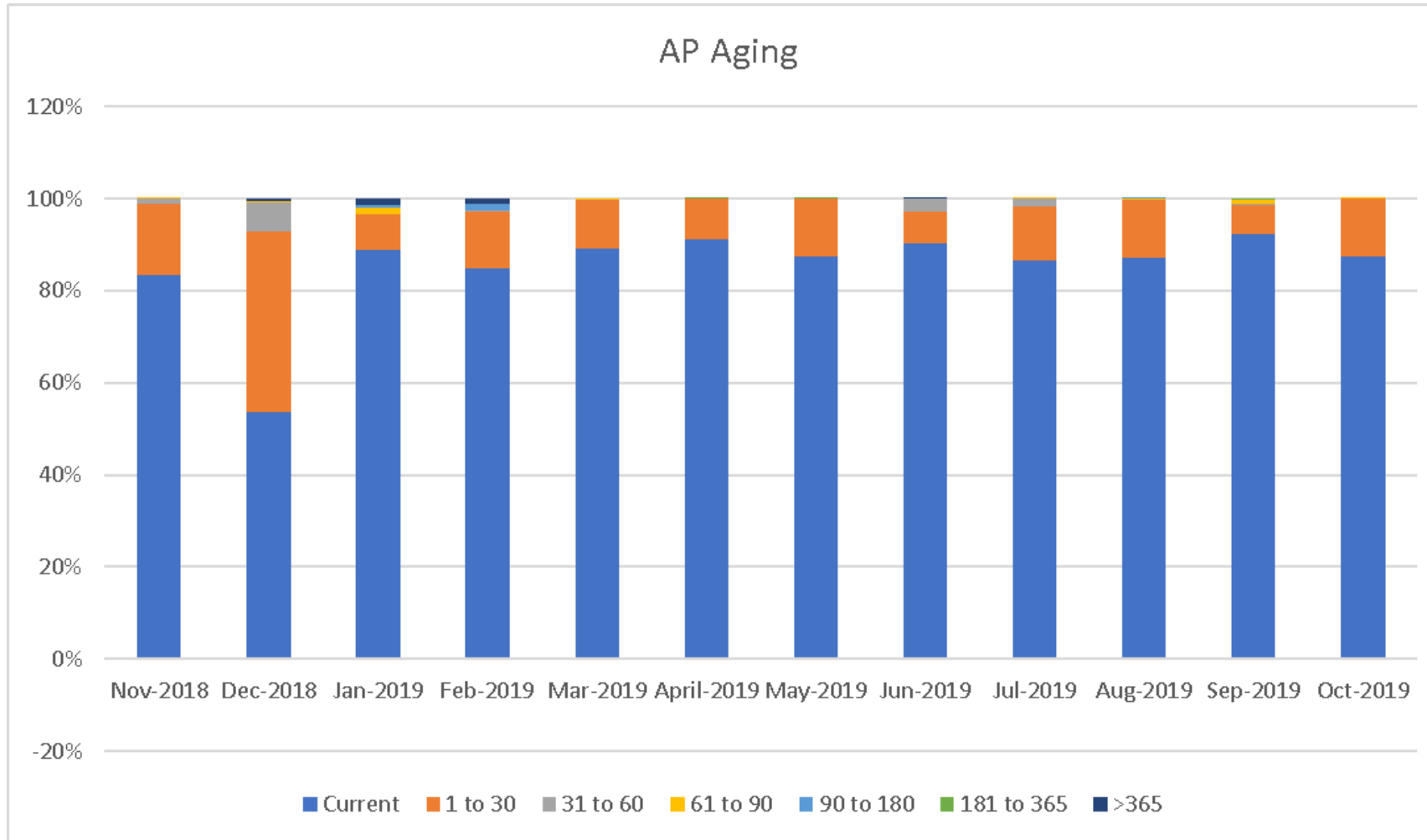


## Management Discussion:

### Accounts Receivable

- 95% of Invoices fall into the Current or 1 to 30 day aging buckets.
- There is a total of 5,183 open invoices with 1,381 customer accounts and an average balance of \$2,536
- Largest open invoices are Essentra Ningbo for \$82K with two invoices that are not yet past due, Mix Tiles for \$55K and PlanetArt for \$31K
- The average past due open balance is \$2,421 with 678 customers having debit past due balances.
- Past due invoices from Ampac for \$30K and Essentra Packaging Puerto Rico for \$30K.

# Accounts Payable Aging



## Management Discussion:

### Open A/P invoices

- 87% of open A/P invoices are Current, 12% are past due 1 to 15 days,

# Working Capital

|                                   | 2019<br>September | 2019<br>October | October<br>Fcast | 2018<br>December |
|-----------------------------------|-------------------|-----------------|------------------|------------------|
| <b>Net Inventories</b>            | 4,702             | 4,981           | 5,176            | 5,582            |
| <b>External Trade Receivables</b> | 6,098             | 6,126           | 5,655            | 4,977            |
| <b>External Other Receivables</b> | 308               | 571             | 317              | 182              |
| <b>External Trade Payables</b>    | (1,905)           | (2,208)         | (2,025)          | (2,957)          |
| <b>External Other Payables</b>    | (1,800)           | (1,842)         | (1,766)          | (1,495)          |
| <b>Net Working Capital</b>        | <b>\$ 7,402</b>   | <b>\$ 7,629</b> | <b>\$ 7,356</b>  | <b>\$ 6,290</b>  |

## Management Discussion:

### Working Capital

- October closed with a build up of finished goods for a few of the larger customers. In addition, there were significant raw material receipts the last few days of the month. However, inventory continues to hold at levels below forecast.
- Accounts Receivable is increasing due to increase in sales for the last two months compared to forecast. Also, 95% of Invoices fall into the Current or 1 to 30 day aging buckets continue to perform at good levels.
- Significant increase in Other Receivables that is caused by the increase on prepaid quarterly management charges of \$166K for the quarter and timing of BCBS \$65K
- External Other Payables has increase on the accrual for Marketing Spending of \$109K and accrual for tax payable for \$318K

# Information Systems and Technology



# Status of Key IT Initiatives

## STATUS UPDATE: PROJECT DETAILS

| Project                                  | Status | Current Status & Next Steps  | Timing             | Annualized EBITDA Impact (\$MM) |        |
|--|--------|--|--------------------|---------------------------------|--------|
|  |        |  |                    | Projected                       | Actual |
| Infrastructure                           | ●      | <ul style="list-style-type: none"> <li>Network separation staging continues. October 14-15 Essentra visit accomplished some phone system separation, but mutual reliance on specific server resources is problematic to complete separation. Staging continues.</li> </ul>   | Q4 2019 Completion | N/A                             | N/A    |
| ERP                                      | ●      | <ul style="list-style-type: none"> <li>Contracts completed for CloudSuite Industrial ERP implementation. Kick-off being scheduled.</li> </ul>  | Q2 2020            | N/A                             | N/A    |
| Enterprise applications (other than ERP) | ●      | <ul style="list-style-type: none"> <li>HelpScout migration completed. Visio acquired. Investigating AutoCAD and MatLab.</li> </ul>   | Q2 2020            | N/A                             | N/A    |
| Telephony                                | ●      | <ul style="list-style-type: none"> <li>More details being gathered around numbers that need porting and specific Customer Service/Inside Sales management needs. MS Teams-oriented phone system proposed. Requirements validation underway.</li> </ul>   | Q4 2019            | N/A                             | N/A    |
| End-points                               | ●      | <ul style="list-style-type: none"> <li>Highly dependent upon network separation so that we can take responsibility for our own security profile and actively manage our computers. Hoping that separation can be accomplished earlier than planned. Actively working with Essentra to accomplish, but has its challenges.</li> </ul> | Q4 2109            | N/A                             | N/A    |

# Acquisitions and Other Transactions

# M&A Pipeline Update

The opportunities below have emerged following a detailed review with Duraco MGMT and a highly coordinated outreach effort with buy-side advisor Mesirow Financial

| Name                                      | Geography | Primary Products                              | Est. Revenue | Est. EBITDA | Status  |
|---|-----------|---|--------------|-------------|---|
| <b>Near Term Opportunities</b>            |           |   |              |             |   |
| Infinity Tapes                            | US        | Double Coated, Transfer, Tamper Evident Tapes | \$10M        | \$1m        | Site visit scheduled for November 14.                             |
| <b>Early Stage Opportunities</b>          |           |   |              |             |   |
| IDI Fabrication                           | US        | Tapes, Rigid, Flexible, Converting            | \$22M        | NA          | President of IDI is slowly engaging with David                    |
| Advantage Adhesives                       | US        | Pressure Sensitive, Transfer, Finger-lift     | \$10M        | NA          | Aaron following up with owner.                                    |
| Pres-On                                   | US        | Tape and Cap Liner                            | \$15M        | NA          | Trying to contact owner.  |
| DermaMed Coatings                         | US        | Pressure Sensitive, Woven, Double Coated      | \$15M        | NA          | Attempting to Penetrate   |
| AM Rubber and Foam Gaskets                | US        | Rubber and Roam Gaskets                       | \$15M        | NA          | Attempting to Penetrate   |
| Project Connect (ITW)                     | Global    | Seals, Gaskets, Films                         | \$200M       | \$36M       | NDA Signed  |
| Tekra                                     | US        | Converter                                     | \$100M       | \$15M       | Teaser received, waiting for CIM.                                 |
| <b>Declined or Deferred Opportunities</b> |           |   |              |             |   |
| Can-Do Tapes                              | US        | Converter /Distributor                        | \$22M        | \$3M        | Declined: Duraco management passed due to lack of synergies.      |
| Zone Enterprises                          | US        | Converter                                     | \$25M        | \$3M        | Deferred: Owner wants to complete an acquisition prior to selling |
| Diga                                      | Mexico    | Foam Gaskets, Molded Polyethylene             | \$22M        | \$2M        | Duraco deferred: Not pursuing at this time                        |

## Management Discussion of Near Term Opportunities:

### Infinity Tapes

- David and Brad met with Craig Allard, President at PackExpo in Las Vegas on September 24<sup>th</sup>
- Primary manufacturer of Double Coated, Transfer, Tamper Evident Tapes and Release Liners located in Lawrence, MA
- Duraco believes that Infinity may have larger foothold in the growing transit packaging market
- Owner has engaged a banker. Has received 3 inbound approaches.
- Currently believe that \$1m of synergies is required to make the investment make sense.
- Management is exploring synergies and believe that a rooftop consolidation may be possible.
- IOI submitted at \$6m.

## Management Discussion of Declined or Deferred Opportunities:

### Can-Do Tapes

- Duraco management visited Can Do in Nashville at the beginning of October.
- Decided to not proceed with the investment due to lack of synergies, over exposure to automotive market.

### Zone Enterprises

- Owner wants to complete an acquisition before he sells.
- Initial meeting with Scott Zone, President & CEO in Forest Park, IL
- Converter with manufacturing in St. Louis, MO & Monterrey, MX
- Distribution locations throughout USA, Mexico, and Canada
- Owner interested in rolling stake and gaining scale beyond what he can do organically

### Diga

- Will likely not pursue right now.
- Initial call held and high level financial information received from Seller
- Concentration in auto 54% (30% Valeo), Mexican footprint and low gross margin (23%) may be perceived as value destructive

# Management and Governance

# Governance Organization

## Board of Directors

- Andrew Nikou
- Paul Bridwell
- Matthias Gundlach
- David Danelz

## Audit Committee

- Shawn Haghighi
- Paul Bridwell
- Brad Schechtman

## 2019 Auditors

- Baker Tilly
  - Yunis Altahami - Partner

## Anonymous Hotline

- Navex is live via [Duraco.ethicspoint.com](https://duraco.ethicspoint.com)

## Internal control & authority matrix

- Brad and Vinay to review and update

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

# Legal, Governance, and Compliance

## Legal Counsel

- Duraco is using KDDK for everyday contract matters (Partner rate is \$395/hr)
  - Part of the Meritas legal network
  - Have done work with Morgan Lewis in the past
  - Receiving a 15% discount on all projects
- Duraco is using TAFT for trademark work (Partner rate is \$800/hr)
- For any significant legal matters, Duraco will discuss legal strategy with Shawn prior to engaging any law firm

## NAVEX

- Duraco.ethicspoint.com is live for anonymous ethics violations reporting
- Investigating adding a NAVEX service (policy tech) to provide electronic tracking of policy deployment and training
- Investigating adding “gift” reporting through the ethics point tool to track gifts given and received

## Governance Policies

- Policies have been sent to outside counsel for review and revision
- Currently operating under Essentra’s policies, which are sufficient for now
- Employee handbook is being sent to outside counsel for review

# Audit and Tax

## Purchase Accounting

- Received preliminary valuation report from VRC. Team is reviewing the details.
- Valuation currently shows \$14m of goodwill
- Baker Tilly audit of opening balance sheet positions and adjustments is underway with work happening on site the week of October 21

## 2019 Audit

- Baker Tilly on site week of October 21 to complete interim audit of Q3; intended to reduce the amount of work required at year end.
- Year end audit work will commence in Forest Park on January 28<sup>th</sup>
- Draft financial statements due to Duraco on Feb 21, 2020
- Final financial statements due to Duraco on Feb 28, 2020

# Appendix



# Commercial Updates to MOR

11/2019: Gross Margin changed to GVA

11/2019: Revenue on the commercial slides was adjusted to reflect quality of earnings:

- Added revenue to Essentra (except Essentra Nottingham)
- Increased revenue to Essentra prior to 07/01/2019 by 27% to reflect cost + 40%
- Removed sales of components sold to Whirlpool prior to 07/01/19
- Removed “Walgreens Tape” sales (item 503880)
- Added revenue of sales directly from Essentra Nottingham to Paroc.
- Added revenue for the 7 Canadian customers that originally invoiced to Essentra Toronto

# Sales Breakdown by Company and Segment

## YTD Net Sales

| Company        | POP     | White Goods | Industrial | Other  | Total   |
|----------------|---------|-------------|------------|--------|---------|
| 61 - National  | 14,050K | 3,721K      | 2,833K     | 1,898K | 22,502K |
| 62 - Midwest   | 2,620K  |             | 720K       | 771K   | 4,110K  |
| 66 - East      | 2,478K  |             | 225K       | 527K   | 3,230K  |
| International  | 691K    | 303K        | 471K       | 1,097K | 2,563K  |
| 64 - West      | 1,777K  |             | 313K       | 150K   | 2,240K  |
| 67 - Southwest | 856K    |             | 69K        | 106K   | 1,032K  |
| Total          | 22,472K | 4,024K      | 4,631K     | 4,549K | 35,676K |

