

Q4 2019 - Quarterly Operating Review

JANUARY 2020

Agenda

- Executive Summary
- Operational Review
 - Commercial and Sales
 - 2020 Sales Restructuring
 - 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 – Full Year

Good news / positives to business and plan

- Indicative EBITDA is higher than forecast due largely to favourable mix and timing of new hires, but is lower than plan due to lower revenue and higher headcount. Compared to PY, EBITDA is lower due to higher headcount in 2019 combined with some out of period adjustments in 2018.
- JM Search provided 5 solid candidates for VP of Sales, F2F interviews with 3 of 5 and expecting decision by mid-February
- Wall graphics segment up significantly lead by Mixtiles, PlanetArt & Circle Graphics, expecting solid growth in 2020
- WestRock, Sonoco & Rapid Display all had positive growth 30%, 79%, & 20% respectively
- GE Appliance finished the year up 50% and expecting significant growth in Duraco High Bond tape in 2020

Risks / challenges to business and plan

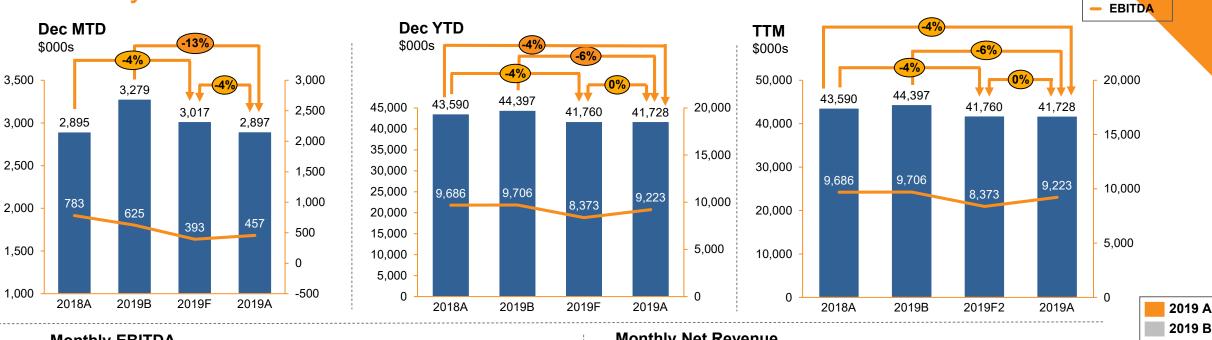
- Overall POP segment finished down 2.4% for the year lead by Menasha, Imaging Print & RR Donnelley declining 22%, 22%, 4.5%
- Whirlpool tape and gasket volume declined for 2nd straight year, expecting turn around with 2.5 year agreement in place
- Paroc quality concerns continue with gaposis and low temperature applications, signed off on \$65k credit

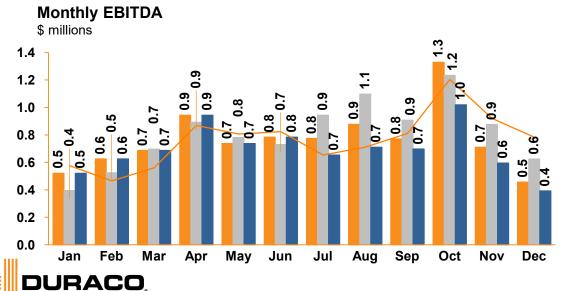
Other material items

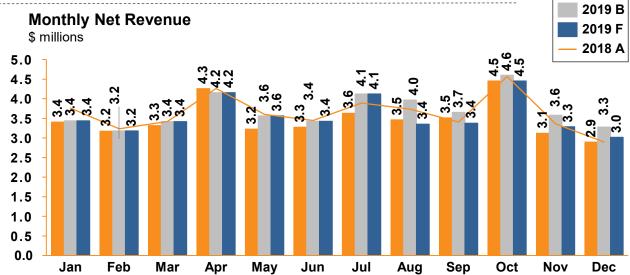
- 1 safety incident in December
 - Contusion to knee



Monthly Financial Metrics

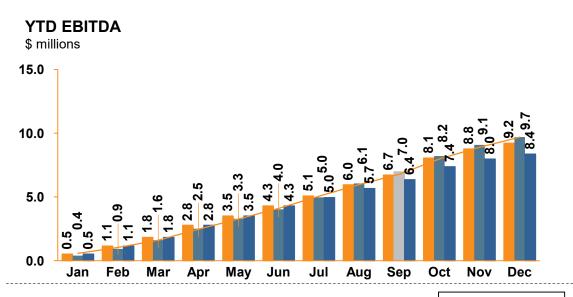


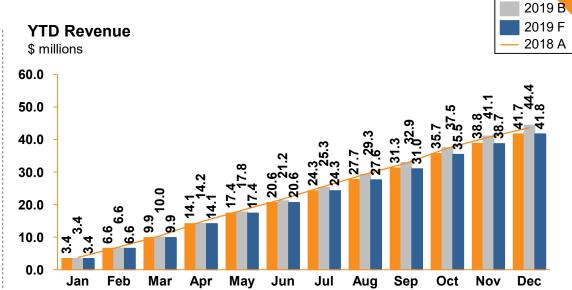


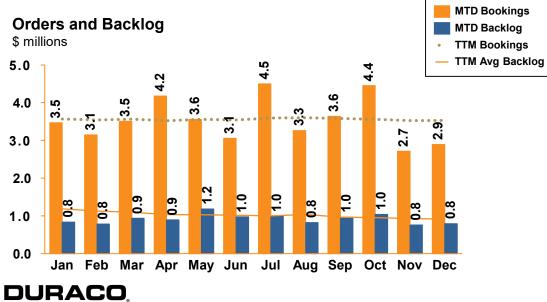


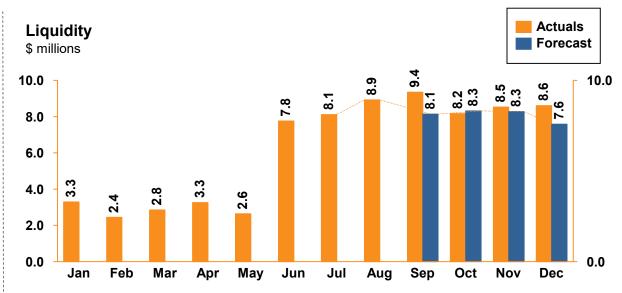
Net Sales

Monthly Financial Metrics – con't









2019 A

Status of Key Initiatives (Remove for December MOR)

STATUS UPDATE: PROJECT DETAILS

PROJECT	CURRENT STATUS & NEXT STEPS	TIMING	Annualized EBITDA Impact (\$MM)	
			Projected	Actual
Hire, train, implement sales team (Wolak)	 VP of Sales Retainer search with JM Search Five (5) candidates in process; three (3) in-person interviews on Jan 24th and 27th Regional Sales Manager (1) – SE Nick Darling hired to start Jan 27th – RSM SW Danielle working with SCN search – five (5) candidates in process; five (5) screens through 1/27 	• Q1 2020	TBD	TBD
Sales organization design (Danelz)	 SmartVentures engaged completing assessment and recommendation, report out December 18th Danelz to work with new VP Sales on final organization structure 	• Dec 2019	TBD	TBD
Define needs and begin implementation on new ERP Platform (Gray, Schechtman)	 ERP negotiations are underway with the consensus first choice, expected to conclude by the end of October Provisional schedule has Go-Live around May 1, though will look to pull in wherever possible Web and e-commerce sites are not part of the ERP effort, but will be included in integration requirements 	• Q2 2020	TBD	TBD
Define needs and begin implementation on new website platform (Lang)	 Conducted Immersion meeting with agency to kickoff project Project plan for Duraco and Teacher's Tape has been defined Marketing team is developing strategy and obtaining key documents and insight for Avenue 	• Q1 2020	TBD	TBD
Develop and initiate plan to support regional sales efforts (Danelz)	 Express Sites closed November 1st Centralized Inside Sales and Customer Service function into Forest Park 	• Jan 2020	TBD	TBD
Deliver \$627k in Cost Saving (McCarney)	 Continue the purchasing of 5256 adhesive Complete the Mondi liner transfer, possibly delayed for Sept. launch due to quality issues Held a cost savings meeting to review new potential cost savings targets, cost saving higher than expected New Material Manager to focus on additional cost savings for 2020 \$43K savings in Oct. to a \$42K plan 	• Dec 2019	\$584K	\$583K



Status of Key Initiatives

STATUS UPDATE: PROJECT DETAILS

PROJECT	PROJECT STATUS CURRENT STATUS & NEXT STEPS		TIMING	Annualized EBITDA Impact (\$MM)	
	3171133			Projected	Actual
Commercial Growth (Inside Sales)		Inside Sales Manager setting up daily call tracking and targets. Working with management to set targets over course of January / February	Jan 2020	TBD	TBD
Commercial Growth (Outside Sales)		 SmartVentures engaged completing assessment and recommendation, report out December 18th Working on restructuring Outside Team to deliver new account growth and support for current customers Danelz to work with new VP Sales on final organization structure 	Feb 2020	TBD	TBD
Sales Compensation Model		 New compensation model to be deployed in February 2020. In addition, working with management team to develop re-occurring sales incentives plans (i.e., SPIFFs) for outside / inside team; outside team to focus on growth and inside team to focus on churn reduction 	Feb 2020	TBD	TBD
New Market Entry		Phase I seven sector review in-progress – phase I focused on identifying high-level market overview and fit for seven priority target markets	Feb 2020	TBD	TBD
Sourcing		 Supply Chain Manager focused on de-risking business; liners, film, adhesives, foam, mylar and corrugate. Strong emphasis to reduce inventory, risk mitigation, building strategic partnerships and cost savings 	XXX 2020	\$345K	TBD
Continuous Improvement		 Yellow and Green belt training scheduled for 2020 Kaizen's events scheduled for multiple work centers that we have identified as constraints 10 New 5S+ Events scheduled for 2020 	XXX 2020	TBD	TBD







Carveout

STATUS UPDATE: PROJECT DETAILS

PROJECT	STATUS	TUS CURRENT STATUS & NEXT STEPS		Annualized EBITDA Impact (\$MM)	
FROSECT		CONNENT STATOS & NEXT STEFS	TIMING	Projected	Actual
IT Carveout		 Significant delay and lack of response from Essentra related to network separation. Have escalated in Essentra. On track for June, but behind revised timeline for network carveout. More detailed update available on the IT slide 	Q2 20120	N/A	N/A
Ceridian/HR		 In November Essentra decided that they could no longer move forward with a divestment process for Ceridian, result is at least 4 more months of work. Essentra claimed there were issues with GDPR. Escalated decision in Essentra to C-Suite and received word on Jan 24th that there was no longer a GDPR issue and that we should be able to use the original (agreed) process. Working with Ceridian on the details. 	Q2 2020	N/A	N/A
Service Centers		 Plan to close NJ Service center by the end of Feb. Evaluating other East Coast locations for inventory, including Infinity. Plan to close LA Service center and open LA 3PL by the end of March. 	Q1 2020	N/A	N/A
Treasury		 Delayed due largely to Essentra. Have a standalone Duraco treasury platform up and running. Only remaining item is check disbursement. Delayed due to Essentra IT. Once complete and tested, we will fully separate our accounts from Essentra and have signatory authority on the account. 	Q1 2020	N/A	N/A
Finance Shared Services		 On schedule Will begin recruiting for A/P and A/R positions in February (per AOP). All other financial services have been terminated 	Q2 2020	N/A	N/A



Risks and Opportunities

	DESCRIPTION	POTENTIAL IMPACT	PLAN TO ADDRESS
RISKS	Paroc quality issues with current 5256 adhesive system in cold weather applications	Lower revenue (\$350k) and EBITDA (\$20k)	 Working with Henkel to purchase "old" IMP01 adhesive formula R&D working on long term solution to cold temperature
OPPORTUNITIES	• NONE		



Paroc Claim Update

- Written claim for ~\$900k was received on 1/2/2020
- CFO and GOM have had two calls with Paroc lead to gather information on the claim (1/15/2020 and 1/24/2020).
 - Information requests from Duraco to Paroc are still outstanding, but they are being worked on.
- Shawn sent official notification of claim to Essentra on 1/22/2020
 - Worked with Krauter to open an insurance claim. Krauter believes that we are not covered, but we are going through the process with CNA to make sure they are aware should anything change in the claim.
 - Alliant is working to notify R&W insurance provider.
- CFO had introductory call with insurance adjuster to provide more information on the claim.
- Current view on exposure is \$244k, based on conversations with Paroc, but this will likely change as we gain additional information
- This treatment has been agreed with Baker Tilly.
- \$105k of this was charged to the P&L in December with the remaining amount already on the opening balance sheet
- The reimbursement for lost sales will likely be a contentious point, but we believe there is a less than 50% chance that we pay this part of the claim
- Working with Paroc on replacement product:
 - Using old adhesive, assuming it passes their internal inspections for up to 18 months
 - Developing different options for new tape. On the second round of samples.

		EUR	USD	Reserve
Summary of Claim received				
Paroc Transportation costs	€	80,677	\$ 90,358	\$ 90,358
Inventory Value of Unused Inventory	€	49,726	\$ 55,693	\$ 55,693
Remaining Paroc inventory w/ out of spec product	€	304,037	\$ 340,521	\$ -
Claims paid to customers	€	72,612	\$ 81,325	\$ 81,325
Overtime	€	15,221	\$ 17,048	\$ 17,048
Lost Sales	€	283,265	\$ 317,257	\$ -
Total	€	805,538	\$ 902,203	\$ 244,424

We are asking Paroc to use this inventory in Poland, where they do not seem to have this issue. Paroc has confirmed that they will consume this inventory, therefore no reserve is required.

Less than 50% chance that this is paid

^{**}Temperature Claim is only for Paroc AB**



Operational Review



Commercial and Sales



Commercial Bowling Chart

	2018 YTD														-
PRIORITY	ACT		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	ОСТ	NOV	DEC	FY2019
GROWTH	644 CO7	DV	ΦΩ C44	#0.004	#0.000	¢ο ο 7 ο	#0.400	#0.000	Φ0.704	фо. 400	#0.000	¢4.007	#0.040	¢0.007	#44.007
Charielty Tanas	\$41,627	PY	\$3,644	\$3,034	\$3,302	\$3,978	\$3,482	\$3,306	\$3,704	\$3,462	\$3,263	\$4,397	\$3,219	\$2,837	\$41,627
Specialty Tapes	\$43,610 \$40,990	Plan Fcst/Act	\$3,357	\$3,081 \$3,081	\$3,301 \$3,255	\$4,025 \$4,068	\$3,445 \$3,154	\$3,386 \$3,230	\$4,072	\$3,869 \$3,356	\$3,602 \$3,445	\$4,577 \$4,388	\$3,610 \$3,099	\$3,284 \$2,962	\$43,610 \$40,990
	\$40,990	PY	\$3,357 \$1,091	. ,	\$3,255 \$1,002	\$1,254	\$3,154 \$957	\$3,230 \$936	\$3,595 \$991	\$3,356	\$3,445 \$1,024	\$4,388	\$3,099 \$811	\$2,962	\$40,990
Express Sites	\$12,075	Plan	\$1,091	\$910 \$974	\$1,002	\$1,254	\$1,024	\$1,002	\$1,060	\$1,034	\$1,024	\$1,233	\$889	\$892	\$12,075
Express Siles	\$12,921	Fcst/Act	\$1,146	\$1,000	\$1,072	\$1,342	. ,	. ,	\$1,060	. ,	. ,	. ,	\$806	\$857	\$12,921
	\$12,256	PY	\$1,048 \$1,528	\$1,000	\$1,026	\$1,257	\$895 \$1,443	\$969 \$1,384		\$953 \$1,640	\$1,077 \$1,360	\$1,228 \$1,970	\$1,430	\$1,207	\$17,683
Point of Purchase	\$17,003	Plan	\$1,326	\$1,244	\$1,326	\$1,539	\$1,444	\$1,387	\$1,540 \$1,641	\$1,640	\$1,360	\$1,970	\$1,430	\$1,402	\$17,003
Foilit of Fulcilase	\$10,003	Fcst/Act	\$1,282	\$1,219	\$1,342	\$1,670	\$1,340	\$1,367	\$1,463	\$1,726	\$1,434	\$2,093	\$1,364	\$1,402	\$10,003
	\$5,568	PY	\$439	\$423	\$480	\$543	\$1,340 \$489	\$434	\$606	\$310	\$438	\$592	\$1,420 \$440	\$373	\$5,568
Consumer White	\$5,777	Plan	\$439 \$471	\$390	\$403	\$504	\$434	\$453	\$604	\$470	\$481	\$604	\$482	\$482	\$5,306 \$5,777
Goods Appliance	\$4,795	Fcst/Act	\$461	\$387	\$320	\$486	\$359	\$513	\$452	\$375	\$382	\$416	\$369	\$276	\$3,777 \$4,795
	\$3,847	PY	\$464	\$302	\$285	\$336	\$360	\$369	\$363	\$304	\$245	\$331	\$247	\$240	\$3,847
Industrials	\$4,198	Plan	\$375	\$302	\$303	\$355	\$302	\$303	\$500	\$327	\$327	\$375	\$427	\$302	\$4,198
เกินนิวิเกินเว	\$3,478	Fcst/Act	\$330	\$296	\$291	\$352	\$284	\$300	\$314	\$274	\$241	\$321	\$216	\$258	\$3,478
	\$0	PY	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Europe	\$400	Plan	\$0	\$0	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$400
Zaropo	\$288	Fcst/Act	\$0 \$0	\$0	\$56	\$85	\$42	\$33	\$73	\$33	\$28	\$2	\$0	-\$66	\$288
	\$701	PY	\$40	\$44	\$78	\$114	\$74	\$49	\$45	\$21	\$77	\$65	\$51	\$46	\$701
Distributors	\$794	Plan	\$40	\$58	\$58	\$70	\$68	\$65	\$77	\$70	\$71	\$87	\$66	\$64	\$794
	\$513	Fcst/Act	\$32	\$36	\$37	\$82	\$58	\$32	\$39	\$66	\$39	\$23	\$29	\$41	\$513
	\$1,208	PY	\$54	\$96	\$91	\$112	\$104	\$104	\$103	\$124	\$68	\$96	\$157	\$99	\$1,208
Other	\$1,469	Plan	\$120	\$100	\$100	\$150	\$120	\$120	\$150	\$120	\$120	\$150	\$120	\$99	\$1,469
	\$2,016	Fcst/Act	\$209	\$98	\$179	\$109	\$120	\$125	\$121	\$170	\$132	\$277	\$243	\$233	\$2,016
	\$0	PY	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
RemoOne Plus	\$100	Plan	\$0	\$0	\$0	\$0	\$5	\$5	\$15	\$20	\$25	\$20	\$5	\$5	\$100
	\$48	Fcst/Act	\$0	\$0	\$0	\$0	\$1	\$7	\$1	\$5	\$8	\$13	\$9	\$5	\$48
4581	\$0	PY	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Box Closure & POP	\$150	Plan	\$0	\$0	\$0	\$0	\$0	\$0	\$25	\$20	\$25	\$40	\$20	\$20	\$150
bux closule a POP	\$120	Fcst/Act	\$0	\$0	\$0	\$0	\$0	\$1	\$10	\$11	\$26	\$52	\$12	\$8	\$120



Comparable Sale by Customer Segment

NET REVENUE CURRENT YEAR VS PREVIOUS YEAR



Management Discussion:

POP segment down due to underperformance by large accounts, lack of geographic coverage, and underperforming Inside Sales Team

- Large POP accounts down 9.4%% MTD, down 3.3% YTD
- WestRock finished the year down \$11k MTD, but had a positive growth year, up \$210k or 30%
- Menasha finished the year up \$12k MTD, however down \$286k or -21.6% YTD
- Other large POP accounts with positive growth were, Rapid Display 20.2%, PCA 12.2%, Pratt Displays 9.1%, Serigraph Inc 120%, Quad Graphics 77.5%

Whirlpool decline beginning to slow versus previous year

- Whirlpool finish December down \$110k, and YTD \$776k
 - Whirlpool had a 2 week shutdown over the holiday
 - Duraco needs a strong sales person managing day to day operations
- GE Appliance finished up 50% YTD, expecting strong growth in 2020
- Tier's off significantly as Whirlpool's volume continued to slow

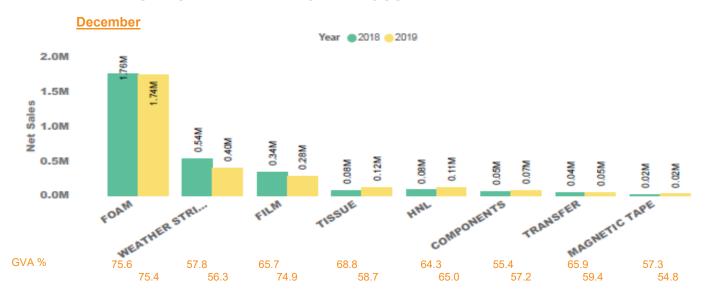
Industrial down \$89k YTD, Halstead business not repeating was \$190k

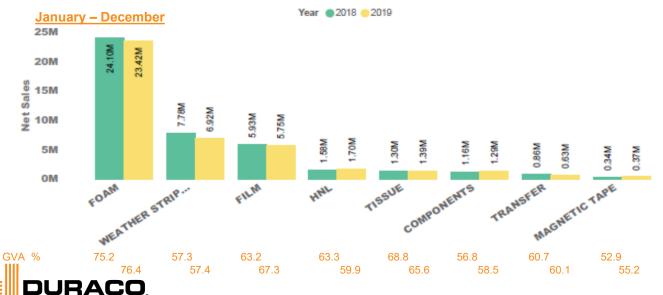
- Paroc quality issues hurt December and Q4 sales
- Donaldson Company filters EOL program (\$116k)
- Broadening softness in the industrial segment
- Developed and grew incremental new business from Ki Krueger \$50k, Metalcraft ID Plates \$45k, Schneider Electric \$31k, Hoshizaki \$21k

Mixtiles was up significantly in the other segment

Comparable Sales by Product Category

NET REVENUE CURRENT YEAR VS PREVIOUS YEAR





Management Discussion:

New products continued to grow but there was a definite slow down in sales in November.