## YTD Net Sales % of Total

| Company        | POP | White Goods | Industrial | Other | Total |
|----------------|-----|-------------|------------|-------|-------|
| 61 - National  | 39% | 10%         | 8%         | 5%    | 63%   |
| 62 - Midwest   | 7%  |             | 2%         | 2%    | 12%   |
| 64 - West      | 5%  |             | 1%         | 0%    | 6%    |
| 66 - East      | 7%  |             | 1%         | 1%    | 9%    |
| 67 - Southwest | 2%  |             | 0%         | 0%    | 3%    |
| International  | 2%  | 1%          | 1%         | 3%    | 7%    |
| Total          | 63% | 11%         | 13%        | 13%   | 100%  |

## YTD GVA

| Company        | POP     | White Goods | Industrial | Other  | Total   |
|----------------|---------|-------------|------------|--------|---------|
| 61 - National  | 10,180K | 1,966K      | 1,771K     | 1,252K | 15,169K |
| 62 - Midwest   | 1,895K  |             | 438K       | 606K   | 2,939K  |
| 64 - West      | 1,291K  |             | 191K       | 108K   | 1,589K  |
| 66 - East      | 1,801K  |             | 162K       | 340K   | 2,303K  |
| 67 - Southwest | 634K    |             | 53K        | 78K    | 765K    |
| International  | 479K    | 209K        | 215K       | 686K   | 1,589K  |
| Total          | 16,280K | 2,174K      | 2,830K     | 3,069K | 24,354K |

## YTD GVA as % of Total

| Company        | POP | White Goods | Industrial | Other | Total |
|----------------|-----|-------------|------------|-------|-------|
| 61 - National  | 42% | 8%          | 7%         | 5%    | 62%   |
| 62 - Midwest   | 8%  |             | 2%         | 2%    | 12%   |
| 64 - West      | 5%  |             | 1%         | 0%    | 7%    |
| 66 - East      | 7%  |             | 1%         | 1%    | 9%    |
| 67 - Southwest | 3%  |             | 0%         | 0%    | 3%    |
| International  | 2%  | 1%          | 1%         | 3%    | 7%    |
| Total          | 67% | 9%          | 12%        | 13%   | 100%  |

## Management Discussion:

# YTD Sales Breakdown by Customer Size and Segment

## YoY Net Sales

| sales_tier            | POP   | White Goods | Industrial | Other | Total   |
|-----------------------|-------|-------------|------------|-------|---------|
| <\$1,000              | 361K  | 5K          | 63K        | 68K   | 497K    |
| <\$1,000 - \$15,000   | -164K | -7K         | -34K       | -112K | -317K   |
| \$15,000 - \$50,000   | -608K | 31K         | -125K      | -87K  | -789K   |
| \$50,000 - \$100,000  | -138K | -39K        | 56K        | 87K   | -34K    |
| \$100,000 - \$250,000 | 109K  | 201K        | 36K        | -272K | 74K     |
| >\$250,000            | -471K | -728K       | -403K      | -97K  | -1,699K |
| Other                 | 322K  | 13K         | -51K       | 716K  | 999K    |
| Total                 | -589K | -523K       | -459K      | 302K  | -1,269K |

## YoY % Change in Net Sales

| sales_tier            | POP   | White Goods | Industrial | Other | Total |
|-----------------------|-------|-------------|------------|-------|-------|
| <\$1,000              | 87 %  | 319 %       | 93 %       | 31 %  | 71 %  |
| <\$1,000 - \$15,000   | -4 %  | -20 %       | -4 %       | -28 % | -6 %  |
| \$15,000 - \$50,000   | -14 % | 15 %        | -12 %      | -20 % | -13 % |
| \$50,000 - \$100,000  | -4 %  | -100 %      | 5 %        | 31 %  | -1 %  |
| \$100,000 - \$250,000 | 3 %   | 42 %        | 4 %        | -51 % | 1 %   |
| >\$250,000            | -7 %  | -19 %       | -38 %      | -6 %  | -12 % |
| Other                 | 284 % | Infinity    | -36 %      | 104 % | 106 % |
| Total                 | -3 %  | -12 %       | -9 %       | 7 %   | -3 %  |

## YoY GVA

| sales_tier            | POP   | White Goods | Industrial | Other | Total |
|-----------------------|-------|-------------|------------|-------|-------|
| <\$1,000              | 287K  | 3K          | 47K        | 57K   | 394K  |
| <\$1,000 - \$15,000   | -126K | -5K         | -34K       | -81K  | -246K |
| \$15,000 - \$50,000   | -499K | 19K         | -91K       | -52K  | -623K |
| \$50,000 - \$100,000  | -115K | -43K        | -2K        | 64K   | -96K  |
| \$100,000 - \$250,000 | 97K   | 107K        | 17K        | -184K | 37K   |
| >\$250,000            | -200K | -403K       | -147K      | -99K  | -849K |
| Other                 | 199K  | 9K          | -21K       | 565K  | 752K  |
| Total                 | -357K | -313K       | -231K      | 270K  | -631K |

## YoY % Change in GVA

| sales_tier            | POP   | White Goods | Industrial | Other | Total |
|-----------------------|-------|-------------|------------|-------|-------|
| <\$1,000              | 94 %  | 257 %       | 92 %       | 34 %  | 75 %  |
| <\$1,000 - \$15,000   | -5 %  | -25 %       | -6 %       | -26 % | -7 %  |
| \$15,000 - \$50,000   | -16 % | 12 %        | -13 %      | -19 % | -14 % |
| \$50,000 - \$100,000  | -5 %  | -100 %      | -0 %       | 31 %  | -3 %  |
| \$100,000 - \$250,000 | 3 %   | 45 %        | 3 %        | -52 % | 1 %   |
| >\$250,000            | -4 %  | -20 %       | -32 %      | -10 % | -10 % |
| Other                 | 222 % | Infinity    | -29 %      | 114 % | 114 % |
| Total                 | -2 %  | -13 %       | -8 %       | 10 %  | -3 %  |

## Management Discussion:

# Full year outlook and consolidated P&L

| \$'000                               | YTD       |           | Variance   |          | FY        |           | Variance   |         | PY        | Variance   |          | TIM       |
|--------------------------------------|-----------|-----------|------------|----------|-----------|-----------|------------|---------|-----------|------------|----------|-----------|
|                                      | Act       | Bud       | \$         | %        | Fcst      | Bud       | \$         | %       |           | \$         | %        |           |
| Gross Revenue                        | \$ 35,809 | \$ 37,613 | \$ (1,804) | (4.8%)   | \$ 41,905 | \$ 44,490 | \$ (2,585) | (5.8%)  | \$ 43,019 | \$ (1,114) | (2.6%)   | \$ 41,938 |
| Net Revenue                          | 35,677    | 37,535    | (1,858)    | (5.0%)   | 41,760    | 44,397    | (2,636)    | (5.9%)  | 43,590    | (1,830)    | (4.2%)   | 41,933    |
| Material                             | 11,898    | 12,675    | 778        | 6.1%     | 13,981    | 14,930    | 950        | 6.4%    | 14,523    | (543)      | (3.7%)   | 13,698    |
|                                      | 33.3%     | 33.8%     | 0          | 1.2%     | 33.5%     | 33.6%     |            |         | 33.3%     |            |          | 32.7%     |
| Labor                                | 4,015     | 4,170     | 155        | 3.7%     | 4,836     | 4,941     | 104        | 2.1%    | 4,929     | (93)       | (1.9%)   | 4,861     |
|                                      | 11.3%     | 11.1%     | (0)        | (1.3%)   | 11.6%     | 11.1%     |            |         | 11.3%     |            |          | 11.6%     |
| Other COGS                           | 4,493     | 4,792     | 300        | 6.3%     | 5,549     | 5,685     | 136        | 2.4%    | 5,505     | 43         | 0.8%     | 5,258     |
| Total COGS                           | 20,406    | 21,638    | 1,232      | 5.7%     | 24,365    | 25,555    | 1,190      | 4.7%    | 24,958    | (593)      | (2.4%)   | 23,817    |
| Gross Margin                         | 15,271    | 15,897    | (626)      | (3.9%)   | 17,395    | 18,841    | 1,446      | 7.7%    | 18,632    | (1,237)    | (6.6%)   | 18,116    |
| Gross Margin %                       | 42.8%     | 42.4%     |            |          | 41.7%     | 42.4%     | 0.8%       |         | 42.7%     |            |          | 43.2%     |
| R&D                                  | 258       | 235       | (23)       | (9.9%)   | 294       | 281       | (13)       | (4.5%)  | 210       | 84         | 39.8%    | 296       |
| Sales & Marketing                    | 3,396     | 3,724     | 328        | 8.8%     | 4,484     | 4,401     | (84)       | (1.9%)  | 4,312     | 172        | 4.0%     | 3,854     |
| Administrative                       | 1,861     | 1,514     | (347)      | (22.9%)  | 2,269     | 1,789     | (480)      | (26.8%) | 1,701     | 567        | 33.3%    | 2,049     |
| Other Opex                           | 31        | —         | (31)       | 0        | —         | —         | —          |         | (1)       | 1          | (100.0%) | 33        |
| Total Opex                           | 5,545     | 5,472     | (73)       | (1.3%)   | 7,047     | 6,471     | (576)      | (8.9%)  | 6,222     | 825        | 13.3%    | 6,232     |
| EBITDA                               | 9,726     | 10,426    | (699)      | (6.7%)   | 10,336    | 12,370    | 2,034      | 16.4%   | 12,410    | (2,073)    | (16.7%)  | 11,884    |
| EBITDA %                             | 27.3%     | 27.8%     |            |          | 24.8%     | 27.9%     | 3.1%       |         | 28.5%     |            |          | 28.3%     |
| Bank allowable EBITDA add-back       | (1,304)   | (2,220)   | 916        | (41.3%)  | (1,415)   | (2,664)   | (1,249)    | 46.9%   | (2,724)   | 1,309      | (48.0%)  | (1,758)   |
| Bank EBITDA                          | 8,422     | 8,206     | 217        | 2.6%     | 8,933     | 9,706     | 773        | 8.0%    | 9,686     | (753)      | (7.8%)   | 10,126    |
| (Standalone Costs)                   | (505)     | —         | (505)      | —        | (560)     | —         | 560        |         |           |            |          | (115)     |
| Indicative EBITDA                    | 7,917     | 8,206     | (288)      | 0        | 8,373     | 9,706     | 1,333      | 13.7%   |           |            |          | 9,621     |
| Indicative %                         |           |           |            |          |           |           |            |         |           |            |          |           |
| Net Income (Loss)                    | \$ 5,269  | \$ 6,181  | \$ (912)   | (14.8%)  | \$ 4,036  | \$ 7,303  | 3,268      | 44.7%   | \$ 7,467  | \$ (3,432) | (46.0%)  | \$ 6,447  |
|                                      |           |           |            |          |           |           |            |         |           |            |          |           |
|                                      |           |           |            |          |           |           |            |         |           |            |          |           |
| \$'000                               | YTD       |           | Variance   |          | FY        |           | Variance   |         | PY        | Variance   |          | TIM       |
|                                      | Act       | Bud       | \$         | %        | Fcst      | Bud       | \$         | %       |           | \$         | %        |           |
| Opex Overview:                       |           |           |            |          |           |           |            |         |           |            |          |           |
| Payroll (Payroll, OT, SS & Taxes, \$ | 2,470     | 2,453     | (17)       | (0.7%)   | 3,200     | 2,910     | 290        | 9.9%    | 3,038     | 162        | 5.3%     | 2,917     |
| Benefits (Medical, Dental, Life, .   | 405       | 392       | (13)       | (3.2%)   | 508       | 464       | 43         | 9.3%    | 449       | 58         | 13.0%    | 480       |
| Bonus                                | 439       | 357       | (82)       | (23.0%)  | 628       | 419       | 209        | 49.9%   | 440       | 189        | 43.0%    | 527       |
| Marketing                            | 776       | 791       | 15         | 1.9%     | 936       | 937       | (1)        | (0.1%)  | 888       | 48         | 5.4%     | 736       |
| Commissions                          | 93        | 91        | (3)        | (2.9%)   | 109       | 107       | 2          | 1.6%    | 97        | 11         | 11.7%    | 77        |
| Travel and Entertainment             | 184       | 159       | (25)       | (15.4%)  | 258       | 191       | 67         | 35.0%   | 240       | 18         | 7.5%     | 219       |
| Rent and Facilities                  | 130       | 196       | 66         | 33.7%    | 263       | 241       | 21         | 8.8%    | 189       | 73         | 38.6%    | 162       |
| Insurance                            | 86        | 37        | (49)       | (132.5%) | 114       | 44        | 70         | 158.8%  | 51        | 62         | 121.1%   | 98        |
| Professional Fees                    | 122       | 67        | (55)       | (82.1%)  | 65        | 80        | (15)       | (18.4%) | 52        | 13         | 25.9%    | 99        |
| Utilities, Repairs, Maint. & Secu    | 34        | 43        | 9          | 21.4%    | 37        | 49        | (12)       | (25.2%) | 45        | (8)        | (17.8%)  | 40        |
| Office Supplies                      | 60        | 52        | (8)        | (15.5%)  | 64        | 61        | 3          | 4.4%    | 50        | 14         | 27.9%    | 65        |
| IT                                   | 254       | 244       | (11)       | (4.3%)   | 302       | 286       | 16         | 5.5%    | 225       | 77         | 34.0%    | 282       |
| Bad Debt                             | 33        | 39        | 5          | 13.4%    | 41        | 45        | (4)        | (8.0%)  | 20        | 21         | 102.0%   | 36        |
| Real Estate Taxes                    | 138       | 138       | (0)        | (0.0%)   | 163       | 163       | (0)        | (0.0%)  | 163       | 0          | 0.1%     | 158       |
| Other Expenses                       | 320       | 412       | 92         | 22.4%    | 360       | 473       | (113)      | (23.9%) | 274       | 86         | 31.3%    | 338       |
| Total Opex                           | \$ 5,545  | \$ 5,472  | \$ (73)    | (1.3%)   | \$ 7,047  | \$ 6,471  | \$ 576     | 8.9%    | \$ 6,222  | \$ 825     | 13.3%    | \$ 6,232  |