- December 4581 \$8.1k, Remo One Plus \$4.6k
- YTD 4581 \$120k, Remo One Plus \$48k

The Foam line did drop overall, YTD. The biggest losses came in:

- Dubl Kote down \$392k
- Twin Stick down \$187k

Increases, though, came through:

- Remo One up \$365k
- Thick Twin Stick up \$48k

The problem with this mix is that our core products are down, while specialty products are up. In light of increase in the Removable lines we will begin to have Marketing programs that focus on this. RSM's and Inside Sales are being directed to focus on these core lines. We are also getting into market analysis to determine if our prices need to be adjusted.

Hook and Loop saw a sizeable increase in 2019.

Sales up \$166k / 11%

This increase was led by:

- Bradford Company up \$93k
- King International up \$48k
- IDL Instachange up \$32k

IDL Instachange is new business that was won from renewed emphasis on Canadian market.

Weatherstripping & Gasket still continues to lag, down \$861K (-11%). Whirlpool continues to be the biggest drag, but there have been positive swings, led by:

- Plastic Products Company up \$137k
- Schneider Electric Mexico up \$30k
- LPC TX Visual up \$25k

While planning is being finalized, with Beckway's help, emphasis for 2020 will be in sectors that factor into this product line.

Sales Breakdown by Company and Segment

YoY Net Sales

Company	POP	White Goods	Industrial	Other	Total
61 - National	-131K	-395K	-207K	85K	-648K
62 - Midwest	-343K		92K	58K	-194K
64 - West	31K		55K	21K	106K
66 - East	17K		115K	104K	236K
67 - Southwest	33K		-4K	18K	47K
International	-320K	-179K	-671K	65K	-1,105K
Total	-714K	-574K	-621K	351K	-1,558K

YoY % Change in Net Sales

Company	POP	White Goods	Industrial	Other	Total
61 - National	-1 %	-8 %	-6 %	4 %	-2 %
62 - Midwest	-10 %		13 %	7 %	-4 %
64 - West	2 %		19 %	14 %	4 %
66 - East	1 %		58 %	22 %	7 %
67 - Southwest	3 %		-5 %	25 %	4 %
International	-30 %	-35 %	-61 %	6 %	-29 %
Total	-3 %	-11 %	-11 %	7 %	-4 %

YoY GVA

Company	POP	White Goods	Industrial	Other	Total
61 - National	59K	-236K	-103K	113K	-167K
62 - Midwest	-261K		21K	57K	-183K
64 - West	24K		43K	26K	94K
66 - East	-4K		70K	65K	130K
67 - Southwest	26K		-5K	14K	36K
International	-190K	-133K	-296K	20K	-598K
Total	-346K	-369K	-269K	295K	-688K

YoY % Change in GVA

Company	POP	White Goods	Industrial	Other	Total
61 - National	0 %	-10 %	-5 %	8 %	-1 %
62 - Midwest	-10 %		4 %	9 %	-5 %
64 - West	2 %		25 %	26 %	5 %
66 - East	-0 %		46 %	21 %	5 %
67 - Southwest	4 %		-8 %	26 %	4 %
International	-26 %	-37 %	-59 %	3 %	-26 %
Total	-2 %	-13 %	-8 %	9 %	-2 %

Management Discussion:

POP segment makes up 62% of sales and 67% of GVA \$

- Menasha down \$313k in YTD in sales
- WestRock up \$232 YTD in sales and \$163k in GVA
- Stumps Shindigz is up \$213k YTD in sales and \$176 in GVA
- Chung Lam is international and down \$334k in sales for business that will not repeat
- Geographic sales coverage important to maintain customer support as market changes continue

White Goods makes up 10% of sales and 9% of GVA \$

- Whirlpool is down \$587k in sales and \$297k in GVA
- Plastic Products and GE has positive years up \$200k

Industrial makes up 12% of sales and 11% of GVA \$

- Paroc down \$490k, and Halstead down \$200k
- Looking at low GVA customers for strategic pricing action
- Jake Schoch grew small industrial base 2.6% on \$1.8m
- In 2020, changing geographic sales coverage allows for more focus on each account and territory

Other makes up 16% of revenue and 12% of GVA \$

- Growth is driven by wall hangings customers Mixtiles and PlanetArt who are up \$510k in revenue
- Automotive segment hurting by the loss of Undercover down \$243k in sales
- Essentra & Atlantic Packaging down combined \$193k

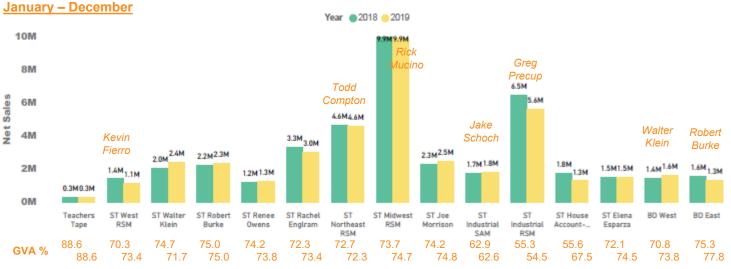


Sales Trend Overview

DURACO

SALES BY TERRITORY - EXPRESS SITE SALES ARE TIED TO A TERRITORY VS SALESPERSON





Management Discussion:

Midwest RSM responsible for all large POP customers; December finished up 5.5% and flat YTD

- Positive growth in the month from key accounts; Siffron, Imagine Print, TMS, Quad Graphics, Plastic Power
- Full year growth from POP accounts, Westrock, Siffron, Serigraph Inc, Quad Graphics, TMS, GNC - Brooklyn Park

Industrial SAM finished up 2.6% for the year

- Developed and grew incremental new business from Ki Krueger \$50k, Metalcraft ID Plates \$45k, Schneider Electric \$31k, Hoshizaki \$21k
- Greatest challenge was the geography and coverage of new accounts

Industrial SSM finished down \$1,060k YTD primarily Whirlpool down \$776k

- GE Appliance finished up \$62k and expecting a significant growth year in 2020
- Other Industrial up in 2019; Plastic Products Co., \$137k or 92%, Extang Corp. \$95k or 118%, Quantum Plastics \$30k or 76%
- Significant decliners for 2019; Undercover -\$243k, La France -175k, Donaldson Comp. -\$116k

Northeast RSM slipped in December, down 29% leaving full year down 1.2% YTD

- Large POP accounts failed to deliver MoM growth in December; Miller Studio -\$24k, PCA -\$45k, Shrink Packaging -\$23k
- Overall full year growth from key accounts and new business; Ampac \$170k, B&R Moll \$128k, PCA \$68k, IDL Instachange \$35k, MPS (Westrock) \$25k

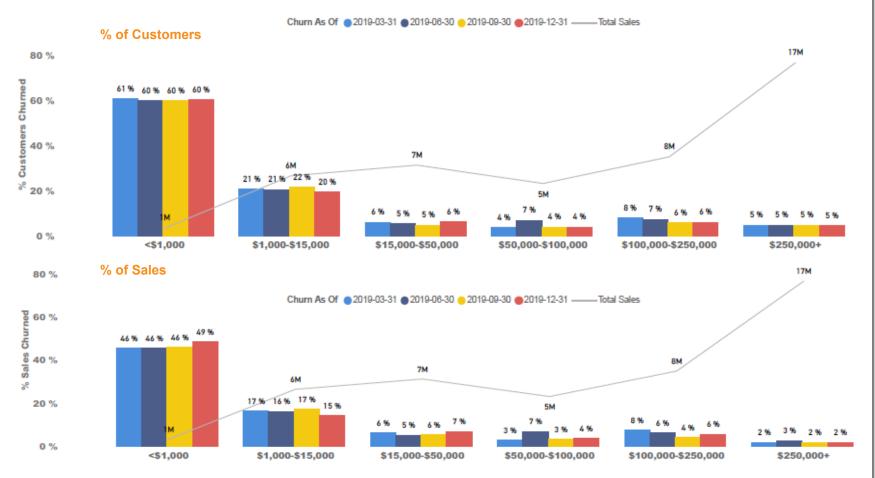
West RSM large accounts down \$290k, small/medium accounts up \$85k

- Circle Graphic over purchased the end of 2018 causing an inventory adjustment in 2019 of \$93k, no share loss
- Large POP accounts had projects that did not repeat, Orora Visual -\$93k, Semasys Inc. -\$41k, Rapid Displays -\$31k
- Key growth accounts; Pointsmith \$85k, Bruegmann \$24k, Safti Seal \$115k, Bay Cities Container \$78k, Freeman Exposition \$19k

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:

Working to improve churn rate for <\$15k accounts

- Duraco to improve our online ordering process with a new website
- Building stronger insides sales and customer support teams to promote a better customer experience for small to medium size customers
- Developing a Customer Council including select customers to gather feedback on price, product, user experience, customer experience, all main factors of customer churn
- Account Based Marketing and customized marketing campaigns for larger accounts
- Consistent customer communication including product related email blasts, customer newsletters, customer heartbeat emails
- Offering incentives + loyalty programs for larger accounts

Details:

Customers \$250k+ (1 account)

· Chung Lam had end of life part for Target Store

Customers \$100k - \$250k (3 accounts)

- Robin Enterprises had large project not repeat. Needs a sales visit
- Halstead: Lack of programs and low demand for their decorative wall planks

Customers \$50k - \$100k (1 account)

Wilbert Plastics (Whirlpool Tier I) end of life part

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

- Duraco's inside sales team has been centralized and re-aligned. Some progress has been made and we expect this churn rate to decrease.
- Each of these accounts will receive a call and a potential sales visit to understand lost revenue

Customers \$1k - \$15k (270 accounts)

- This customer segment is the primary focus of the marketing team and efforts to communicate through digital & direct marketing
- Inside Sales responsible for prospecting this segment for customers that have larger spend

Customers under \$1k (2847 accounts)

 Churn is relatively flat and will reduced with focused digital marketing campaigns and user friendly website

Top Customers by MTD and YTD Sales and GVA

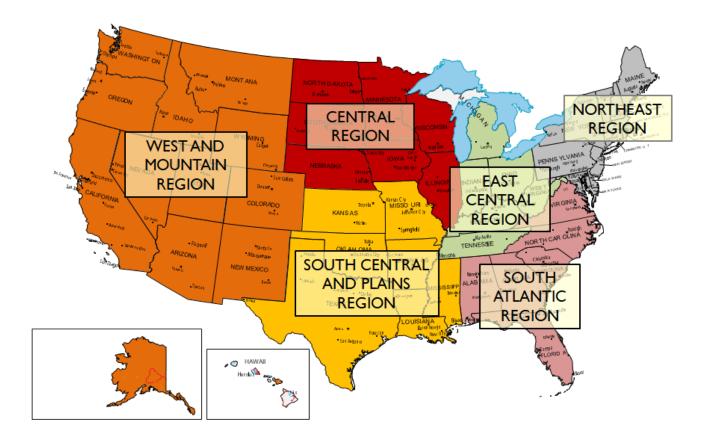
Customer & Industry	Current Month Adj Net Sales	PY Month Adj Net Sales	MoM Change Adj Net Sales %	Current Month GVA %	PY Month GVA %	Current Year Adj Net Sales	Prior Year Adj Net Sales	YoY Change in Adj Net Sales %	Current Year GVA %	Prior Year GVA %
Whirlpool (White Goods)	183,188	248,305	-26 %	49 %	50 %	2,902,685	3,490,101	-17 %	49 %	49 %
Menasha (POP)	71,679	56,546	27 %	69 %	69 %	1,068,273	1,381,334	-23 %	71 %	69 %
Essentra (Other)	6,996	121,483	-94 %	66 %	51 %	1,067,199	1,147,821	-7 %	53 %	53 %
Imagine Print Solutions (POP)	98,234	36,417	170 %	77 %	81 %	1,032,948	1,123,965	-8 %	80 %	78 %
WestRock (POP)	64,946	76,461	-15 %	73 %	74 %	910,556	699,367	30 %	75 %	74 %
RR Donnelley (POP)	53,141	93,137	-43 %	69 %	75 %	897,559	940,539	-5 %	70 %	71 %
Mixtiles (Other)	112,295	5,059	2120 %	61%	92 %	679,681	195,239	248 %	70 %	81 %
Freeman (POP)	12,932	29,253	-56 %	71%	72 %	674,637	620,820	9 %	69 %	69 %
Circle Graphics (POP)	13,126	45,226	-71 %	67 %	72 %	661,291	693,857	-5 %	74 %	74 %
PCA Corporation (POP)	27,896	71,747	-61 %	85 %	82 %	620,773	550,840	13 %	84 %	82 %
Siffron (POP)	103,163	14,380	617 %	76 %	72 %	531,515	418,587	27 %	73 %	67 %
Hennessy Industries - Bada (Other)	32,655	23,816	37 %	63 %	61 %	426,953	428,782	-0 %	62 %	61 %
Ampac (POP)	10,896	16,344	-33 %	51%	54 %	382,909	212,478	80 %	55 %	54 %
Great Northern Corporation (POP)	13,509	11,149	21%	85 %	87 %	377,144	235,179	60 %	84 %	82 %
Rapid Display (POP)	29,772	9,646	209 %	77 %	83 %	376,300	312,857	20 %	78 %	78 %
Serigraph Incorporated (POP)	16,254	21,795	-25 %	77 %	77 %	359,093	163,420	120 %	77 %	77 %
Innomark (POP)	21,074	36,960	-43 %	76 %	76 %	356,614	454,935	-22 %	78 %	77 %
Donaldson (Industrial)	32,399	32,292	0 %	41%	66 %	353,883	470,695	-25 %	56 %	56 %
QUAD GRAPHICS NEW BERLIN (POP)	34,043	5,428	527 %	75 %	77 %	345,983	194,939	77 %	77 %	81 %
Alliance Laundry Systems LLC (White Goods)	21,413	24,602	-13 %	62 %	65 %	345,942	363,865	-5 %	64 %	64 %
La France Corporation (White Goods)	26,931	6,130	339 %	62 %	71 %	336,886	511,847	-34 %	69 %	69 %
Flower City Printing Company (POP)	19,326	22,762	-15 %	72 %	73 %	329,854	344,140	-4 %	75 %	72 %
Stumps Shindigz (POP)	23,526	4,551	417 %	76 %	73 %	302,137	69,661	334 %	75 %	73 %
Paroc (Industrial)	-65,580	0	-Infinity	42 %	NaN	287,946	778,000	-63 %	42 %	42 %
Plastic Products Company Incorporated (White Goods)	7,148	7,399	-3 %	44 %	50 %	286,960	149,593	92 %	47 %	46 %
Bay Cities Container Corporation (POP)	11,366	13,127	-13 %	84 %	85 %	276,705	198,494	39 %	83 %	84 %
ATLANTIC PACKAGING (Other)	21,359	19,677	9 %	66 %	65 %	266,671	380,192	-30 %	70 %	66 %
Stoughton Trailers Incorporated (Industrial)	16,004	14,228	12 %	41 %	38 %	266,130	246,004	8 %	40 %	43 %
Plastic Power Extrusions Corporation (POP)	108,565	87,060	25 %	58 %	58 %	235,974	298,022	-21 %	59 %	57 %
PRESSURE SENSITIVE NETWORK (POP)	20,812	9,170	127 %	20 %	61 %	230,336	177,041	30 %	52 %	56 %
SCHNEIDER ELECTRIC MEXICO S.A. de C.V. (Industrial)	17,692	12,304	44 %	68 %	59 %	221,243	190,551	16 %	66 %	61 %
Pointsmith (POP)	38,673	10,019	286 %	85 %	75 %	218,448	134,015	63 %	79 %	74 %
Bernard Group (POP)	8,413	11,608	-28 %	72 %	80 %	214,686	169,535	27 %	80 %	81 %
B & R Moll Incorporated (POP)	7,086	1,846	284 %	70 %	64 %	210,787	82,462	156 %	57 %	69 %
K International (POP)	7,727	5,878	31 %	87 %	83 %	204,486	282,935	-28 %	84 %	81 %
Total	2,802,439	2,914,605	-4 %	70 %	70 %	41,636,411	43,194,453	-4 %	70 %	69 %



2020 Sales Restructuring



Restructure Sales Focus



Management Discussion:

Organize Sales Regions based on:

- Existing customers and potential new customers
- Using the Fredonia Report to understand past volume of Tape / Gaskets
- Geographic footprint and logical travel patterns for better account coverage
- Regional Sales Manager owns all accounts within the region
- Each Region (except NE) will have an outside & inside sales person

Regional Sales Teams:

- Northeast Todd Compton, Robert Burke
- E. Central & Canada Todd Compton, Walter Klein
- Central Rick Mucino, Rachel Englram
- Southeast Open, Renee Owens
- Southwest Nick Darling, Elena Esparza
- West Kevin Fierro, Joe Morrison

Business Develop Team

- Move Rick and Greg P into Business Development Manager roles
 - Own the greater strategic growth of their segments
 - Manage and own the relationships with key account's senior leadership
 - Support local RSM's in critical applications and closing business
- Rick Mucino POP, Transit Packaging, & Wall Hangings
- Greg Precup Appliance & Industrial
- Jake Schoch Segment Account Manager, Appliance & RV/Trailer segment
- Doug Mulay Mulay Sales, responsible for GE Appliance



Additional Commercial Headcount

INVESTING IN HC TODAY TO CHANGE THE GROWTH TRAJECTORY

ROLES	2019	2020	2020 HC CHANGES
Vice President of Sales	0	1	1
Outside Sales	4	6	2
Rep Agencies	2	1	-1
Inside Sales Manager	0	1	1
Inside Sales	6	6	0
Business Development Manager	1	2	1
Customer Service Manager	0	1	1
Customer Service Representative	6	6	0
Sales / Ops Manager	1	1	0
Commercial Support Manager	1	0	-1
Marketing	2	2	0
Product Management	1	2	1
TOTAL	24	29	5

Management Discussion:

Customer Engagement Focus

- All aspects of the Customer engagement model needs more cohesion and structured with defined roles and responsibilities. A more overarching Customer engagement model needs to be established and implemented. The new Inside Sales team with new leadership (now in place) should help drive Customer engagement.
- Marketing efforts are becoming more coordinated; however without a CRM it is difficult to measure direct Customer onboarding impact.

Commercial Headcount for 2020

- Hiring New Vice President of Sales
- 6 regions will be covered with 5 Regional Sale Managers
- Hired Phil Lejcar in December, manage Inside Sales Team
- Jake moving to Whirlpool Appliance Role, Kevin Philips retiring
- Move Rick Mucino from RSM to BD Manager role
- Hiring a Customer Service Supervisor role
- Greg Zyck hiring an Associate Product Manager role
- Pat Downs retiring in July



Sales Roles and Responsibilities

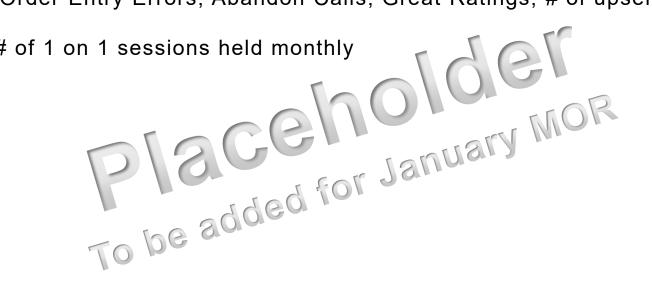
SETTING A LEVEL OF EXPECTATIONS

ROLES	ACTIVITY / WEEKLY	WEEKLY METRIC	RESULTS	TARGET
VP of Sales	Meet with Key Customers & Prospects	3-5 F2F	Engage with E-level leadership	Help generate more share of wallet
Outside Sales	F2F Selling with Customers & Prospects	12 F2F	Increase pipeline qtr over qtr; Meet 4 -6 new customers monthly	Close 2-3 monthly
Inside Sales	Outbound calls to Prospects & Customers	25 / day / person	Create 7 - 10 opportunities for Outside Sales	Close / Up sell 7-10 monthly
Customer Service	Support current customers & up sell		Take the opportunity to up sell every customer	3-5 Up sells monthly
Marketing	Generate qualified new leads for Outside / Inside Sales	50 Leads	Provide leads direct into CRM for sales follow up	Generate XX new order monthly



Commercial Team Activity KPIs (Placeholder)

- Outside Sales: # of visits per week, # of new accounts signed up with potential over \$35k, # of qualified leads converted
- Inside Sales: # of calls per week, # of appointments made per week, # of new customers signed up per month
- Customer Service: Order Entry Errors, Abandon Calls, Great Ratings, # of upsells
- Sales Leadership: # of 1 on 1 sessions held monthly