Monthly P&L

| \$'000                                 | Jan-19   | Feb-19   | Mar-19   | Apr-19   | May-19   | Jun-19   | Jul-19   | Aug-19   | Sep-19   | Oct-19   | Nov-19   | Dec-19   | FY          |            | FY        | Var        |         | PY        | Var        |           | TTM       |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-------------|------------|-----------|------------|---------|-----------|------------|-----------|-----------|
|  | Act      | Act      | Act      | Act      | Act      | Act      | Act      | Act      | Act      | Act      | Fcst     | Fcst     | Fcst (10+2) | Fcst (RFC) | Bud       | \$         | %       | Act       | \$         | %         | \$        |
|  |          |          |          |          |          |          |          |          |          |          |          |          |             |            |           |            |         |           |            |           |           |
| Gross Revenue                          | \$ 3,449 | \$ 3,191 | \$ 3,326 | \$ 4,235 | \$ 3,246 | \$ 3,282 | \$ 3,650 | \$ 3,461 | \$ 3,523 | \$ 4,445 | \$ 3,295 | \$ 3,024 | \$ 42,128   | \$ 41,905  | \$ 44,490 | \$ (2,362) | (5.3%)  | \$ 43,019 | \$ (891)   | (2.1%)    | \$ 41,938 |
| Net Revenue                            | 3,404    | 3,172    | 3,315    | 4,259    | 3,225    | 3,268    | 3,630    | 3,460    | 3,503    | 4,441    | 3,287    | 3,016    | 41,981      | 41,760     | 44,397    | (2,416)    | (5.4%)  | 43,590    | (1,609)    | (3.7%)    | 41,933    |
| Material                               | 1,182    | 1,095    | 1,096    | 1,484    | 1,091    | 1,049    | 1,200    | 1,130    | 1,178    | 1,391    | 1,076    | 984      | 13,958      | 13,981     | 14,930    | (972)      | (6.5%)  | 14,523    | (566)      | (3.9%)    | 13,698    |
|  | 34.7%    | 34.5%    | 33.1%    | 34.8%    | 33.8%    | 32.1%    | 33.0%    | 32.7%    | 33.6%    | 31.3%    | 32.7%    | 32.6%    | 33.2%       | 33.5%      | 33.6%     | 40.2%      |         | 33.3%     | 35.1%      |           | 32.7%     |
| Labor                                  | 458      | 365      | 330      | 442      | 372      | 382      | 444      | 382      | 384      | 456      | 393      | 393      | 4,802       | 4,836      | 4,941     | (139)      | (2.8%)  | 4,929     | (128)      | (2.6%)    | 4,861     |
|  | 13.5%    | 11.5%    | 10.0%    | 10.4%    | 11.5%    | 11.7%    | 12.2%    | 11.0%    | 11.0%    | 10.3%    | 12.0%    | 13.0%    | 11.4%       | 11.6%      | 11.1%     | 5.8%       |         | 11.3%     | 7.9%       |           | 11.6%     |
| Other COGS                             | 420      | 387      | 406      | 551      | 423      | 416      | 543      | 417      | 450      | 479      | 445      | 480      | 5,418       | 5,549      | 5,685     | (267)      | (4.7%)  | 5,505     | (88)       | (1.6%)    | 5,258     |
| Total COGS                             | 2,061    | 1,848    | 1,833    | 2,478    | 1,887    | 1,848    | 2,187    | 1,929    | 2,013    | 2,327    | 1,915    | 1,858    | 24,182      | 24,365     | 25,555    | (1,373)    | (5.4%)  | 24,958    | (776)      | (3.1%)    | 23,817    |
| Gross Margin                           | 1,342    | 1,324    | 1,481    | 1,782    | 1,338    | 1,421    | 1,443    | 1,531    | 1,490    | 2,114    | 1,373    | 1,159    | 17,799      | 17,395     | 18,841    | (1,043)    | (5.5%)  | 18,632    | (833)      | (4.5%)    | 18,116    |
| Gross Margin %                         | 39.4%    | 41.8%    | 44.7%    | 41.8%    | 41.5%    | 43.5%    | 39.7%    | 44.2%    | 42.5%    | 47.6%    | 41.8%    | 38.4%    | 42.4%       | 41.7%      | 42.4%     |            |         | 42.7%     |            |           | 43.2%     |
| R&D                                    | 32       | 22       | 19       | 31       | 26       | 23       | 25       | 27       | 25       | 29       | 27       | 22       | 306         | 294        | 281       | 25         | 8.8%    | 210       | 96         | 45.5%     | 296       |
| Sales & Marketing                      | 427      | 311      | 293      | 405      | 299      | 269      | 378      | 319      | 342      | 355      | 419      | 429      | 4,244       | 4,484      | 4,401     | (156)      | (3.6%)  | 4,312     | (68)       | (1.6%)    | 3,854     |
| Administrative                         | 170      | 156      | 123      | 178      | 128      | 141      | 181      | 186      | 278      | 320      | 249      | 252      | 2,361       | 2,269      | 1,789     | 572        | 32.0%   | 1,701     | 660        | 38.8%     | 2,049     |
| Other Opex                             | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | 31       | 31          | -          | -         | 31         |         | (1)       | 32         | (2694.4%) | 33        |
| Total Opex                             | 629      | 489      | 434      | 614      | 453      | 433      | 584      | 532      | 644      | 703      | 695      | 733      | 6,942       | 7,047      | 6,471     | 471        | 7.3%    | 6,222     | 720        | 11.6%     | 6,232     |
| EBITDA                                 | 714      | 835      | 1,047    | 1,168    | 886      | 988      | 859      | 998      | 846      | 1,411    | 678      | 426      | 10,857      | 10,336     | 12,370    | (1,514)    | (12.2%) | 12,410    | (1,553)    | (12.5%)   | 11,884    |
| EBITDA %                               | 21.0%    | 26.3%    | 31.6%    | 27.4%    | 27.5%    | 30.2%    | 23.7%    | 28.9%    | 24.2%    | 31.8%    | 20.6%    | 14.1%    | 25.9%       | 24.8%      | 27.9%     | (2.0%)     |         | 28.5%     |            |           | 28.3%     |
| Bank allowable EBITDA add-backs        | (193)    | (210)    | (360)    | (224)    | (148)    | (204)    | (76)     | -        | 77       | 34       | 34       | 34       | (1,237)     | (1,415)    | (2,664)   | 1,427      | (53.6%) |           | (1,237)    |           | (1,758)   |
| Bank EBITDA                            | 521      | 626      | 688      | 945      | 738      | 784      | 784      | 999      | 924      | 1,414    | 712      | 491      | 9,625       | 8,933      | 9,706     | (81)       | (0.8%)  | 9,686     | (61)       | (0.6%)    | 10,126    |
|  |          |          |          |          |          |          |          |          |          |          |          |          |             |            |           |            |         |           |            |           |           |
| (Standalone Costs)                     | -        | -        | -        | -        | -        | -        | (130)    | (130)    | (130)    | (115)    | (116)    | (98)     | (719)       | (560)      | -         | (719)      |         | -         | (719)      |           | (115)     |
|  |          |          |          |          |          |          |          |          |          |          |          |          |             |            |           |            |         |           |            |           |           |
| Indicative EBITDA                      | 521      | 626      | 688      | 945      | 738      | 784      | 654      | 869      | 794      | 1,299    | 596      | 393      | 8,906       | 8,373      | 9,706     | (800)      | (8.2%)  | -         | 8,906      |           | 9,621     |
| Indicative %                           |          |          |          |          |          |          |          |          |          |          |          |          |             |            |           |            |         |           |            |           |           |
|  |          |          |          |          |          |          |          |          |          |          |          |          |             |            |           | 0          |         |           |            |           | 0         |
| Net Income (Loss)                      | \$ 300   | \$ 575   | \$ 1,075 | \$ 704   | \$ 1,024 | \$ 795   | \$ 61    | \$ 187   | \$ 87    | \$ 462   | \$ (168) | \$ (256) | \$ 4,845    | \$ 4,036   | \$ 7,303  | \$ (2,458) | (33.7%) | \$ 7,467  | \$ (2,622) | (35.1%)   | \$ 6,447  |
|  |          |          |          |          |          |          |          |          |          |          |          |          |             |            |           |            |         |           |            |           |           |
| \$'000                                 |          |          |          |          |          |          |          |          |          |          |          |          | Fcst (9+3)  | Fcst (RFC) | FY        | Var        |         | PY        | Var        |           | TTM       |
|  | Jan-19   | Feb-19   | Mar-19   | Apr-19   | May-19   | Jun-19   | Jul-19   | Aug-19   | Sep-19   | Oct-19   | Nov-19   | Dec-19   | Dec-19      | Dec-19     | Jan-00    | \$         | %       | Act       | \$         | %         | \$        |
| Opex Overview:                         |          |          |          |          |          |          |          |          |          |          |          |          |             |            |           |            |         |           |            |           |           |
| Payroll (Payroll, OT, SS & Taxes, Temp | 264      | 203      | 190      | 271      | 212      | 221      | 273      | 252      | 245      | 339      | 326      | 337      | 3,133       | 3,200      | \$ 2,910  | \$ 223     | 7.7%    | \$ 3,038  | \$ 95      | 3.1%      | 2,917     |
| Benefits (Medical, Dental, Life, AD&D  | 42       | 34       | 30       | 41       | 32       | 31       | 47       | 53       | 42       | 53       | 49       | 49       | 503         | 508        | 464       | 38         | 8.2%    | 449       | 53         | 11.9%     | 480       |
| Bonus                                  | 45       | 38       | 32       | 40       | 32       | 32       | 40       | 52       | 67       | 61       | 78       | 79       | 596         | 628        | 419       | 176        | 42.1%   | 440       | 156        | 35.5%     | 527       |
| Marketing                              | 116      | 65       | 70       | 102      | 56       | 35       | 74       | 80       | 104      | 73       | 80       | 80       | 936         | 936        | 937       | (1)        | (0.1%)  | 888       | 48         | 5.4%      | 736       |
| Commissions                            | 11       | 8        | 8        | 11       | 8        | 8        | 11       | 8        | 8        | 11       | 8        | 8        | 110         | 109        | 107       | 3          | 2.5%    | 97        | 12         | 12.6%     | 77        |
| Travel and Entertainment               | 17       | 20       | 27       | 21       | 17       | 11       | 12       | 11       | 22       | 26       | 33       | 27       | 243         | 258        | 191       | 52         | 27.2%   | 240       | 3          | 1.3%      | 219       |
| Rent and Facilities                    | 15       | 17       | 17       | 17       | 17       | 17       | 27       | 3        | -        | -        | 27       | 27       | 184         | 263        | 241       | (57)       | (23.6%) | 189       | (5)        | (2.7%)    | 162       |
| Insurance                              | 4        | 4        | 4        | 5        | 4        | 4        | 17       | 14       | 14       | 17       | 14       | 14       | 114         | 114        | 44        | 70         | 158.8%  | 51        | 62         | 121.1%    | 98        |
| Professional Fees                      | 6        | 7        | (1)      | 11       | 3        | 3        | 4        | 4        | 81       | 5        | 6        | 6        | 135         | 65         | 80        | 55         | 69.2%   | 52        | 83         | 160.9%    | 99        |
| Utilities, Repairs, Maint. & Security  | 6        | 7        | 3        | 8        | 2        | 3        | 2        | 0        | 1        | 3        | 1        | 1        | 36          | 37         | 49        | (13)       | (26.4%) | 45        | (9)        | (19.1%)   | 40        |
| Office Supplies                        | 9        | 3        | 2        | 7        | 3        | 8        | 9        | 5        | 5        | 9        | 5        | 5        | 69          | 64         | 61        | 8          | 13.1%   | 50        | 19         | 38.6%     | 65        |
| IT                                     | 19       | 41       | 20       | 37       | 26       | 25       | 24       | 18       | 18       | 28       | 21       | 21       | 297         | 302        | 286       | 11         | 3.7%    | 225       | 71         | 31.7%     | 282       |
| Bad Debt                               | 10       | 2        | (4)      | 6        | 1        | 7        | 3        | (9)      | 8        | 9        | 3        | 3        | 40          | 41         | 45        | (5)        | (11.5%) | 20        | 19         | 94.2%     | 36        |
| Real Estate Taxes                      | 16       | 13       | 13       | 16       | 13       | 13       | 16       | 13       | 13       | 16       | 13       | 13       | 163         | 163        | 163       | 0          | 0.0%    | 163       | 0          | 0.1%      | 158       |
| Other Expenses                         | 49       | 29       | 22       | 21       | 28       | 16       | 26       | 29       | 16       | 84       | 32       | 32       | 384         | 360        | 473       | (89)       | (18.8%) | 274       | 110        | 40.2%     | 338       |
| Total Opex                             | \$ 629   | \$ 489   | \$ 434   | \$ 614   | \$ 453   | \$ 433   | \$ 584   | \$ 532   | \$ 644   | \$ 734   | \$ 695   | \$ 702   | \$ 6,942    | \$ 7,047   | \$ 6,471  | \$ 471     | 7.3%    | \$ 6,222  | \$ 720     | 11.6%     | \$ 6,232  |



# Monthly EBITDA to Net Income (Loss) Bridge

| \$'000                               | Jan           | Feb           | Mar             | Apr             | May             | Jun           | Jul           | Aug           | Sep           | Oct             | Nov             | Dec             | FY              | FY              | Var               |                | PY              | Var               |                |
|--------------------------------------|---------------|---------------|-----------------|-----------------|-----------------|---------------|---------------|---------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------|----------------|-----------------|-------------------|----------------|
|                                      | Actual        | Actual        | Actual          | Actual          | Actual          | Actual        | Actual        | Actual        | Actual        | Actual          | Forecast        | Forecast        | Forecast        | Bud             | \$                | %              | Act             | \$                | %              |
| <b>EBITDA - as reported</b>          | <b>\$ 714</b> | <b>\$ 836</b> | <b>\$ 1,048</b> | <b>\$ 1,168</b> | <b>\$ 886</b>   | <b>\$ 988</b> | <b>\$ 860</b> | <b>\$ 999</b> | <b>\$ 847</b> | <b>\$ 1,381</b> | <b>\$ 678</b>   | <b>\$ 457</b>   | <b>\$10,862</b> | <b>\$12,370</b> | <b>\$ (1,508)</b> | <b>(12.2%)</b> | <b>\$12,410</b> | <b>\$ (1,548)</b> | <b>(12.5%)</b> |
| Depreciation and amortization        | (205)         | (204)         | (204)           | (197)           | (198)           | (169)         | (236)         | (202)         | (202)         | (201)           | (202)           | (202)           | (2,421)         | (2,553)         | 132               | (5.2%)         | (2,534)         | 112               | (4.4%)         |
| Interest and amortization            | (0)           | (1)           | (4)             | –               | –               | (18)          | (294)         | (299)         | (279)         | (258)           | (284)           | (294)           | (1,732)         | (1)             | (1,731)           | 125612.7%      | (8)             | (1,724)           | 20736.0%       |
| Other financial income/expense       | (0)           | (1)           | (75)            | (235)           | 337             | 4             | 0             | (0)           | 5             | (4)             | –               | –               | 31              | (2)             | 32                | (2027.0%)      | (1)             | 32                | (3504.8%)      |
| Non-financial income/expense         | 36            | 10            | 3               | (33)            | (1)             | 6             | –             | –             | –             | –               | –               | –               | 21              | 46              | (25)              | (54.9%)        | –               | 21                | N/A            |
| Monitoring fees (including expenses) | –             | –             | –               | –               | –               | –             | –             | –             | –             | –               | –               | –               | –               | –               | –                 | N/A            | –               | –                 | N/A            |
| Restructuring costs                  | –             | –             | –               | –               | –               | (16)          | (234)         | (230)         | (254)         | (285)           | (433)           | (327)           | (1,779)         | –               | (1,779)           | N/A            | –               | (1,779)           | N/A            |
| Non-recurring items                  | –             | –             | –               | –               | –               | –             | –             | –             | –             | –               | –               | –               | –               | –               | –                 | N/A            | –               | –                 | N/A            |
| Taxes                                | (244)         | (64)          | 308             | –               | –               | –             | (35)          | (82)          | (31)          | (170)           | 72              | 110             | (136)           | –               | (136)             | N/A            | (2,418)         | 2,282             | (94.4%)        |
| <b>GAAP Net Income (Loss)</b>        | <b>\$ 300</b> | <b>\$ 575</b> | <b>\$ 1,075</b> | <b>\$ 704</b>   | <b>\$ 1,024</b> | <b>\$ 795</b> | <b>\$ 61</b>  | <b>\$ 187</b> | <b>\$ 87</b>  | <b>\$ 462</b>   | <b>\$ (168)</b> | <b>\$ (256)</b> | <b>\$ 4,845</b> | <b>\$ 9,861</b> | <b>\$ (5,016)</b> | <b>(50.9%)</b> | <b>\$ 7,449</b> | <b>\$ (2,604)</b> | <b>(35.0%)</b> |