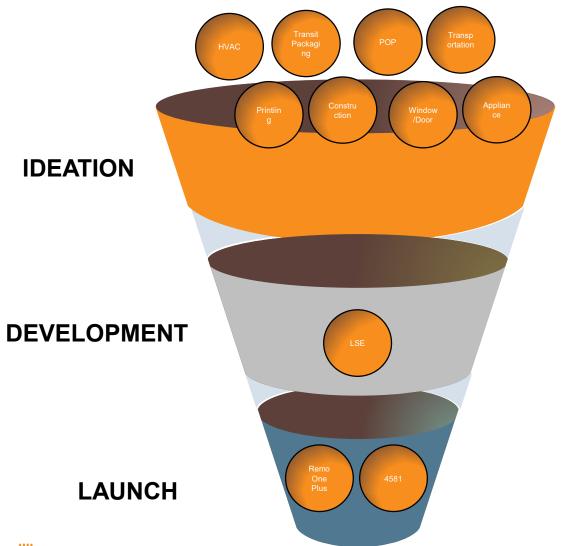


Customer Classification

CLASS	CRITERIA	SALES EXPECTATIONS	MARKETING EXPECTATIONS
Α	\$100k+ EAU actual or potential	 Business Development Manager own senior level relationship RSM primary owner of the local relationship F2F visits per year – 4 Monthly contact Inside Sales support as needed Customer Service – "Just say Yes" 	 Customer Council Involvement (gathering feedback to discuss price, product, user experience, customer experience) the main reasons for customer churn ABM + Customer Marketing Campaigns Customer Newsletter + Increased Email Blasts Customer Heartbeat Emails (NPS Surveys)
В	 \$50k – \$100k EAU actual or potential Outside influencer/driver of significant business Significant competitor pressure 	 RSM primary owner of the local relationship F2F visits per year – 2 Monthly contact as need to support customer needs Inside Sales support as needed Customer Service – focus on meeting customers needs 	Same as CLASS A classification
С	 \$15k – \$50k EAU actual or potential Significant POP or Print segments 	 Inside Sales primary owner of the relationship Quarterly contacts or as needed to support current customer needs RSM involvement as need by Inside Sales – F2F visit If POP / Print ensure Design contact Customer Service – support per standard T&C 	 Customer Newsletter + Increased Email Blasts Customer Heartbeat Emails
D	 \$1k – \$15k EAU No known potential to achieve above \$15k EAU Not POP or Print segments 	 Inside Sales primary owner of the relationship Annual or bi-Annual contact Customer Service – support per standard T&C 	 Customer Newsletter + Increased Email Blasts Website redesign – make it easy to do business
E	<\$1kNo potentialNot POP or Print segments	 Communication is through Marketing No active pursuit Customer Service – support per standard T&C 	Same as CLASS D classification



Product Development



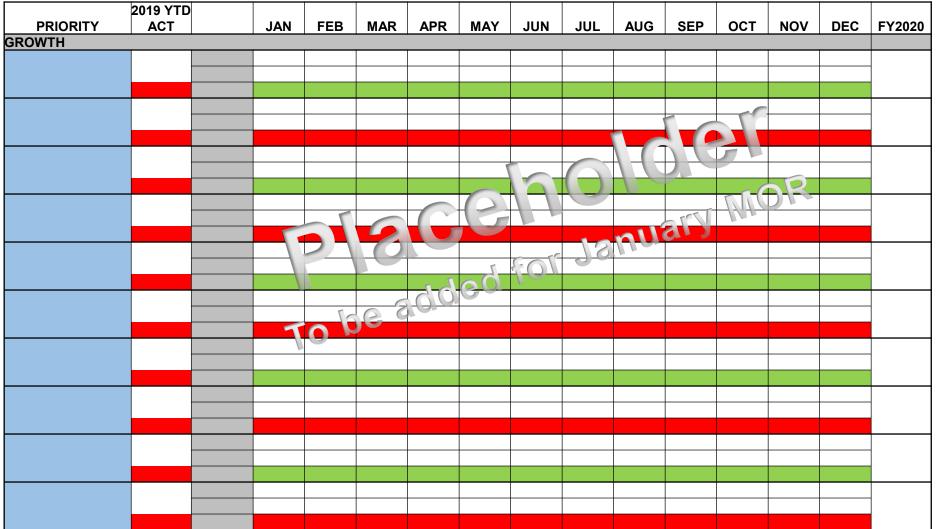
MARKETS	POTENTIAL NEW PRODUCTS	EXPECTED REVENUE	LAUNCH
Transit Packaging	Tamper Proof Tape	TBD	TBD
Appliance	Aluminum Foil Tape, EPDM, Fiberglass, various	TBD	TBD
HVAC	Aluminum Foil Tape, Butyl Tape	TBD	TBD
Window / Door	Glazing Tape, Aluminum Foil Tape, Butyl Tape	TBD	TBD
Construction	Butyl Tape, Foil Tape, Various single sided	TBD	TBD
Transportation	Foil Tape, Insulation	TBD	TBD
Printing	Banner Tape, Wide Format	TBD	TBD

Revenue & Margin by Industry Segment (Placeholder)

PRIORITY	2019 YTD ACT	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	ОСТ	NOV	DEC	FY2020
ROWTH	ACI	JAN	ILD	IVIAIN	AFIX	IVIAI	3014	JUL	AUG	JLF	001	INOV	DEC	1 12020
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Revenue & Margin by Sales Region (Placeholder)





Pipeline Revenue (Placeholder)





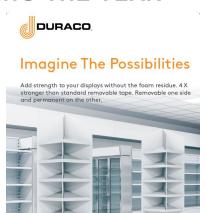
Marketing Overview



2019 in Review

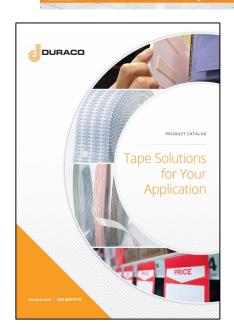
OVERVIEW OF ACTIVITIES THAT OCCURRED DURING THE YEAR

- · The marketing department communicated through a variety of channels to generate 2,377 leads in 2019
- · Leads are defined as contacts who complete a form fill for a sample request
- · The following channels were utilized to generate leads:
 - GlobalShop 2019
 - AIC Boxscore
 - Infogroup Emails
 - Exhibit Direct Mail Campaign
 - Shop!
 - Printing Impressions
 - Creative Magazine
 - Learning Magazine
 - Social Media
 - Google + Bing Adwords
- · New rebranded catalog sent to all customers Jan 21st



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On Deck for 2020

OVERVIEW OF ACTIVITIES THAT WILL OCCUR THIS YEAR

- The marketing department will be communicating through a variety of channels to generate leads and acquire customers
- The following channels will be utilized:

CHANNEL CATEGORY	CHANNEL PARTNER
Tradeshows	Global Shop 2020Printing UnitedPack Expo
Direct Mail	1 per Quarter
Digital	 AIC Boxscore Infogroup Shop! Printing Impressions Social Media (Organic + Sponsored) Google Adwords Bing Adwords Live Intent SEO (Search Engine Optimization) Programattic Banner Ad
Print	 Creative Magazine Learning Magazine Retail Environments Magazine
Amazon	eCommerce Partnership



Measurement (Placeholder)

RESULTS OF ACTIVITIES FOR PRIOR MONTH





Measurement (Placeholder)

HERE IS A SMALL SAMPLE OF KPI'S IDENTIFIED

STRATEGIC INITIATIVE	KPI		
Develop and pilot an eCom Amazon strategy	 Month over month sales eCommerce conversion rate Avera e order value Increase reviews 		
Develop and implement a plan for Teacher's Tape	 Increased web sales Increased leads 		
Improve and implement a legenera on ogram	 Increased leads from marketing Increased with revenue from leads Increased sales revenue from leads Increase in new customers Return on Ad Spend Cost per lead 		
Develop company branding can a gn in hiring markets	Increased applicants through website + other channels		
Implement a new website for Duraco + Teachers Tape	 Increase in web traffic Increase in search engine rankings/visibility Increase in eCommerce sales 		
Build and launch a refreshed brand image + messaging for Duraco	 Increased reviews Increased NPS scores Increased SOV 		



Operations and Manufacturing



Operations Dashboard – 2019

	PRIORITY	UOM	Owner		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	ост	NOV	DEC
	Total Recordable Incident			PY	1.93	1.94	1.95	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4
	Rate (TRIR Rolling 12M)	#	John B.	Plan	0	0	0	0	0	0	0	0	0	0	0	0
	rtate (Trunt Telling 12m)			Actual	0	0	0	0	0	0	0	0.83	1.66	1.66	1.66	2.3
				PY	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28
	DART Score	#	John B.	Plan	1.3	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Safety				Actual	0	0	0	0	0	0	0	0.83	1.66	1.66	1.66	2.3
553			1	PY	78%	89%	92%	94%	94%	90%	89%	88%	83%	89%	90%	87%
	Step Completion %	%	John B.	Plan	80%	80%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%
				Actual	97%	93%	94%	96%	93%	94%	93%	93%	92%	93%	92%	94%
	1 1511 51 1 27	0.4		PY	41%	13%	26%	20%	21%	21%	13%	16%	22%	1%	77%	7%
	Landfill Diversion %	%	Bill V.	Plan	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
				Actual	53%	80%	45%	46%	33%	51%	54%	43%	38%	36%	27%	67%
				PY	12	8	12	10	10	12	9	9	10	16	6	10
	Customer EQDs	#	Susan C.	Plan	11	10	10	11	10	10	11	10	10	11	10	10
				Actual	11	11	9	12	7	10	10	12	18	18	10	16
				PY	0.28%	0.22%	0.31%	0.22%	0.27%	0.33%	0.19%	0.21%	0.25%	0.23%	0.31%	0.32%
	Percentage of EQDs/Lines	#	Susan C.	Plan	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
	shipped			Actual	0.28%	0.30%	0.23%	0.30%	0.18%	0.28%	0.25%	0.28%	0.47%	0.43%	0.30%	0.38%
				PY	\$122.45	\$90.67	45.397	66.383	71.91	65.42	85.823	83.6213	37.891	50.761	33.969	\$62.66
	Cost of Poor Quality (COPQ)	\$	David D.	Plan	\$75.30	\$60.23	\$60.23	\$75.30	\$60.23	\$60.23	\$75.30	\$60.23	\$60.23	\$75.30	\$60.23	\$60.23
Quality				Actual	\$66.17	\$54.52	\$60.51	\$47.97	\$47.78	\$23.18	\$33.31	\$69.50	\$38.47	\$92.88	\$41.47	\$139.15
quanty	Rework	\$	Danny F.	Plan	\$9.79	\$7.83	\$7.83	\$9.79	\$7.83	\$7.83	\$9.79	\$7.83	\$7.83	\$9.79	\$7.83	\$7.83
	Nework	φ	Dailily F.	Actual	\$8	\$14	\$14.00	\$6.89	\$2.89	\$3.75	\$8.65	\$4.02	\$6.27	4.251	2.848	3.35
	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	\$24.82	\$24.82
	Material Scrap	Ψ	Danny 1.	Actual	\$14.58	\$20.23	\$11.15	\$22.12	\$14.50	\$11.90	\$21.39	\$14.23	\$24.21	\$22.34	\$14.73	10.82
	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	\$27.59	\$27.59
				Actual	\$43.20	\$20.60	\$35.36	\$18.97	\$30.40	\$7.53	\$3.28	\$51.25	\$7.99	\$66.30	\$23.89	\$124.98
	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	\$10.00	\$10.00
		· · ·	,	Actual	\$43.08	\$20.60	\$32.80	\$18.10	\$18.00	\$0.00	\$2.44	\$33.47	\$19.73	\$36.62	\$18.48	\$38.91
	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	\$12.46	\$12.46
		*		Actual	\$0.12	\$0.00	\$2.56	\$0.87	\$2.57	\$7.53	\$0.83	\$17.78	\$7.94	\$29.67	\$5.41	\$86.07