## Management Discussion

# Cost of Goods Sold Variance Analysis

## Cost of Goods Sold Variance Analysis

October 2019

|                          | MTD             | QTD             | YTD              |
|--------------------------|-----------------|-----------------|------------------|
| Material                 | 1,525           | 1,525           | 12,675           |
| Labor                    | 465             | 465             | 4,170            |
| Other COGS               | 552             | 552             | 4,792            |
| <b>COGS BUDGET</b>       | <b>\$ 2,542</b> | <b>\$ 2,542</b> | <b>\$ 21,637</b> |
| <b><u>Variances:</u></b> |                 |                 |                  |
| Volume                   | (53)            | (53)            | (696)            |
| Price                    | (81)            | (81)            | (81)             |
| Other                    | -               | -               | -                |
| <b>Material</b>          | <b>(134)</b>    | <b>(134)</b>    | <b>(777)</b>     |
| Volume                   | (9)             | (9)             | (155)            |
| Price                    | -               | -               | -                |
| Other                    | -               | -               | -                |
| <b>Labor</b>             | <b>(9)</b>      | <b>(9)</b>      | <b>(155)</b>     |
| Volume                   | (26)            | (26)            | (275)            |
| Price                    | -               | -               | -                |
| Other                    | (47)            | (47)            | (24)             |
| <b>Other COGS</b>        | <b>(73)</b>     | <b>(73)</b>     | <b>(299)</b>     |
| <b>COGS ACTUAL</b>       | <b>\$ 2,326</b> | <b>\$ 2,326</b> | <b>\$ 20,406</b> |

### Management Discussion - MTD

- **Material COGS:** Reduced material cost is due to lower actual sales along with a favorable sales mix versus budget
- **Labor COGS:** Lower medical insurance expense than budgeted
- **Other COGS:** Freight expense and indirect labor costs were lower than budget. There was also a build up of actual inventory compared to budget.

# Monthly Balance Sheet

|   | Jan-19           | Feb-19           | Mar-19           | Apr-19           | May-19           | Jun-19           | Jul-19           | Aug-19           | Sep-19           | Oct-19           | Nov-19           | Dec-19           | FY               | PY               |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| \$'000  | Act              | Act              | Act              | Act              | Act              | Act              | Act              | Act              | Act              | Act              | Fcst             | Fcst             | Fcst             | Act              |
| <b>Current Assets</b>                             |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Cash and cash equivalents                         | 2,444            | 2,848            | 3,254            | 2,635            | 1,943            | 765              | 1,366            | 1,922            | 2,353            | 1,165            | 1,283            | 586              | 586              | 2,688            |
| Short term investments                            | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                |
| <i>Accounts receivable, gross</i>                 | 5,033            | 5,320            | 5,285            | 5,221            | 6,020            | 5,386            | 5,291            | 5,718            | 6,181            | 6,217            | 5,584            | 5,252            | 5,252            | 5,661            |
| <i>Accounts receivable, reserves</i>              | (76)             | (77)             | (80)             | (70)             | (65)             | (74)             | (83)             | (74)             | (83)             | (91)             | (91)             | (91)             | (91)             | (97)             |
| Accounts receivable, net                          | 4,958            | 5,243            | 5,206            | 5,151            | 5,955            | 5,313            | 5,208            | 5,644            | 6,098            | 6,126            | 5,494            | 5,161            | 5,161            | 5,564            |
| <i>Inventory, gross</i>                           | 6,460            | 6,540            | 6,458            | 6,235            | 6,079            | 5,932            | 5,942            | 5,920            | 5,655            | 5,990            | 5,987            | 5,887            | 5,887            | 6,067            |
| <i>Inventory, reserves</i>                        | (931)            | (944)            | (971)            | (1,002)          | (1,028)          | (970)            | (1,009)          | (1,082)          | (953)            | (1,009)          | (826)            | (826)            | (826)            | (991)            |
| Inventory, net                                    | 5,529            | 5,596            | 5,487            | 5,233            | 5,051            | 4,963            | 4,933            | 4,838            | 4,702            | 4,981            | 5,161            | 5,061            | 5,061            | 5,076            |
| Prepaid expenses and other current assets         | 222              | 149              | 83               | 86               | 88               | 128              | 396              | 428              | 308              | 571              | 300              | 192              | 192              | 47               |
| Current portion of deferred taxes                 | 5,612            | 5,579            | 5,583            | 5,797            | 5,797            | 5,797            | 5,797            | 5,797            | 5,797            | 5,797            | 5,797            | 5,797            | 5,797            | —                |
| Other current assets                              | 285              | 331              | 222              | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | 1,880            |
| <b>Total Current Assets</b>                       | <b>16,400</b>    | <b>17,624</b>    | <b>18,305</b>    | <b>12,912</b>    | <b>13,721</b>    | <b>11,169</b>    | <b>11,902</b>    | <b>12,833</b>    | <b>13,461</b>    | <b>12,844</b>    | <b>12,237</b>    | <b>11,000</b>    | <b>11,000</b>    | <b>15,255</b>    |
| <b>Non-Current Assets</b>                         |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <i>Property, plant &amp; equipment, gross</i>     | 21,877           | 21,898           | 21,895           | 21,348           | 19,784           | 19,791           | 19,791           | 19,791           | 19,841           | 19,908           | 20,503           | 20,503           | 20,503           | 21,797           |
| <i>Accumulated depreciation</i>                   | (8,914)          | (9,001)          | (9,089)          | (8,663)          | (7,181)          | (7,268)          | (7,353)          | (7,438)          | (7,524)          | (7,609)          | (7,694)          | (7,780)          | (7,780)          | (8,747)          |
| Property, plant & equipment, net                  | 12,964           | 12,896           | 12,806           | 12,686           | 12,604           | 12,524           | 12,438           | 12,353           | 12,318           | 12,299           | 12,809           | 12,724           | 12,724           | 13,050           |
| <i>Identifiable intangible assets, gross</i>      | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                |
| <i>Accumulated amortization</i>                   | (16,394)         | (16,510)         | (16,626)         | (16,742)         | (16,859)         | (16,941)         | (17,091)         | (17,207)         | (17,324)         | (17,440)         | (17,556)         | (17,673)         | (17,673)         | (16,161)         |
| Identifiable intangible assets, net               | 36,100           | 35,984           | 35,868           | 35,751           | 35,635           | 62,004           | 61,854           | 61,738           | 61,654           | 61,537           | 61,421           | 61,305           | 61,305           | 36,333           |
| Deferred financing cost                           | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                |
| Other non-current assets                          | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                |
| <b>Total Non-Current Assets</b>                   | <b>49,064</b>    | <b>48,880</b>    | <b>48,674</b>    | <b>48,437</b>    | <b>48,239</b>    | <b>74,528</b>    | <b>74,292</b>    | <b>74,091</b>    | <b>73,971</b>    | <b>73,836</b>    | <b>74,230</b>    | <b>74,029</b>    | <b>74,029</b>    | <b>49,383</b>    |
| <b>Total Assets</b>                               | <b>\$ 65,464</b> | <b>\$ 66,504</b> | <b>\$ 66,979</b> | <b>\$ 61,349</b> | <b>\$ 61,960</b> | <b>\$ 85,697</b> | <b>\$ 86,195</b> | <b>\$ 86,923</b> | <b>\$ 87,432</b> | <b>\$ 86,680</b> | <b>\$ 86,468</b> | <b>\$ 85,029</b> | <b>\$ 85,029</b> | <b>\$ 64,638</b> |
| <b>Current Liabilities</b>                        |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Current portion of long-term debt                 | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                |
| Line of Credit                                    | —                | —                | —                | —                | —                | 19               | 313              | 612              | 891              | 277              | 562              | —                | —                | —                |
| Accounts payable                                  | 1,423            | 1,866            | 1,881            | 1,531            | 1,701            | 1,873            | 1,870            | 1,971            | 1,905            | 2,208            | 1,884            | 1,800            | 1,800            | 1,857            |
| Accrued liabilities                               | 1,646            | 1,604            | 1,301            | 1,289            | 1,390            | 1,451            | 1,447            | 1,622            | 1,800            | 1,842            | 1,743            | 1,796            | 1,796            | 1,879            |
| Accrued compensation                              | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                |
| Income taxes payable                              | 6,136            | 6,200            | 5,892            | —                | —                | —                | 35               | 117              | 148              | 318              | 246              | 137              | 137              | 5,645            |
| Other current liabilities                         | —                | —                | —                | 858              | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                |
| <b>Total Current Liabilities</b>                  | <b>9,205</b>     | <b>9,669</b>     | <b>9,074</b>     | <b>3,679</b>     | <b>3,092</b>     | <b>3,343</b>     | <b>3,666</b>     | <b>4,322</b>     | <b>4,744</b>     | <b>4,646</b>     | <b>4,434</b>     | <b>3,733</b>     | <b>3,733</b>     | <b>9,380</b>     |
| <b>Long-term liabilities</b>                      |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Long-term debt less current maturities            | —                | —                | —                | —                | —                | 42,474           | 42,474           | 42,474           | 42,474           | 41,359           | 41,359           | 41,094           | 41,094           | —                |
| Deferred income taxes                             | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                |
| Other non-current liabilities                     | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                |
| <b>Total Long-Term Liabilities</b>                | <b>—</b>         | <b>—</b>         | <b>—</b>         | <b>—</b>         | <b>—</b>         | <b>42,474</b>    | <b>42,589</b>    | <b>42,474</b>    | <b>42,474</b>    | <b>41,359</b>    | <b>41,759</b>    | <b>41,294</b>    | <b>41,294</b>    | <b>—</b>         |
| <b>Total Liabilities</b>                          | <b>9,205</b>     | <b>9,669</b>     | <b>9,074</b>     | <b>3,679</b>     | <b>3,092</b>     | <b>45,817</b>    | <b>46,254</b>    | <b>46,796</b>    | <b>47,218</b>    | <b>46,005</b>    | <b>46,193</b>    | <b>45,027</b>    | <b>45,027</b>    | <b>9,380</b>     |
| <b>Shareholders' Equity</b>                       |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Common stock                                      | —                | —                | —                | 55,013           | 55,187           | 39,007           | 39,007           | 39,007           | 39,007           | 39,007           | 39,007           | 39,007           | 39,007           | —                |
| Capital in excess of stated value                 | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                |
| Retained earnings                                 | 56,259           | 56,835           | 57,905           | 2,657            | 3,681            | 873              | 933              | 1,120            | 1,206            | 1,668            | 1,500            | 1,244            | 1,244            | 55,257           |
| Accumulated other comprehensive income            | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                |
| Other equity transactions                         | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                | —                |
| <b>Total Shareholders' Equity</b>                 | <b>56,259</b>    | <b>56,835</b>    | <b>57,905</b>    | <b>57,671</b>    | <b>58,868</b>    | <b>39,880</b>    | <b>39,940</b>    | <b>40,127</b>    | <b>40,214</b>    | <b>40,675</b>    | <b>40,507</b>    | <b>40,251</b>    | <b>40,251</b>    | <b>55,257</b>    |
| <b>Total Liabilities and Shareholders' Equity</b> | <b>\$ 65,464</b> | <b>\$ 66,504</b> | <b>\$ 66,979</b> | <b>\$ 61,349</b> | <b>\$ 61,960</b> | <b>\$ 85,697</b> | <b>\$ 86,195</b> | <b>\$ 86,923</b> | <b>\$ 87,432</b> | <b>\$ 86,680</b> | <b>\$ 86,700</b> | <b>\$ 85,278</b> | <b>\$ 85,278</b> | <b>\$ 64,638</b> |



# Balance Sheet – Year on Year Comparison

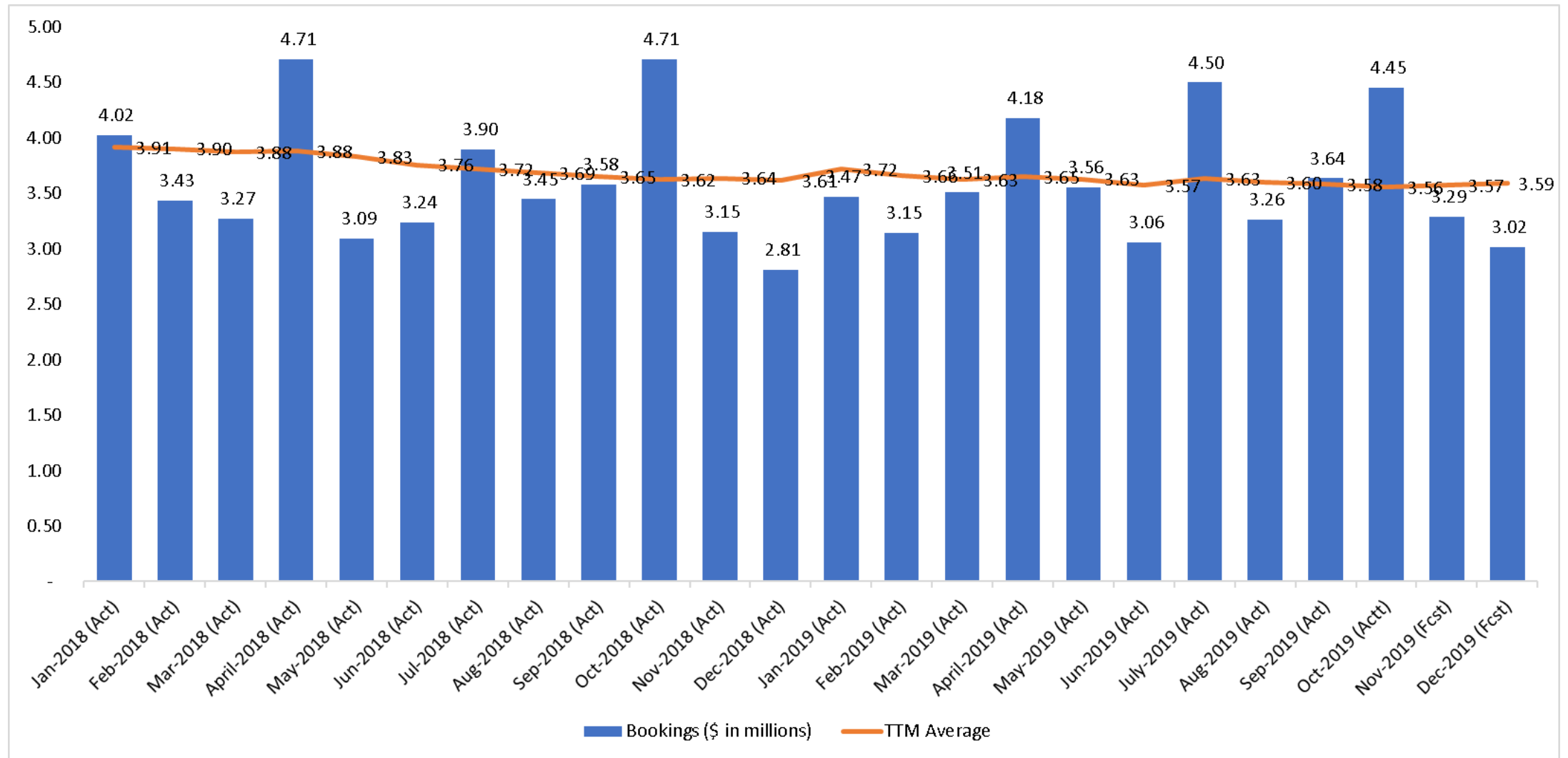
| \$'000  | YTD              |                  | Variance         |                |
|---|------------------|------------------|------------------|----------------|
|   | CY               | Dec-18           | \$               | %              |
| <b>Current Assets</b>                             |                  |                  |                  |                |
| Cash and cash equivalents                         | \$ 1,165         | \$ 2,688         | \$ (1,523)       | (56.7%)        |
| Short term investments                            | –                | –                | –                |                |
| <i>Accounts receivable, gross</i>                 | 6,217            | 5,661            | 556              | 9.8%           |
| <i>Accounts receivable, reserves</i>              | (91)             | (97)             | 6                | (6.4%)         |
| Accounts receivable, net                          | 6,126            | 5,564            | 562              | 10.1%          |
| <i>Inventory, gross</i>                           | 5,990            | 6,067            | (77)             | (1.3%)         |
| <i>Inventory, reserves</i>                        | (1,009)          | (991)            | (18)             | 1.8%           |
| Inventory, net                                    | 4,981            | 5,076            | (95)             | (1.9%)         |
| Prepaid expenses and other current assets         | 571              | 47               | 524              | 1118.2%        |
| Current portion of deferred taxes                 | –                | –                | –                |                |
| Other current assets                              | –                | 1,880            | (1,880)          | (100.0%)       |
| <b>Total Current Assets</b>                       | <b>12,844</b>    | <b>15,255</b>    | <b>(2,412)</b>   | <b>(15.8%)</b> |
| <b>Non-Current Assets</b>                         |                  |                  |                  |                |
| <i>Property, plant &amp; equipment, gross</i>     | 19,908           | 21,797           | (1,889)          | (8.7%)         |
| <i>Accumulated depreciation</i>                   | (7,609)          | (8,747)          | 1,138            | (13.0%)        |
| Property, plant & equipment, net                  | 12,299           | 13,050           | (751)            | (5.8%)         |
| <i>Identifiable intangible assets, gross</i>      | –                | –                | –                |                |
| <i>Accumulated amortization</i>                   | (17,440)         | (16,161)         | (1,279)          | 7.9%           |
| Identifiable intangible assets, net               | 61,537           | 36,333           | 25,205           | 69.4%          |
| Deferred financing cost                           | –                | –                | –                |                |
| Other non-current assets                          | –                | –                | –                |                |
| <b>Total Non-Current Assets</b>                   | <b>73,836</b>    | <b>49,383</b>    | <b>24,454</b>    | <b>49.5%</b>   |
| <b>Total Assets</b>                               | <b>\$ 86,680</b> | <b>\$ 64,638</b> | <b>\$ 22,042</b> | <b>34.1%</b>   |
| <b>Current Liabilities</b>                        |                  |                  |                  |                |
| Current portion of long-term debt                 | \$ –             | \$ –             | \$ –             |                |
| Line of Credit                                    | 277              | –                | 277              |                |
| Accounts payable                                  | 2,208            | 1,857            | 351              | 18.9%          |
| Accrued liabilities                               | 1,842            | 1,879            | (37)             | (2.0%)         |
| Accrued compensation                              | –                | –                | –                |                |
| Income taxes payable                              | 318              | 5,645            | (5,327)          | (94.4%)        |
| Other current liabilities                         | –                | –                | –                |                |
| <b>Total Current Liabilities</b>                  | <b>4,646</b>     | <b>9,380</b>     | <b>(4,735)</b>   | <b>(50.5%)</b> |
| <b>Long-term liabilities</b>                      |                  |                  |                  |                |
| Long-term debt less current maturities            | 41,359           | –                | 41,359           |                |
| Deferred income taxes                             | –                | –                | –                |                |
| Other non-current liabilities                     | –                | –                | –                |                |
| <b>Total Long-Term Liabilities</b>                | <b>41,359</b>    | <b>–</b>         | <b>41,359</b>    |                |
| <b>Total Liabilities</b>                          | <b>46,005</b>    | <b>9,380</b>     | <b>36,624</b>    | <b>390.4%</b>  |
| <b>Shareholders' Equity</b>                       |                  |                  |                  |                |
| Common stock                                      | 39,007           | –                | 39,007           |                |
| Capital in excess of stated value                 | –                | –                | –                |                |
| Retained earnings                                 | 1,668            | 55,257           | (53,589)         | (97.0%)        |
| Accumulated other comprehensive income            | –                | –                | –                |                |
| Other equity transactions                         | –                | –                | –                |                |
| <b>Total Shareholders' Equity</b>                 | <b>40,675</b>    | <b>55,257</b>    | <b>(14,582)</b>  | <b>(26.4%)</b> |
| <b>Total Liabilities and Shareholders' Equity</b> | <b>\$ 86,680</b> | <b>\$ 64,638</b> | <b>\$ 22,042</b> | <b>34.1%</b>   |

# Monthly Cash Flow

|  | Jan-19          | Feb-19          | Mar-19          | Apr-19          | May-19            | Jun-19             | Jul-19          | Aug-19          | Sep-19          | Oct-19            | Nov-19          | Dec-19            | FY                 | FY              | Variance           |                 | PY          | Variance           |   |
|--|-----------------|-----------------|-----------------|-----------------|-------------------|--------------------|-----------------|-----------------|-----------------|-------------------|-----------------|-------------------|--------------------|-----------------|--------------------|-----------------|-------------|--------------------|---|
| \$'000   | Act             | Act             | Act             | Act             | Act               | Act                | Act             | Act             | Act             | Act               | Fcst            | Fcst              | Fcst               | Bud             | \$                 | %               | Act         | \$                 | % |
| <b>Cash flow from operations</b>                       |                 |                 |                 |                 |                   |                    |                 |                 |                 |                   |                 |                   |                    |                 |                    |                 |             |                    |   |
| Net Income (Loss)                                      | \$ 300          | \$ 575          | \$ 1,075        | \$ 704          | \$ 1,024          | \$ 795             | \$ 61           | \$ 187          | \$ 87           | \$ 462            | \$ (168)        | \$ (256)          | \$ 4,845           | \$ 7,303        | \$ (2,458)         | (33.7%)         | \$ —        | \$ 4,845           |   |
| Depreciation, amortization and other                   | 205             | 204             | 204             | 197             | 198               | 169                | 236             | 202             | 202             | 201               | 202             | 202               | 2,421              | 2,553           | (132)              | (5.2%)          | —           | 2,421              |   |
| Capitalized fees & expenses                            | —               | —               | —               | —               | —                 | —                  | —               | —               | —               | —                 | —               | —                 | —                  | —               | —                  | —               | —           | —                  | — |
| Gain (loss) on sale of fixed assets                    | —               | —               | —               | —               | —                 | —                  | —               | —               | —               | —                 | —               | —                 | —                  | —               | —                  | —               | —           | —                  | — |
| Non-cash interest expense                              | 0               | 1               | 4               | —               | —                 | 18                 | 294             | 299             | 279             | 258               | 284             | 294               | 1,732              | —               | 1,732              |                 | —           | 1,732              |   |
| Non-cash dividends                                     | 20              | 14              | 21              | (1,190)         | (1,564)           | (2)                | —               | —               | —               | —                 | —               | —                 | (2,702)            | —               | (2,702)            |                 | —           | (2,702)            |   |
| Deferred income tax                                    | —               | —               | —               | —               | —                 | —                  | —               | —               | —               | —                 | —               | —                 | —                  | —               | —                  | —               | —           | —                  | — |
| <b>Change in operating assets and liabilities:</b>     |                 |                 |                 |                 |                   |                    |                 |                 |                 |                   |                 |                   |                    |                 |                    |                 |             | \$ —               |   |
| Accounts receivable                                    | 29              | (286)           | 34              | 64              | (804)             | 643                | 105             | (436)           | (454)           | (28)              | 632             | 333               | (169)              | —               | (169)              |                 | —           | (169)              |   |
| Inventory  | 30              | (81)            | 82              | 223             | 182               | 88                 | 30              | 95              | 136             | (279)             | (180)           | 100               | 427                | —               | 427                |                 | —           | 427                |   |
| Prepaid expenses and other current assets              | (113)           | (468)           | (421)           | 4,466           | (880)             | 644                | (268)           | (33)            | 120             | (263)             | 272             | 107               | 3,164              | —               | 3,164              |                 | —           | 3,164              |   |
| Accounts payable                                       | (1,533)         | 442             | 15              | (350)           | 170               | 172                | (3)             | 101             | (66)            | 303               | (324)           | (84)              | (1,156)            | —               | (1,156)            |                 | —           | (1,156)            |   |
| Accrued expenses                                       | 151             | (42)            | (303)           | (12)            | 101               | 61                 | 111             | 61              | 178             | 42                | 301             | (147)             | 501                | —               | 501                |                 | —           | 501                |   |
| Accrued income taxes                                   | 244             | 64              | (308)           | (5,892)         | —                 | —                  | 35              | 82              | 31              | 171               | (72)            | (110)             | (5,755)            | —               | (5,755)            |                 | —           | (5,755)            |   |
| Other changes in operating assets and liabilities      | —               | —               | —               | 858             | (858)             | (26,451)           | —               | —               | (32)            | —                 | —               | —                 | (26,484)           | —               | (26,484)           |                 | —           | (26,484)           |   |
| Other cash flow from operations                        | —               | —               | —               | —               | —                 | —                  | —               | —               | —               | —                 | —               | —                 | —                  | —               | —                  | —               | —           | —                  | — |
| <b>Total Cash Flow from Operations</b>                 | <b>\$ (667)</b> | <b>\$ 424</b>   | <b>\$ 404</b>   | <b>\$ (932)</b> | <b>\$ (2,431)</b> | <b>\$ (23,864)</b> | <b>\$ 601</b>   | <b>\$ 556</b>   | <b>\$ 480</b>   | <b>\$ 865</b>     | <b>\$ 947</b>   | <b>\$ 440</b>     | <b>\$ (23,176)</b> | <b>\$ 9,856</b> | <b>\$ (33,032)</b> | <b>(335.1%)</b> | <b>\$ —</b> | <b>\$ (23,176)</b> |   |
| <b>Cash flow from investing</b>                        |                 |                 |                 |                 |                   |                    |                 |                 |                 |                   |                 |                   |                    |                 |                    |                 |             |                    |   |
| Additions to property, plant and equipment             | \$ (183)        | \$ (20)         | \$ 2            | \$ 547          | \$ 1,564          | \$ (7)             | \$ —            | \$ 0            | \$ (50)         | \$ (66)           | \$ (596)        | \$ —              | \$ 1,191           | \$ —            | \$ 1,191           |                 | \$ —        | \$ 1,191           |   |
| Acquisitions of companies, net of cash acquired        | —               | —               | —               | —               | —                 | —                  | —               | —               | —               | —                 | —               | —                 | —                  | —               | —                  | —               | —           | —                  | — |
| Investment in intangibles                              | —               | —               | —               | —               | —                 | —                  | —               | —               | —               | —                 | —               | —                 | —                  | —               | —                  | —               | —           | —                  | — |
| Earnout payments                                       | —               | —               | —               | —               | —                 | —                  | —               | —               | —               | —                 | —               | —                 | —                  | —               | —                  | —               | —           | —                  | — |
| Other cash flow from investing (goodwill)              | —               | —               | —               | —               | —                 | —                  | —               | —               | —               | —                 | —               | —                 | —                  | —               | —                  | —               | —           | —                  | — |
| <b>Total Cash Flow from Investing</b>                  | <b>\$ (183)</b> | <b>\$ (20)</b>  | <b>\$ 2</b>     | <b>\$ 547</b>   | <b>\$ 1,564</b>   | <b>\$ (7)</b>      | <b>\$ —</b>     | <b>\$ 0</b>     | <b>\$ (50)</b>  | <b>\$ (66)</b>    | <b>\$ (596)</b> | <b>\$ —</b>       | <b>\$ 1,191</b>    | <b>\$ —</b>     | <b>\$ 1,191</b>    |                 | <b>\$ —</b> | <b>\$ 1,191</b>    |   |
| <b>Cash flow from financing</b>                        |                 |                 |                 |                 |                   |                    |                 |                 |                 |                   |                 |                   |                    |                 |                    |                 |             |                    |   |
| Proceeds from the issuance (repayment) of ST           | \$ —            | \$ —            | \$ —            | \$ —            | \$ —              | \$ —               | \$ —            | \$ —            | \$ —            | \$ —              | \$ —            | \$ —              | \$ —               | \$ —            | \$ —               |                 | \$ —        | \$ —               |   |
| Proceeds from the issuance of debt                     | —               | —               | —               | —               | —                 | 42,474             | —               | —               | —               | —                 | —               | —                 | —                  | —               | —                  |                 | —           | —                  |   |
| Repayment of debt                                      | —               | —               | —               | —               | —                 | —                  | —               | —               | —               | (1,987)           | —               | (1,120)           | (3,107)            | —               | (3,107)            |                 | —           | (3,107)            |   |
| Capital lease  | —               | —               | —               | —               | —                 | —                  | —               | —               | —               | —                 | —               | —                 | —                  | —               | —                  |                 | —           | —                  |   |
| Common stock issued (repurchased)                      | —               | —               | —               | (235)           | 174               | (16,180)           | —               | —               | —               | —                 | —               | —                 | —                  | —               | —                  |                 | —           | —                  |   |
| Common stock cash dividends paid                       | —               | —               | —               | —               | —                 | (3,600)            | —               | —               | —               | —                 | —               | —                 | —                  | —               | —                  |                 | —           | —                  |   |
| Preferred stock issued (repurchased)                   | —               | —               | —               | —               | —                 | —                  | —               | —               | —               | —                 | —               | —                 | —                  | —               | —                  |                 | —           | —                  |   |
| Other cash flow from financing costs                   | —               | —               | —               | —               | —                 | —                  | —               | —               | —               | —                 | —               | —                 | —                  | —               | —                  |                 | —           | —                  |   |
| <b>Total Cash Flow from Financing</b>                  | <b>\$ —</b>     | <b>\$ —</b>     | <b>\$ —</b>     | <b>\$ (235)</b> | <b>\$ 174</b>     | <b>\$ 22,694</b>   | <b>\$ —</b>     | <b>\$ —</b>     | <b>\$ —</b>     | <b>\$ (1,987)</b> | <b>\$ —</b>     | <b>\$ (1,120)</b> | <b>\$ 19,526</b>   | <b>\$ —</b>     | <b>\$ 19,526</b>   |                 | <b>\$ —</b> | <b>\$ 19,526</b>   |   |
| <b>Effect of FX rates on cash and cash equivalents</b> | <b>\$ —</b>     | <b>\$ —</b>     | <b>\$ —</b>     | <b>\$ —</b>     | <b>\$ —</b>       | <b>\$ —</b>        | <b>\$ —</b>     | <b>\$ —</b>     | <b>\$ —</b>     | <b>\$ —</b>       | <b>\$ —</b>     | <b>\$ —</b>       | <b>\$ —</b>        | <b>\$ —</b>     | <b>\$ —</b>        |                 | <b>\$ —</b> | <b>\$ —</b>        |   |
| <b>Net change in cash</b>                              | <b>\$ (850)</b> | <b>\$ 404</b>   | <b>\$ 406</b>   | <b>\$ (619)</b> | <b>\$ (693)</b>   | <b>\$ (1,177)</b>  | <b>\$ 601</b>   | <b>\$ 556</b>   | <b>\$ 430</b>   | <b>\$ (1,188)</b> | <b>\$ 351</b>   | <b>\$ (680)</b>   | <b>\$ (2,459)</b>  | <b>\$ —</b>     | <b>\$ (2,459)</b>  |                 | <b>\$ —</b> | <b>\$ (2,459)</b>  |   |
| Beginning cash   | 3,295           | 2,444           | 2,848           | 3,254           | 2,635             | 1,943              | 765             | 1,366           | 1,922           | 2,353             | 1,165           | 1,516             | 3,295              | —               | 3,295              |                 | —           | 3,295              |   |
| Change in cash   | (850)           | 404             | 406             | (619)           | (693)             | (1,177)            | 601             | 556             | 430             | (1,188)           | 351             | (680)             | (2,459)            | —               | (2,459)            |                 | —           | (2,459)            |   |
| <b>Ending cash</b>                                     | <b>\$ 2,444</b> | <b>\$ 2,848</b> | <b>\$ 3,254</b> | <b>\$ 2,635</b> | <b>\$ 1,943</b>   | <b>\$ 765</b>      | <b>\$ 1,366</b> | <b>\$ 1,922</b> | <b>\$ 2,353</b> | <b>\$ 1,165</b>   | <b>\$ 1,516</b> | <b>\$ 836</b>     | <b>\$ 23,048</b>   | <b>\$ —</b>     | <b>\$ 23,048</b>   |                 | <b>\$ —</b> | <b>\$ 23,048</b>   |   |