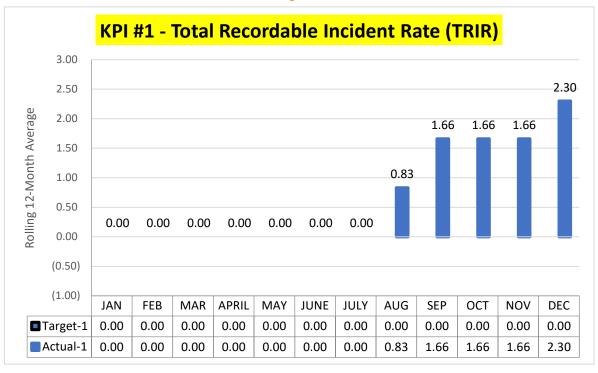


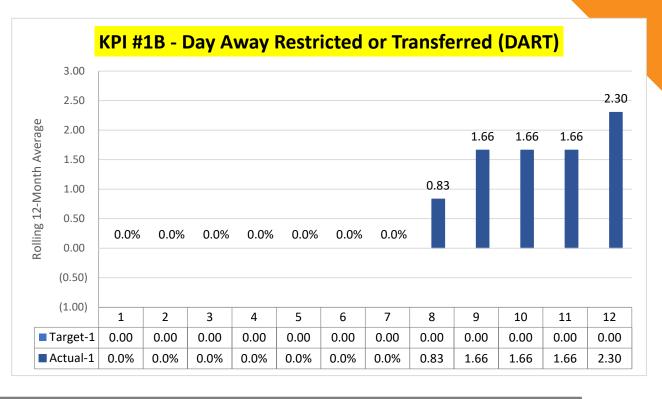
Operations Dashboard Cont.

	PRIORITY	UOM	Owner	V	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG _	SEP	ОСТ	NOV	DEC
				PY	87.0%	87.0%	88.4%	88.3%	89.0%	89.3%	89.4%	89.6%	89.9%	90.1%	90.8%	90.8%
	Production Efficiency	%	Danny F.	Plan	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	91.0%	91.0%	91.0%	91.0%	91.0%	91.0%
Delivery				Actual	90.2%	89.9%	89.8%	90.6%	91.1%	89.6%	89.2%	89.0%	90.0%	92.0%	91.2%	87.3%
Delivery				PY	98.2%	98.0%	97.1%	98.5%	98.2%	98.6%	98.4%	98.3%	98.0%	98.3%	98.5%	98.2%
	OTDIF	%	Phil M.	Plan	98.0%	98.0%	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%	98.1%	98.3%
				РҮ	\$25,030	\$38,134	\$60,789	\$63,654	\$56,638	\$43,631	\$50,189	\$60,461	\$43,334	\$56,258	\$27,245	\$71,464
	Cost Savings	\$	Laura K.	Plan	\$65,082	\$51,930	\$47,620	\$51,392	\$50,924	\$50,924	\$50,642	\$47,725	\$57,041	\$50,580	\$50,580	\$48,541
Cost				Actual	\$49,556	\$44,479	\$35,811	\$25,633	\$57,198	\$72,371	\$56,044	\$49,032	\$52,425	\$51,570	\$44,949	\$43,444
	Consolidated Gross Inventory			PY	\$6,645	\$6,435	\$6,361	\$6,398	\$6,265	\$6,007	\$6,349	\$6,253	\$6,049	\$6,166	\$6,067	\$6,490
	Dollars	\$000's	Brian M.	Plan	\$6,490	\$6,270	\$6,280	\$6,290	\$6,280	\$6,270	\$6,260	\$6,260	\$6,370	\$6,350	\$6,350	\$6,250
	Dollars			Actual	\$6,460	\$6,560	\$5,952	\$6,235	\$0	\$ 0	\$ 0	\$5,487	\$5,649	\$5,496	\$5,927	\$6,197



Health and Safety





Management Discussion:

- injury in December-Contusion to the knee
 - Maintenance technician was struck by a piece of rack while he was cutting it in order to fit into recycle bin
 - The job was set up by manager a two person job, one of the technicians was call to address an issue on the floor and instead of stopping and wait for his return he decided to continue to cut down the rack

Conversation was had with technician on proper procedure

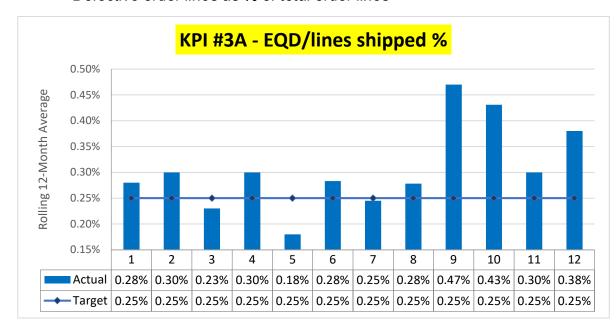
- · October Comment: Water testing of our eyewash stations revealed trace amounts of Legionella
 - December update- After changing out affected faucets, the retesting showed no signs of Legionella. We have implemented ongoing sampling of our water sources.

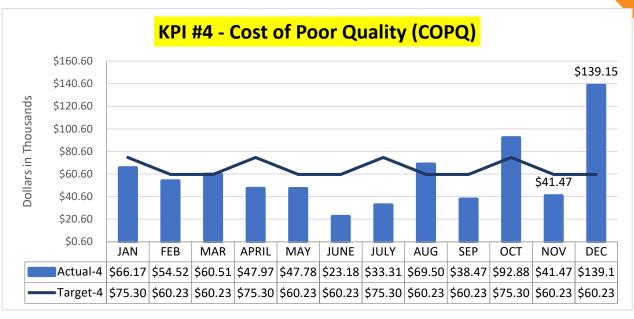


Quality

EQD % OF LINES SHIPPED

Defective order lines as % of total order lines





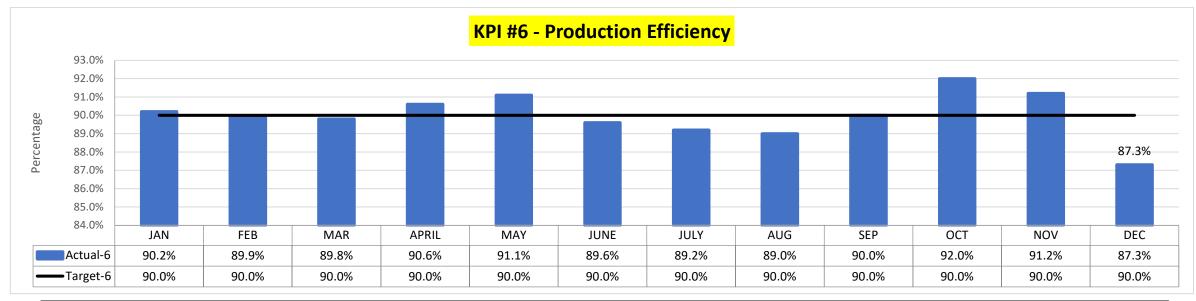
- EQD%:.
- COPQ: Includes Paroc credit of \$65k
- YTD date compared to 2018: \$816 Vs 2019 \$715 ,\$101k less YTD or down 12% from 2018



Productivity

Production Efficiency

% of standard throughput achieved



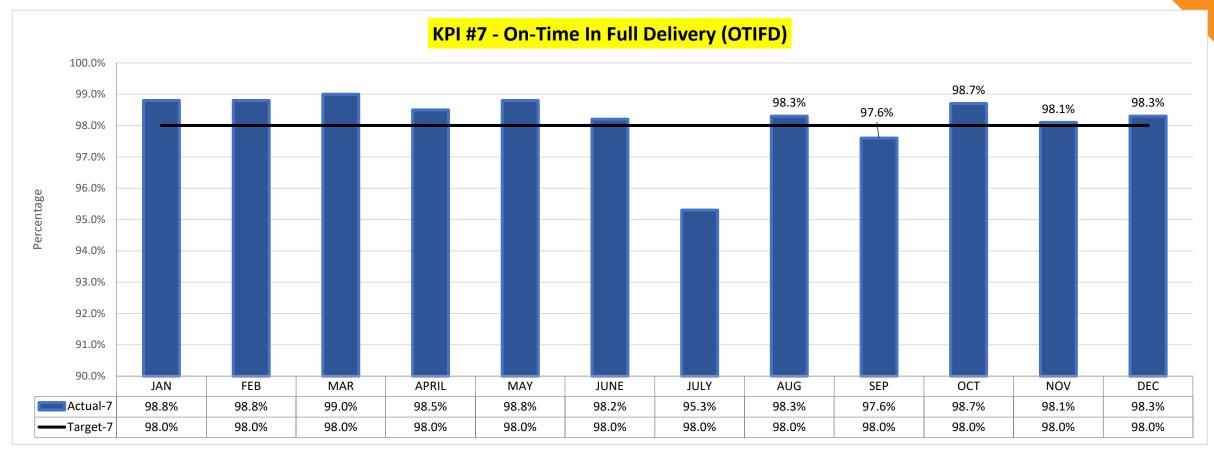
Management Discussion:

Our December efficiency drop can be attributed to several work centers that struggled with a combination of operational run issues and labor reporting errors

- Hot Melt contributing factors
 - Several bad labor tickets entered. So operator basically didn't punch out on time and it reflected poor rates
 - Also a couple of problematic runs with low efficiencies
 - Less volume these instances above were more glaring
- DK's
- Primary reason was we have introduced a new operator at the workcenter and his rates are dramatically lower than other operators so this drove the overall rates down for the month
- REM
- Across the board poor run rates. So further investigation needed to understand causes because it involves most of the qualified operators
- Large Roto
 - Assortment of small runs that didn't lend themselves to optimal rates
- Packing
 - Traveling head, and several bad labor tickets lead to an overall bad reporting month