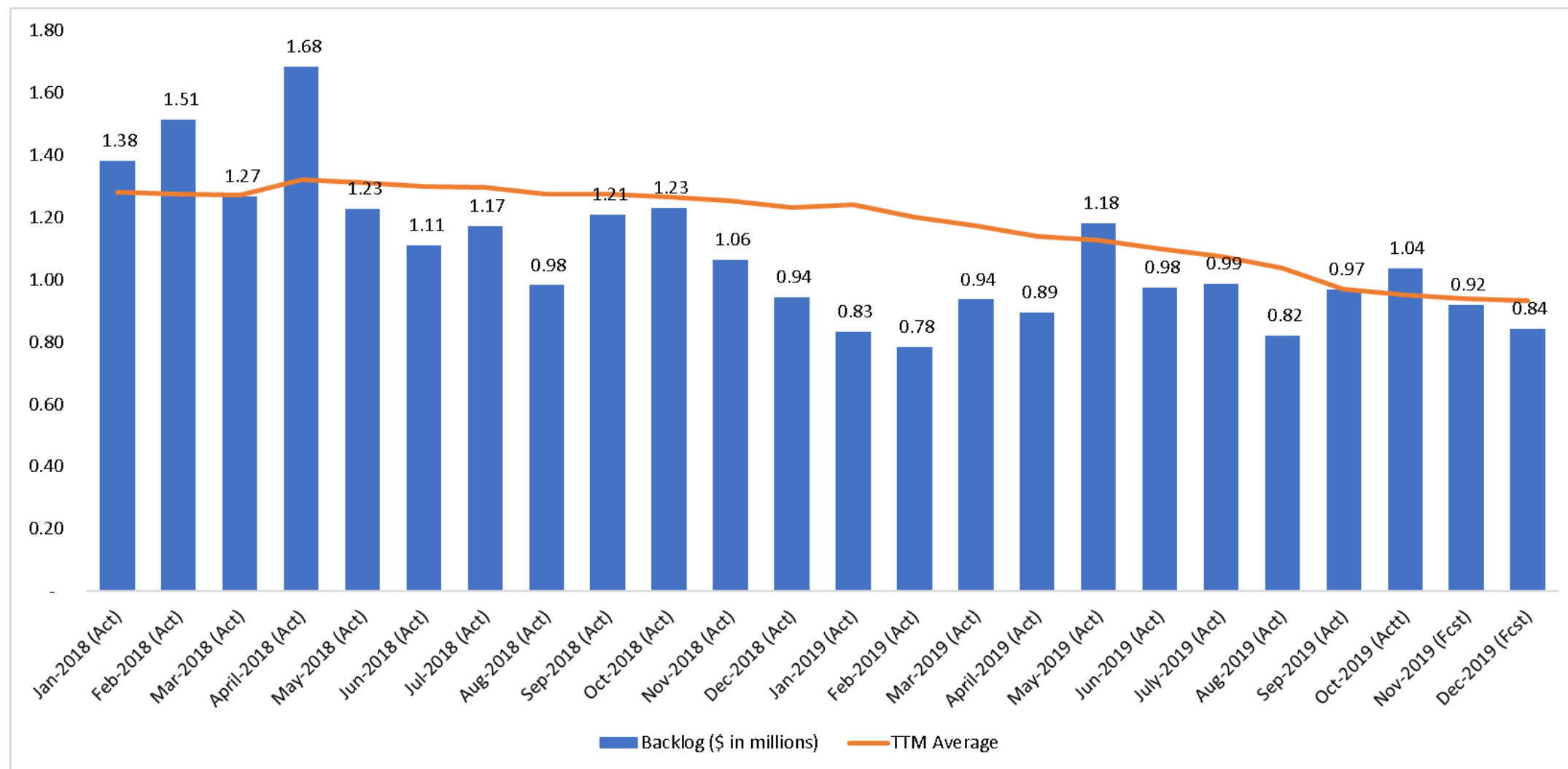
# Trended Monthly Bookings (20 month act + 4 month fcst)

\$ in millions



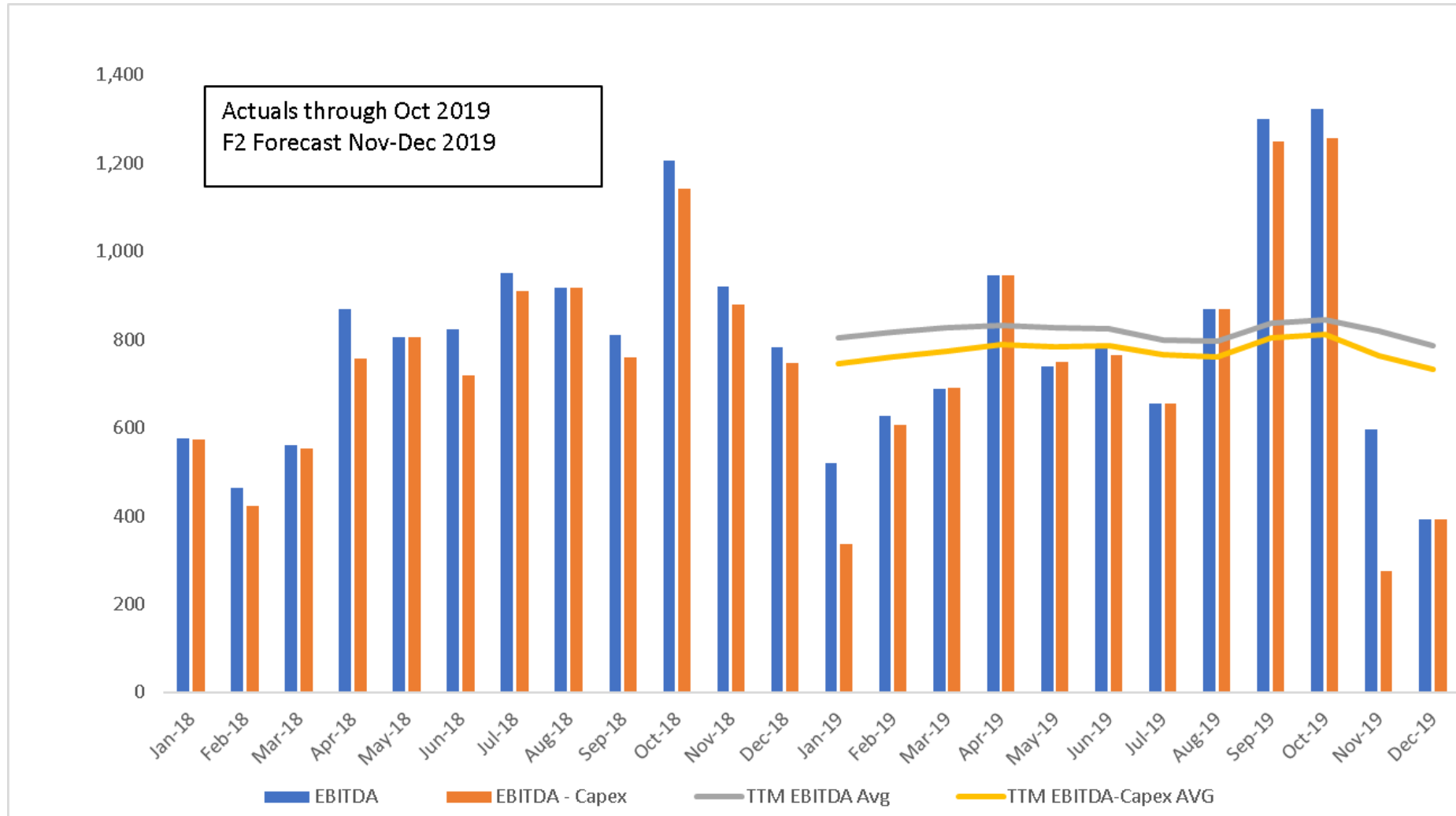
# Trended Monthly Backlog (20 month act + 4 month fcst)

\$ in millions



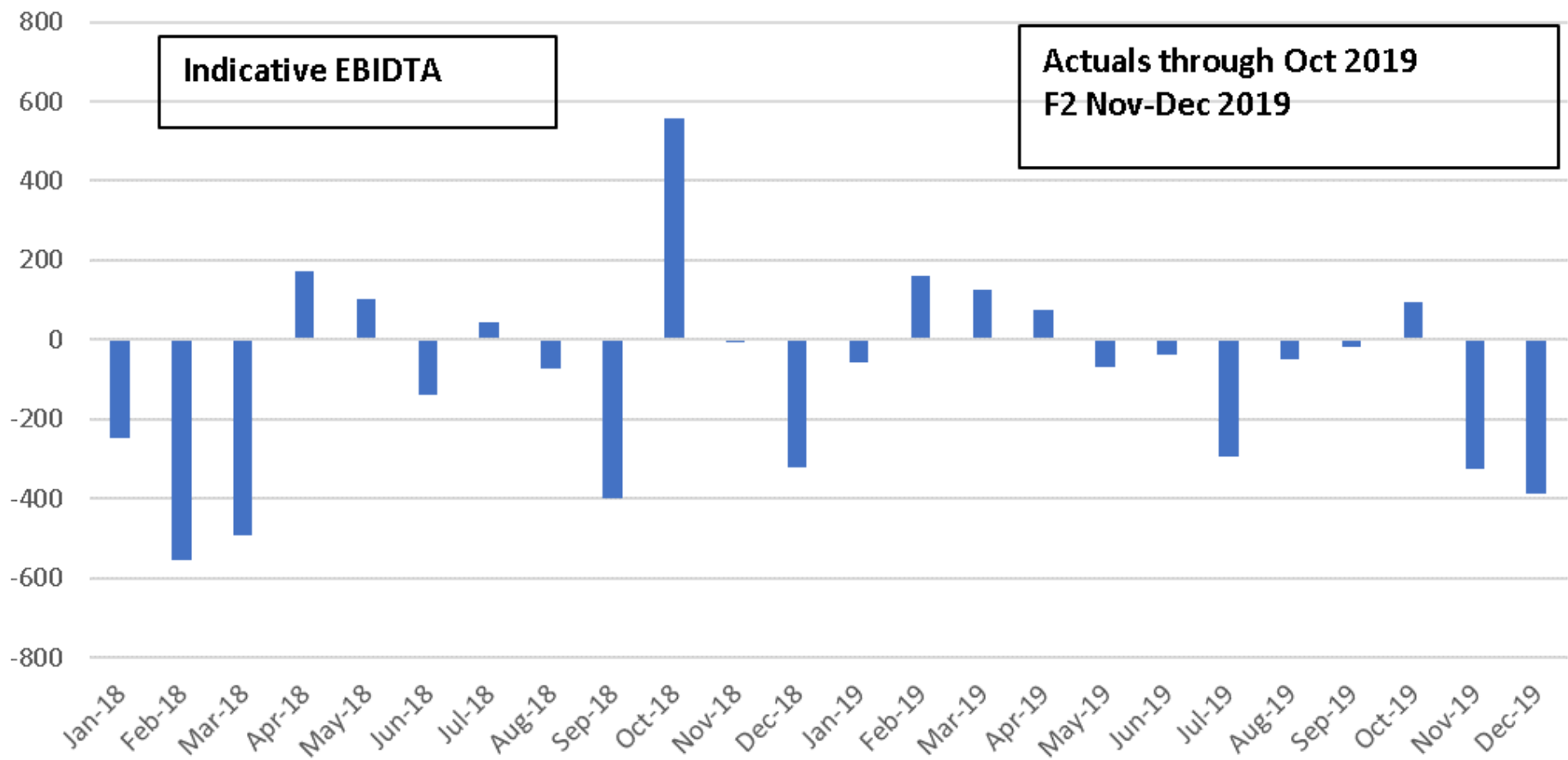
# EBITDA and EBITDA-CapEx

\$ in millions



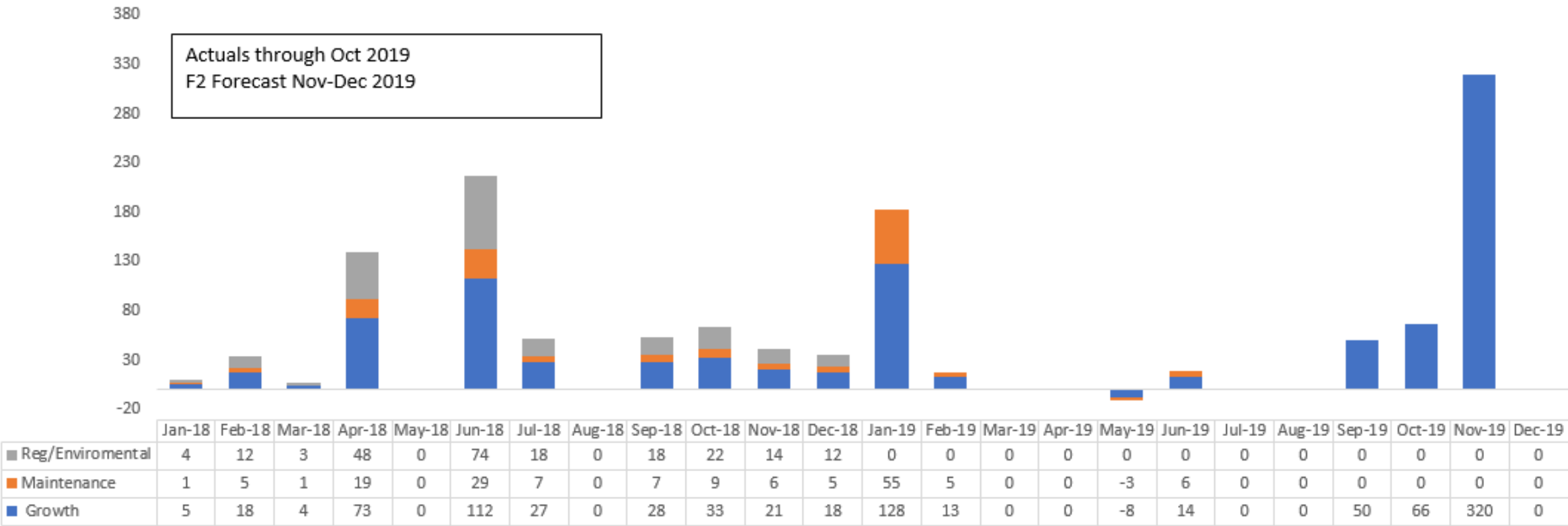
# Y-o-Y \$ EBITDA Change

\$ in thousands

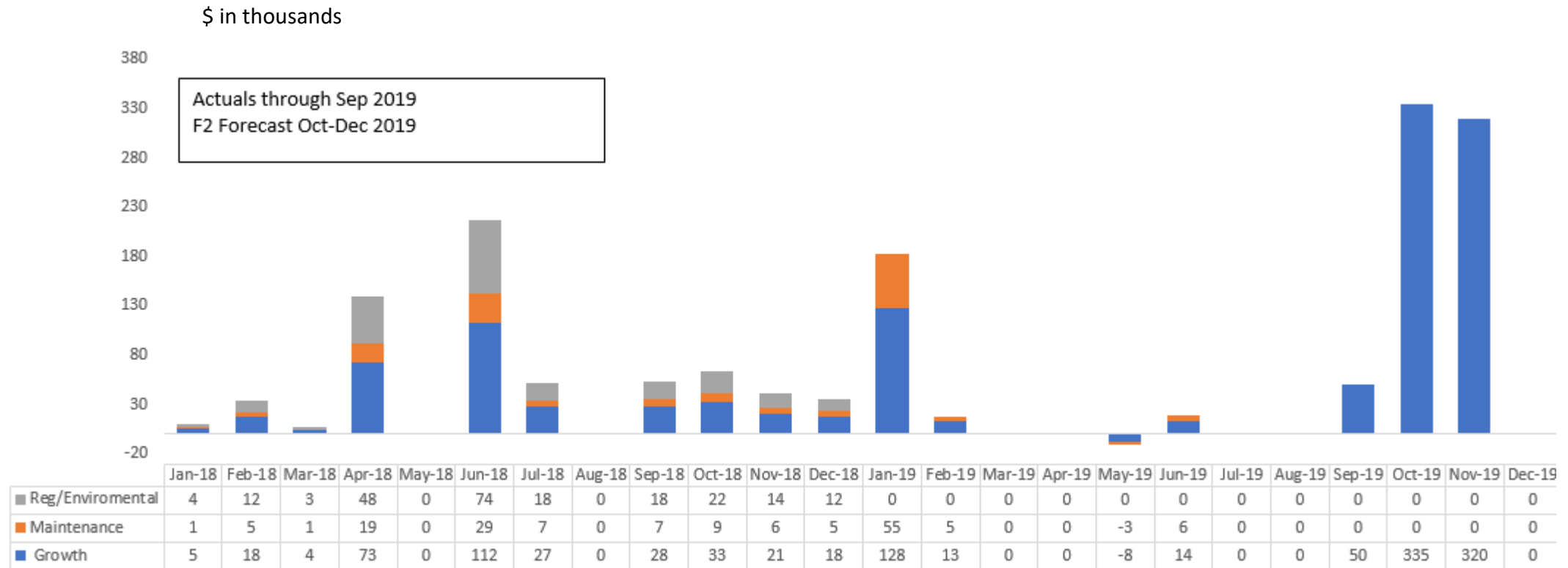


# Capital Expenditures

\$ in thousands



# Capital Expenditures





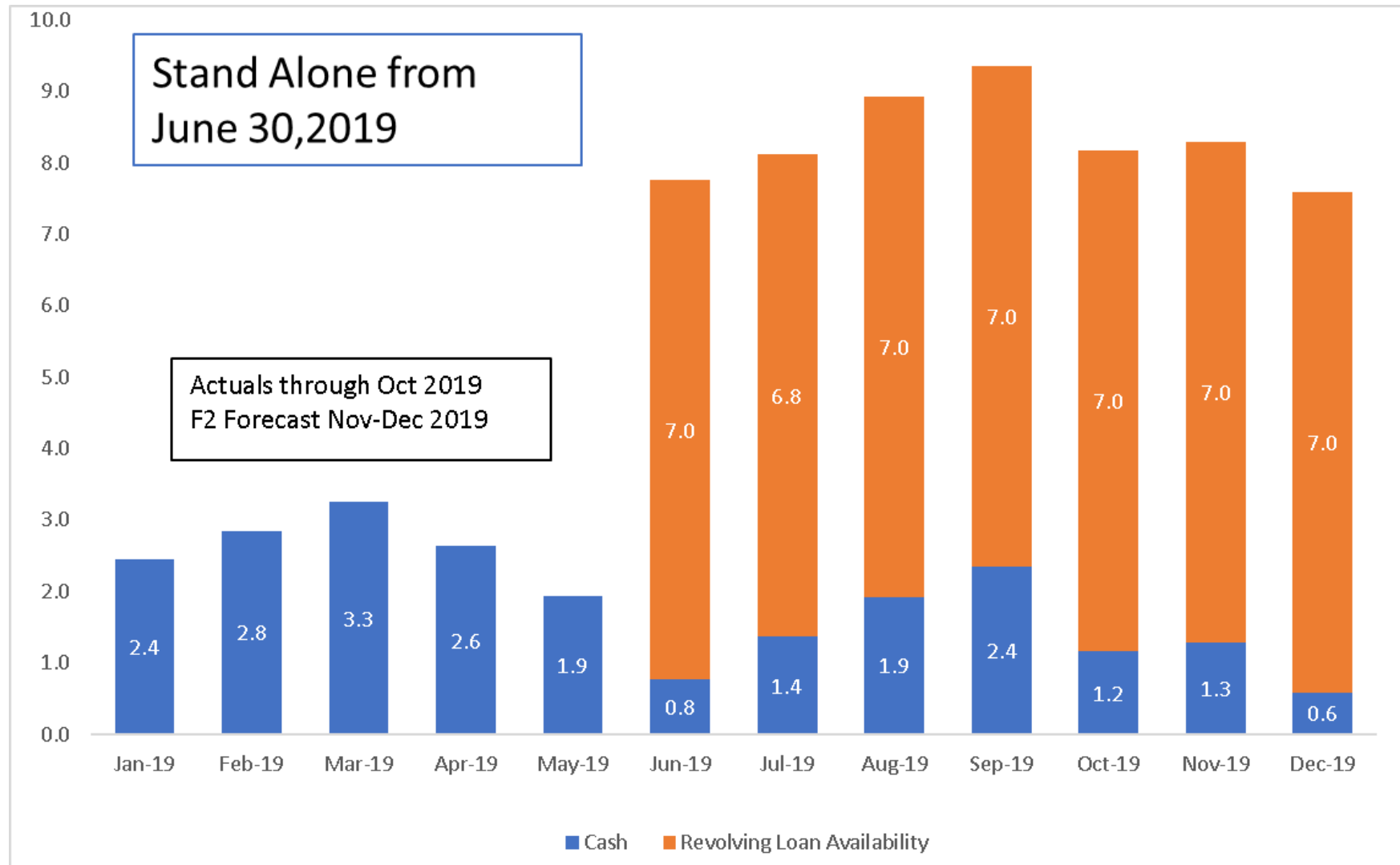
# Headcount Hires & Attrition

| Functional Area        | Start of Month | Hires | Involuntary Term | Voluntary Term | End of Month |
|------------------------|----------------|-------|------------------|----------------|--------------|
| Direct Labor           | 77             | 1     | -                | -              | 78           |
| Operations - Hourly    | 7              | -     | -                | -              | 7            |
| Operations - Salary    | 20             | -     | -                | -              | 20           |
| Research & Development | 2              | -     | -                | -              | 2            |
| Sales & Marketing      | 26             | 1     | -                | -              | 27           |
| Administrative         | 10             | -     | -                | -              | 10           |
| Other                  | -              | -     | -                | -              | -            |
| Agency FTE & Temps     | -              | -     | -                | -              | -            |
| Total Headcount        | 142            | 2     | -                | -              | 144          |

NOTE: Turnover trend remains below monthly target of 1%

# Liquidity Forecast

\$ in millions



# Headcount Trending by Month

|                        | Jan-19 | Feb-19 | Mar-19 | Apr-19 | May-19 | Jun-19 | Jul-19 | Aug-19 | Sept-19 | Oct-19 | Nov-19 | Dec-19 |
|------------------------|--------|--------|--------|--------|--------|--------|--------|--------|---------|--------|--------|--------|
| Direct Labor           | 78     | 78     | 77     | 77     | 78     | 78     | 78     | 78     | 77      | 78     | 78     | 78     |
| Operations - Hourly    | 6      | 6      | 6      | 7      | 7      | 7      | 7      | 7      | 7       | 7      | 7      | 7      |
| Operations - Salary    | 18     | 18     | 18     | 18     | 19     | 19     | 20     | 20     | 20      | 20     | 20     | 20     |
| Research & Development | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2       | 2      | 2      | 2      |
| Sales & Marketing      | 23     | 22     | 23     | 23     | 24     | 23     | 24     | 24     | 26      | 27     | 31     | 32     |
| Administrative         | 7      | 7      | 7      | 7      | 7      | 7      | 7      | 8      | 10      | 10     | 14     | 14     |
| Other                  | -      | -      | -      | -      | -      | -      | -      | -      | -       | -      | -      | -      |
| Agency FTE & Temps     | -      | -      | -      | 1      | 1      | 1      | 1      | -      | -       | -      | -      | -      |
| Total Headcount        | 134    | 133    | 133    | 138    | 138    | 137    | 139    | 139    | 142     | 144    | 152    | 153    |

## Management Discussion

### *Roles Added by EOY:*

- Sales: Customer Service Rep, Regional Sales Manager (1), VP Sales
- Administrative: Staff Accountant, AP Specialist, AR Specialist, Senior Accountant, HR Generalist

# Direct Mail Campaign Overview

- With the new product launch – 4581, the marketing team conceptualized a direct mail campaign that would drive product awareness and demand to key target markets including POP, Print and Transit Packaging
- The mailer was distributed in early October. The objective was to distribute two different direct mail pieces (POP/Print + Transit Packaging) that individuals could interact with to experience a true sense of how our tape would work on specific applications
- We have received positive feedback and numerous phone calls. Several strong leads have come through that the sales teams are further researching and contacting
- Direct mail campaigns have had a successful track record generating quality leads. For example, over 200 quality leads came from a recent campaign, which included a high level prospect- Webcor.

# Transit Packaging Dimensional Mailer

## OVERVIEW

### Product

- 4581 Dry Edge

### Target Audience

- Packaging SIC Codes
- 2631 – Paperboard Mills
- 2652 – Setup Paperboard Boxes
- 2653 – Corrugated & Solid Fiber Boxes
- 5113 – Industrial & Personal Service Paper
- Existing Customers- purchased since Jan 2017
- DK Film
- Finger Lift

### Total Audience Reach

- 7,429

### CTA (Call to Action):

- Request free samples

### Messaging:

- Strength Reengineered – 4481 on steroids
- Perfect for packaging, strong for overnight & international packaging



**DURACO**  
Dry Edge Specialty Tapes

4581 DRY EDGE TAPE is an aggressive adhesive system offering excellent initial tack and adhesion to securely close transit packaging, folding cartons and overnight mailing envelopes.

**NEW**

## Strength Reengineered

Try it yourself!  
Peel, fold and stick to  
Feel the **Strength**

4581 DRY EDGE TAPE SECURELY SEALS:

- ✓ Transit packaging
- ✓ Folding cartons
- ✓ Overnight mailing envelopes

**FEATURES:**

- High shear properties
- High peel strength
- Minimal adhesive residue
- Aggressive quick stick
- Printed release liner
- Available in long length rolls for automatic application
- Efficient alternative to glue lines

Request free samples  
[bit.ly/sample4581](http://bit.ly/sample4581)

**BE THE FIRST TO SAMPLE!**

CALL: 866.800.0775  
EMAIL: [sales@duraco-specialtytapes.com](mailto:sales@duraco-specialtytapes.com)  
WEB: <http://bit.ly/sample4581>

MADE IN THE USA | SAME DAY SHIPPING

**DURACO**  
2800 Lockwood Dr.  
Forest Park, IL 60130

PRODUCED  
BY DURACO  
SPECIALTY TAPES  
P.O. BOX  
10000  
CHICAGO, IL 60606

MICHAEL B CARLSON  
CARLSON CRATE AND FREIGHT  
123 ANY STREET  
CHICAGO IL 60606

# Marketing Workstream

The main focal points can be broken up into 3 categories.

Project Highlight included *in appendix*.

## Brand Transition (July 2019 – October 2019)

- Update logo and brand colors on all key touchpoints
  - Current website, product literature, sample kits, corporate documents + assets, presentations, exterior signage, interior signage
- Transition of processes and services from Essentra to Duraco
  - Email marketing platform, lead upload process, MSS training + website management, shared account transfers)
- Communications (External + Internal)

## Brand Refresh (July 2019 – April 2019)

- Brand Strategy (Mission, Vision, Messaging, Positioning, Narratives)
- Brand Identity (Brand Style Guide)
- New Website
- 2019/2020 Product Catalog

## Marketing Strategy (July 2019 – December 2020)

- Develop 2019/2020 Marketing Plan around strategic pillars + initiatives
- Determine and execute key Initiatives + action items
- Determine KPI's
- Execute on 2019 focal points

# Understanding Marketing Growth

## WE STRIVE TO ACHIEVE THE FOLLOWING QUANTIFIABLE IMPACTS + OUTPUTS

- **Marketing Intelligence**
  - Data and knowledge outputs
  - Buyer Persona profiles
  - Market map (SIC + Industry Opportunities)
  - Market/Industry analysis
  - Product analysis by market
- **Lead + Customer Acquisition**
  - Increase in leads (compared to current lead volume)
  - Increase in SAL's
  - Increase in sales from marketing leads
  - Increase in new customers from marketing leads
  - Understand impact and performance of each channel (attribution project)
  - Increase web revenue
- **Analytics + Attribution**
  - Dashboard creation
  - Understand impact and performance of each channel (attribution initiative)
  - Consistent reporting and analyzation
  - Decisions + actions made from analyzation
  - Increase in conversions based on analyzation (CRO)
- **Sales Enablement**
  - Decrease in the lead to open prospect ratio
  - Decrease in the lead to canceled ratio
  - Increase in marketing qualified leads
  - Increase in sales accepted leads
  - Increase content creation and usage
  - Increase in prospects turning into customers from lead nurturing
- **User Experience + Customer Experience**
  - Website launch
  - Brand book/guidelines
  - Enhanced NPS scores
  - Positive customer surveys
  - Positive customer reviews
- **eCommerce Optimization**
  - Increase in ecommerce sales
  - Increase in ecommerce sales with current customers
  - Increase in ecommerce sales through third party ecommerce distributors

# Key Project Overview

## ACTIVE + ON DECK PROJECTS WITHIN THE MARKETING DEPARTMENT

| Project                                | Overview   |
|--|--|
| Social Media Integration               | <ul style="list-style-type: none"><li>• Setup social media profiles for Duraco + Teacher's Tape (Facebook, Instagram, Twitter, LinkedIn, YouTube).</li><li>• Developed content calendar and distributed content to profiles.</li></ul>   |
| New Websites (Duraco + Teacher's Tape) | <ul style="list-style-type: none"><li>• We selected a partner agency, Avenue to design + develop both the Duraco and Teacher's Tape websites.</li><li>• We will be conducting an official kickoff with Agency on November 19<sup>th</sup> with the core project team.</li><li>• After the kickoff, a detailed project plan will be built for the projected 4/30 launch date.</li></ul> |
| Duraco Brand Guidelines                | <ul style="list-style-type: none"><li>• The marketing team will be rolling out a new brand style guide to the leadership team on 11/11 and then company wide on 11/18.</li></ul>   |
| Duraco Product Catalog                 | <ul style="list-style-type: none"><li>• The marketing team will be finalizing the design and content of the new product catalog.</li><li>• The product catalog is expected to be printed and ship to customers the second week of January.</li></ul>   |
| Exhibit Marketing Campaign             | <ul style="list-style-type: none"><li>• We will be launching an integrated marketing campaign in December to target the Exhibit market with our Remo One Plus product.</li><li>• Included in the marketing campaign will be a postcard mailer, email blast, market sell sheet and script for our inside sales team.</li></ul>  |



# Q4 Integrated Marketing Communications Calendar

| Vertical          | Product Focus            | Product Messaging  | Media Mix   |
|-------------------|--------------------------|--|---|
| POP               | Remo One Plus 4581 (All) | <ul style="list-style-type: none"> <li>Product Messaging: Use for Holiday displays, our tape can sustain countless restocks</li> <li>Tagline: Tis the season to stick</li> </ul>                     | <ul style="list-style-type: none"> <li>Direct Mail Ad</li> <li>Shop! (Print ad, Sponsored Webinar, In-Email Ad)</li> <li>Google AdWords</li> <li>Social Media (Facebook, Instagram, LinkedIn)</li> <li>Design: Retail (Digital banners, eBlast)</li> <li>Facebook Sponsored Ad</li> <li>LinkedIn Sponsored Ad</li> <li>Taboola Ad</li> <li>Live Intent (In-Email Ad)</li> </ul> |
| Print             | 4581 Fingerlift          | <ul style="list-style-type: none"> <li>Product Messaging: use our tape to hold up your signage, reliability</li> <li>Tagline: Strength Reengineered</li> </ul>                                       | <ul style="list-style-type: none"> <li>Direct Mail Ad</li> <li>Google AdWords</li> <li>Printing Impressions</li> <li>Social Media (Facebook, Instagram, LinkedIn)</li> <li>Facebook Sponsored Ad</li> <li>LinkedIn Sponsored Ad</li> </ul>  |
| Transit Packaging | 4581 Dry Edge            | <ul style="list-style-type: none"> <li>Product Messaging: Strength, Optimization, Seal Reliability</li> <li>Tagline: Strength Reengineered</li> </ul>  | <ul style="list-style-type: none"> <li>Direct Mail Ad</li> <li>Google AdWords</li> <li>Social Media (Facebook, Instagram, LinkedIn)</li> <li>Boxscore (Digital banners, In-email ad)</li> <li>Facebook Sponsored Ad</li> <li>Taboola Ad</li> <li>Live Intent In-Email Ad</li> <li>LinkedIn Sponsored Ad</li> </ul>  |
| Industrial        | Duraco High Bond         | <ul style="list-style-type: none"> <li>Product Messaging: Replacing screws, fasteners with DHB</li> <li>Tagline: Many Applications. One Solutions</li> </ul>   | <ul style="list-style-type: none"> <li>Google AdWords</li> <li>Social Media (Facebook, Instagram, LinkedIn)</li> <li>LinkedIn Sponsored Ad</li> <li>Facebook Sponsored Ad</li> <li>Taboola Ad</li> <li>Live Intent In-Email Ad</li> </ul>   |
| Education         | Teacher Tape             | <ul style="list-style-type: none"> <li>Product Messaging: Use teachers tape to replace residue or damage with tacks, goo, etc.</li> <li>Tagline: We've Got Your Back. Decorate Damage Fee</li> </ul> | <ul style="list-style-type: none"> <li>Learning Magazine</li> <li>Social Media (Facebook, Instagram, LinkedIn)</li> <li>Google AdWords</li> <li>Facebook Sponsored Ad</li> <li>LinkedIn Sponsored Ad</li> </ul>   |

# POP/Print Direct Mailer

## OVERVIEW

### Product

- 4581 DE, FL and EE

### Target Audience

- POP/Print/Signage SIC Codes
- 3993 - SIGNS & ADVERTISING SPECIALTIES
- 7312 - OUTDOOR ADVERTISING SERVICES
- 7336 - COMMERCIAL ART & GRAPHIC DESIGN
- 2752 - COMMERCIAL PRINTING-LITHOGRAPHIC
- 2759 - COMMERCIAL PRINTING NEC
- 2761 - MANIFOLD BUSINESS FORMS
- 2542 - OFFICE & STORE FIXTURES EXCEPT WOOD
- 2621 - PAPER MILLS
- 2671 - PACKAGING PAPER & PLASTICS FILM-COATED
- And more!
- Existing Customers - purchased since Jan 2017
- Dubl Kote
- Twin Stick

### Total Audience Reach:

- 92,609

### CTA (Call to Action):

- Request free samples

### Messaging:

- Imagine the possibilities

**Be the first to sample!**

CALL: 888 500 5805  
EMAIL: sales@essentraspecialtytapes.com  
WEB: bit.ly/4581samples  
SAME DAY SHIPPING  
Made in the USA

**DURACO**  
Formerly  
Essentra Specialty Tapes

1400 W. Industrial Drive  
Forest Park, IL 60130

CHICAGO, IL  
EDISON, NJ  
LOS ANGELES, CA  
HOUSTON, TX

**Imagine the possibilities**

**4581 Adhesive System NEW**  
Strength Reengineered

**4581 Adhesive System NEW**

Essentra's 4581 is an aggressive adhesive system offering excellent initial tack and adhesion.

**FEATURES**

- High shear properties
- High peel strength
- Aggressive quick stick
- Minimal adhesive residue
- Printed release lines
- Available in long length rolls for automatic application
- Efficient alternative to glue lines

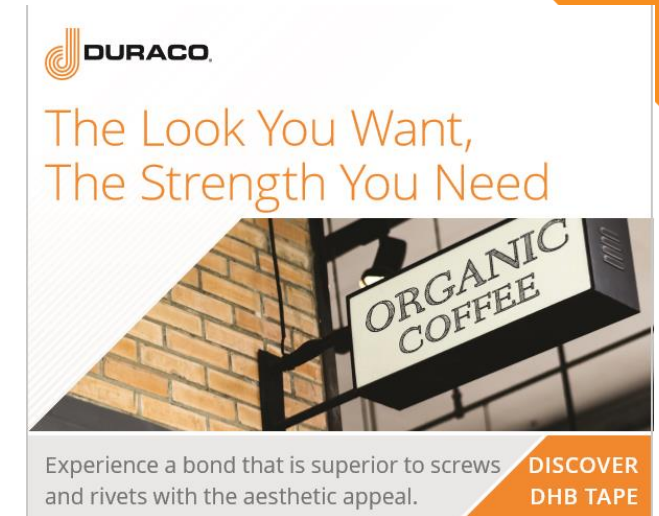
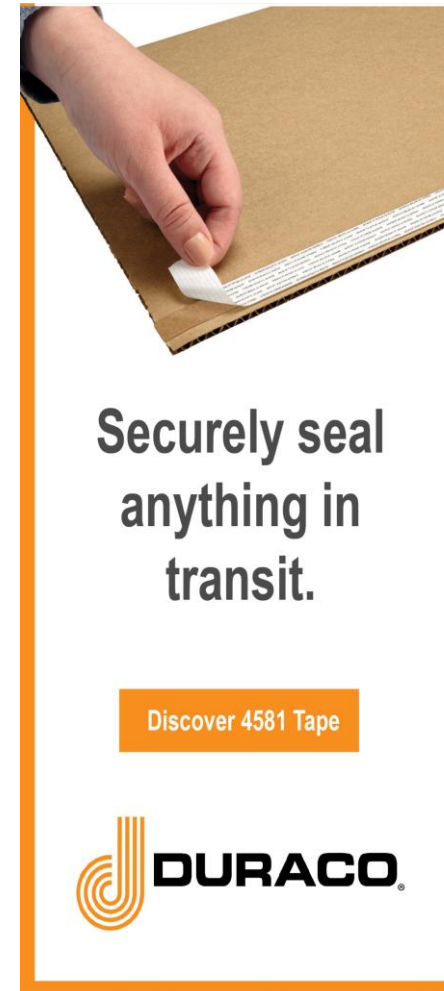
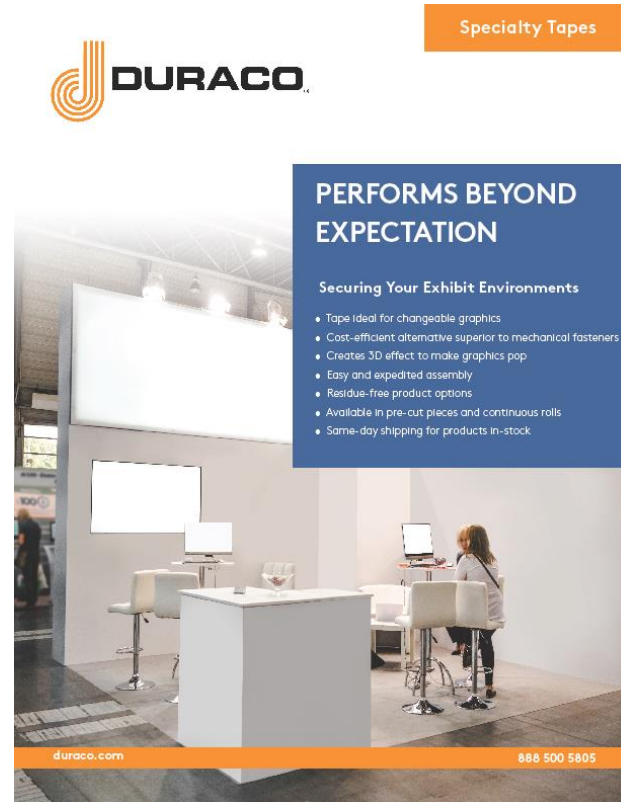
**APPLICATIONS**

- POP displays
- Posters/Signage

**A solution for every application**

4581 Dry Edge  
4581 Finger Lift  
4581 Edge to Edge

## Q4 Creative + Ads





Thank You