Shipping

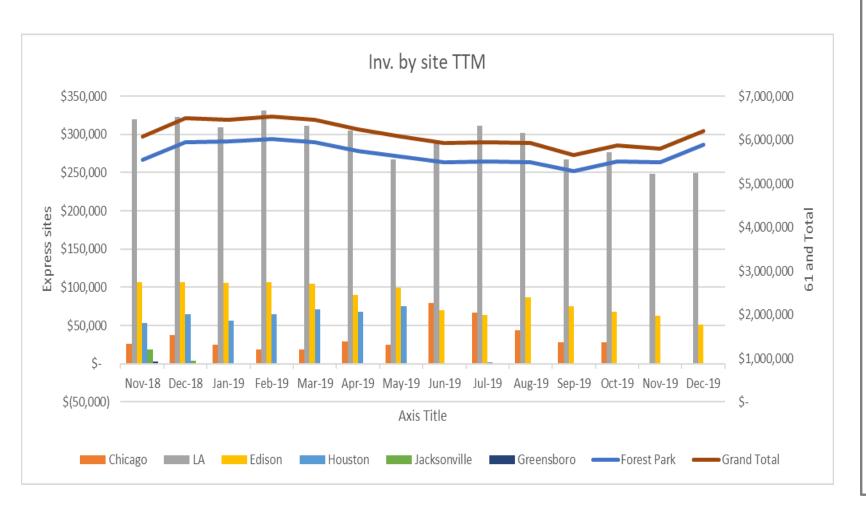




No concerns



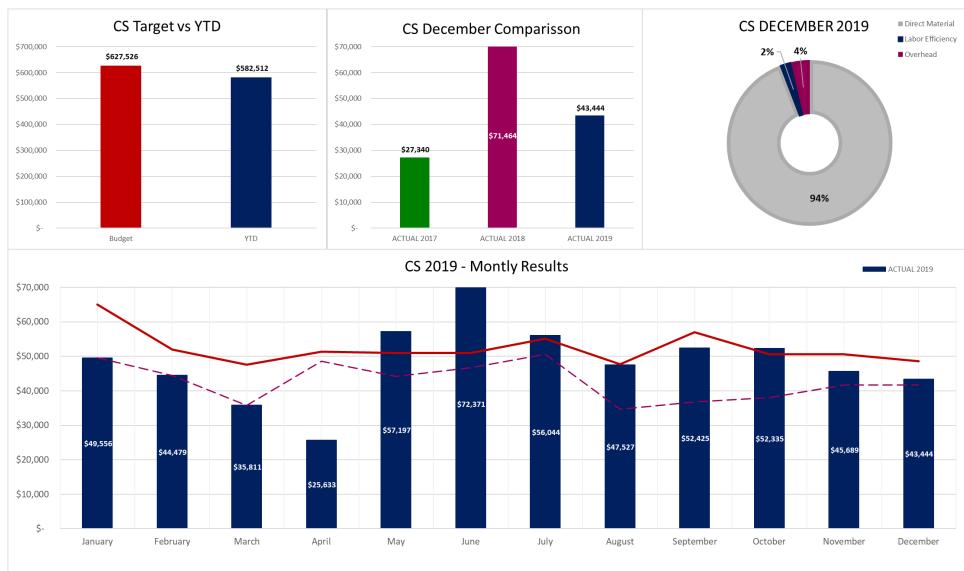
Inventory



- Chicago WH (62) shutdown in November and absorbed into Forest Park(61)
- Currently a Greenbelt project is in place to look at optimizing WIP and Raw materials
- Inventory up, Main drivers:
 - \$178K-Re-valuation of inventory
 - Ampac-\$44k, to support increase in forecast.
 - · GE-\$36k, preparation for launch
 - Vendor shutdowns-\$42k



Duraco Cost Savings 2019





Supply Chain Cost Saving Initiatives – 2019

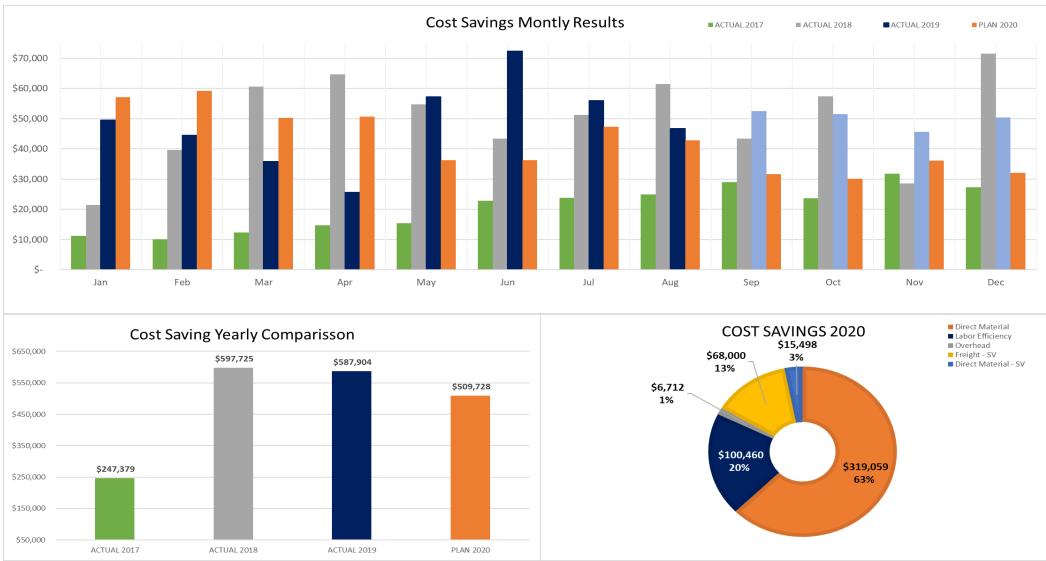
STATUS UPDATE: PROJECT DETAILS

		CURRENT						
PROJECT	STATUS	STATUS & NEXT STEPS	TIMING	December Target	December Actual	2019 Plan	Actual	Commentary
IMPO1 Adhesive Material replacement		• Ongoing	• Q1 2019	\$15,000	\$18,748	\$180,000	\$178,979	Delayed due to timing of project start
IMPO1 Adhesive yield gains		• Ongoing	• Q2 2019	\$15,000	\$19,529	\$155,192	\$120,000	Delayed due to timing of project start.
Amber Liner 60" to 57" wide		• Ongoing	• Q3 2019	\$1495	\$0	\$5,998	\$2,653	Used for Paroc, currently orders on hold.
Switch to JSP from Voltec		• Ongoing	• Q1 2019	\$ 0	\$0	\$6,000	\$7,454	Timing of product order pattern
Water based Adhesive Domestic		• Ongoing	• Q3 2019	\$0	\$0	\$9,000	\$3,101	Lost Nottingham Volume





Duraco Cost Savings 2020 Plan





Supply Chain Cost Saving Initiatives – 2020 (Placeholder) PROJECT DETAILS

PROJECT	PRODUCT FAMILY	TIMING		
TROSECT	TROBOOTTAINET	TilviiiVO	2020 Planned Savings	Commentary
IMPO1 Adhesive Material replacement	Adhesive	Carryover 2019	\$60,000	
IMPO1 Adhesive yield gains	Adhesive	Carryover 2019	\$30,000	
Amber liner 57" wide from 60"	• Liner	Carryover 2019	\$10,465	Used for Paroc volume coming back.
Water based Adhesive Domestic	Adhesive	Carryover 2019	\$24,000	
Convert to Q liner from BB	• Liner	Carryover 2019	\$6,000	
Convert to JSP vendor from Voltec-Black only	• Foam	Carryover 2019	\$600	Helped develop a 2 nd source
Changing over to Mondi SC03 from HP228	• Liner	• Q1 2020	\$69,760	
Changing to Elastapro from Rogers on solid silicone	• Foam	• Q1 2020	\$19,200	Helped develop a 2 nd source
Changing Mylar vendor	• Carrier	• Q1 2020	\$20,163	
LTL freight savings(SmartVentures)	LTL Shipments	Carryover 2019	\$63,000	Started October 2019
RFQ Liner	• Liner	• Q3 2020	\$10,800	
Ampac switch to 65# from 80	• Liner	• Q1 2020	\$11,000	
Supplier packaging RFQ(SmartVentures)	Packaging	• Q3 2020	\$15,498	
		Total	\$342,486	



2020 Lean Initiatives

Туре	Timing	Comments
5S Events-10 Work centers	• (1)January, (1)February, (1) March, (1) April, (1) May,(1)June, (1)August, (1)October, (1) September, (1) November, (1) December	7 Events performed in 2019
Yellow Belt training	February 3-5March 9-11	 6 associates going, through the University of Wisconsin Planning on another 6 associates going
Green Belt Training	April 6-8May 20-22	 The 6 from the February 3-5 YB will be attending Associates from the March 9-11 YB attending
Green belt Presentations	June 20-Date TBD	Projects with timing to be determined from this
Kaizen Events	 Finalize Converter W/C Change over Converter area W/C product standardization Spooler W/C Kaizen TBD Kaizen TBD 	FebruaryMarchAprilJulyOctober



Smart Ventures - Logistics



Supply Chain Project Update

- Onboarding final LTL Carrier Fusion Transport for the Northeast Inbound and Outbound.
- Obtaining & Reviewing quote for 3PL Services in Los Angeles to take over Service center activities

To Do Project Actions:

• This will be reviewed with Steven Spayer on 1/22/20 for implementation

Known Estimated Cost Improvements

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

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



Financial Review



Summary P&L – Dec 2019

\$'000	МТ	D	Var	(Fcst)	Bud MTD	Var (Bud)	PY MTD	Var	(PY)			YTD			TTM
_	Act	Fcst	\$	%	Act	\$	%	Act	\$	%	Act	Fcst	\$	%	Bud	\$
Gross Revenue	\$ 2,889	\$3,024	\$ (135)	(4.5%)	\$ 3,286	\$ (397)	(12.1%) \$	2,887	\$ 2	0.1%	\$41,856	\$41,905	\$ (49)	(0.1%)	\$44,490	\$ 41,856
Net Revenue	2,897	3,016	(120)	(4.0%)	3,279	(382)	(11.6%)	2,895	2	0.1%	41,728	41,760	(32)	(0.1%)	\$44,397	41,728
Material	875	984	108	11.0%	1,084	208	19.2%	735	(141)	(19.2%)	13,745	13,981	236	1.7%	\$14,930	13,745
DM %	30.2%	32.6%	0	7.3%	33.1%	0	8.6%	25.4%			32.9%	33.5%	0		\$ 0	32.9%
Labor	427	393	(34)	(8.7%)	386	(41)	(10.7%)	465	38	8.1%	4,822	4,836	14	0.3%	\$ 4,941	4,822
DL %	14.7%	13.0%	(0)	(13.2%)	11.8%	(0)	(25.2%)	16.1%			11.6%	11.6%	0		\$ 0	11.6%
Other COGS	458	480	22	4.6%	464	5	1.2%	439	(19)	(4.3%)	5,356	5,549	193	3.5%	\$ 5,685	5,356
Total COGS	1,761	1,857	96	5.2%	1,933	173	8.9%	1,639	(122)	(7.4%)	23,923	24,365	442	1.8%	25,555	23,923
Gross Margin	1,136	1,159	(23)	(2.0%)	1,345	(209)	(15.5%)	1,256	(120)	(9.5%)	17,805	17,395	410	2.4%	18,841	17,805
Gross Margin %	39.2%	38.4%			41.0%			43.4%			42.7%	41.7%			42.4%	510.2%
R&D	34	22	(12)	(55.4%)	21	(13)	(61.3%)	19	15	82.2%	313	294	(19)	(6.4%)	281	313
Sales & Marketing	423	429	6	1.4%	340	(83)	(24.4%)	155	268	173.7%	4,078	4,484	406	9.1%	4,401	4,078
Administrative	360	252	(109)	(43.3%)	138	(223)	(162.1%)	73	287	391.4%	4,978	2,269	(2,709)	(119.4%)	1,789	4,978
Other Opex	-	-	-	0	-	-	0	-	-	0	31	-	(31)		-	31
Total Opex	817	702	(115)	(16.4%)	499	(319)	(63.9%)	246	571	231.6%	9,399	7,047	(2,352)	(33.4%)	6,471	9,399
EBITDA	319	454	(135)	(29.7%)	847	(528)	(62.3%)	1,010	(691)	(68.4%)	8,405	10,336	(1,931)	(18.7%)	12,370	8,405
EBITDA %	11.0%	15.1%			25.8%			34.9%			20.1%	24.8%			27.9%	20.1%
Bank allowable EBITDA add-backs	242	_	242	0	(222)	464	(208.8%)	(227)	469		1,542	(1,415)	2,957	(209.0%)	(2,664)	1,542
Bank EBITDA	561	457	104	22.7%	625	(64)	(10.2%)	783	(222)	(28.4%)	9,947	8,933	1,014	11.4%	9,706	9,947
-	19.4%	15.2%			19.1%			27.0%			23.8%				21.9%	23.8%
(Standalone Costs)	(104)	(64)	(40)	62%	-	(104)	0	-	(104)	(0)	(724)	(560)			-	(724)
Indicative EBITDA	457	393	64	16.3%	625	(168)	-26.8%	783	(326)	-41.6%	9,223	8,373			9,706	9,223
Indicative %	15.8%	13.0%			19.1%			27.0%			22.1%	20.1%			21.9%	22.1%
Net Income (Loss)	\$ (772)	\$ (256)	\$ (516)	201.8%	\$ 468	\$(1,239)	(265.0%) \$	551	\$(1,323)	240.0%	\$ 72	\$ 4,036			\$ 7,303	\$ 72

\$'000	M'	D	Varia	nce (Fcst)	Bud MTD	Varian	ce (Bud)	PY MTD	Va	riance					YTD			
	Act	Fcst	\$	%	Act	\$	%	Act	\$	%	Act	Fcst				Bu	d	\$
Opex Overview:																		
Payroll (Payroll, OT, SS & Taxes, Ter \$	311	\$ 337	26	7.7%	\$ 230	(81)	(35.4%)	\$ 223	\$ 89	39.9%	\$ 3,032	\$ 3,200	\$	168	5.2%	\$ 2,	910	3,032
Benefits (Medical, Dental, Life, AD	41	49	8	15.9%	36	(5)	(14.6%)	33	8	25.3%	487	508	\$	20	4.0%	\$	464	487
Bonus	66	79	12	15.5%	31	(35)	(114.6%)	80	(14)	(17.0%)	548	628	\$	81	12.8%	\$	419	548
Marketing	19	80	61	75.9%	73	54	73.6%	(111)	130	(117.5%)	875	936	\$	61	6.5%	\$	937	875
Commissions	(4) 8	12	151.7%	8	12	151.7%	(10)	6	(57.8%)	97	109	\$	11	10.5%	\$	107	97
Travel and Entertainment	17	27	9	35.3%	20	2	11.4%	19	(1)	(7.1%)	221	263	\$	41	15.7%	\$	191	221
Rent and Facilities	3	27	24	90.2%	16	13	83.3%	15	(13)	(82.7%)	106	258	\$	152	59.0%	\$	241	106
Insurance	14	14	(0)	(0.7%)	3	(10)	(303.9%)	7	7	92.5%	114	114	\$	0	0.1%	\$	44	114
Professional Fees	73	6	(66)	(1056.4%)	6	(66)	(1056.4%)	(26)	99	(376.9%)	241	65	\$	(176)	(270.8%)	\$	80	241
Utilities, Repairs, Maint. & Security	4	1	(3)	(271.0%)	3	(1)	(50.7%)	4	1	25.7%	42	37	\$	(5)	(12.5%)	\$	49	42
Office Supplies	6	5	(1)	(26.0%)	5	(1)	(26.0%)	4	3	73.5%	70	64	\$	(7)	(10.3%)	\$	61	70
IT	36	21	(15)	(72.1%)	21	(15)	(72.1%)	9	27	299.1%	318	302	\$	(16)	(5.3%)	\$	286	318
Bad Debt	12	3	(9)	(287.0%)	3	(9)	(287.0%)	(8)	20	(254.4%)	51	41	\$	(10)	(24.3%)	\$	45	51
Real Estate Taxes	13	13	(0)	(0.0%)	13	(0)	(0.0%)	10	2	22.9%	163	163	\$	(0)	(0.0%)	\$	163	163
Other Expenses	205	32	(173)	(533.1%)	31	(174)	(567.3%)	(2)	207	(10060.4%)	3,034	360	\$ ((2,674)	(742.2%)	\$	473	3,034
Total Opex \$	817	\$ 702	\$ (115)	(16.4%)	\$ 499	\$ (319)	(63.9%)	\$ 246	\$ 571	231.6%	\$ 9,399	\$ 7,047	\$ ((2,352)	(33.4%)	\$ 6,	471 \$	9,399

Management Discussion:

COGS

- Direct material costs were below plan due largely to mix and a conservative forecast. Compared to PY, DM is higher due to non-repeating impact of 2018 cost roll, rebates, and inventory reserve adjustments.
- Direct labor costs unfavorable due to two additional work days in the month not in the forecast and the payout of union unused vacation time.
- Lower 'Other COGS' due to lower spending in several areas with the biggest decrease in spending coming from Repairs and Maintenance.

OPEX

• OPEX is higher due to \$104k warranty accrual for Paroc, unfavorable board expenses, and recruitment expenses. These higher costs are partially offset by lower marketing spend and the favorable impact of open positions.

ADD-BACKS

• Add-backs relate to the Paroc warranty reserve, recruitment, board expenses, and costs related to the mortgage.

EBITDA

• Indicative EBITDA moves in line with bank EBITDA and is favorable to forecast for the same reasons.

Indicative EBITDA Bridge – December 2018 to December 2019

- Top and bottom 10 customer revenue and GVA impact are listed to the left of the bridge (\$8k lower revenue and \$59k higher GVA).
- Net Volume/Sales Price/Mix impact nets to fav impact of \$42k
- \$50k of cost savings includes \$7k of freight savings from new SmartVentures savings program.
- There were several year end adjustments in 2018 that were missed in the QOE (these should have been spread throughout 2018) that total \$218k; these adversely effect the YOY bridge:
 - 2018 Cost Roll Impact (\$96k)
 - 2018 Rebate Accruals (\$43k)
 - QOE Errors (\$79k)
- December 2019 had two additional days in the month which increased payroll by \$77k
- Insurance and medical costs increased due to the carveout.
- SG&A headcount cost is higher due to adding CFO, EA, two IT people, and the inside sales manager 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, and a \$6k release in 2018.
- EBITDA Addbacks:
 - Board Costs OGC expenses, wages for Bud
 - Recruitment Inside Sales Manager, VP of Sales
 - Paroc Warranty Claim
 - Financing Documents Costs for mortgage and monthly LBC admin fee
- \$104k 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	GVA
Mixtiles	107	98
Siffron	86	62
Imagine Print Solutions	64	52
TEMA North America	48	32
TMS	29	13
Pointsmith	28	21
Quad Graphics	29	23
Plastic Power Extrusions	18	11
La France Corporation	21	15
Rapid Display	20	16
Essentra	(115)	(58)
Paroc	(66)	(27)
Whirlpool	(62)	(31)
Robin Enterprises	(56)	(46)
PCA Corporation	(47)	(39)
RR Donnelley	(41)	(31)
Circle Graphics	(32)	(23)
Miller Studio	(24)	(17)
Shrink Packaging Systems	(23)	(16)
Chief Container	(22)	(15)
All Others	28	19
Total	(8)	59

		Revenue		ndicative EBITD
De	cember 2018 Results	2,895	1,295	
Net Volume/Price/Mix Impact =	Total Volume Impact	(8)	59	59
\$42k	Total Price Impact	9	9	(
ΨτΖΙ	Other Volume/Mix Impact		(26)	(26
	Cost Savings		50	50
	2018 Cost Roll Impact		(96)	(96
	2018 Rebate Accruals		(43)	(4:
	Net Inventory Reserve		(6)	(
	Additional Days in Month		(51)	(7
	Insurance		(33)	(6
	Wage Inflation		(16)	(2:
	Lower Repairs and Mainte	enance	12	1:
	Inventory Movement		(7)	(
	Utilities		(9)	(
	QOE Errors		-	(7
	Paroc Warranty Expense			(10
	SG&A Headcount			(4
	Medical Benefits			(
	Bonus Expense			(7-
	Bad Debt			(1
	Rent (Service Centers)			1
	Advertising Spend			5
	IT Costs			(2
	Board Costs			(5
	Bank Fees			(1
	Professional Fees			(9
	Other		(4)	(2
	Board Costs			5
	Recruitment			4
\$242k of Add-backs	Paroc Warranty Claim			10
	Financing Documents fee	s and expen	ses	2
	Other			
\$104k of Indicative EBITDA	IT TSA			(4
adjustments in 2019 more than				(5
offset by \$227k of standalone costs in 2018.	2018 Standalone Adjustm	ent		22
COSIS III ZU 10.	Other Standalone Costs			(
	Dec 2019 Results	2,896	1,135	457

2019 Standalone Costs and Indicative EBITDA Adjustments

	Α	В	C =A + B	D	E	F	G = D + F	H = G + E	
	Fav/(Unfav	()		SC Amount					
**2019/2020		Amount in	Total SC	in 2019		SC Amount		SC Amount	2019
Standalone Cost	Incremental	2019 Plan	P&L Costs	Bank	Indicative	Incurred in	SC Amount	Incurred in	Indicative
	SC amount	(excluding	in Plan	EBITDA	EBITDA	2019	Incurred in	2019	EBITDA
(SC) Details**	(per deal	incremental	(Deal	(through	Adjustment	Reported	2019 Bank	Indicative	variance to
	model)	SC)	Model)	June)	(2019)	EBITDA	EBITDA	EBTIDA	Deal Model
Additional Freight Costs	(125)	-	(125)	(63)	-	-	(63)	(63)	63
Additional Headcount	(587)	-	(587)	(289)	(226)	(100)	(389)	(614)	(27)
Inside Sales Manager	(111)	-	(111)	(56)	(43)	(15)	(70)	(113)	(2)
Marketing Manager	(111)	-	(111)	(51)	-	(81)	(132)	(132)	(21)
Staff Accountant	(94)	-	(94)	(47)	(47)	(5)	(52)	(99)	(5)
Sr Accountant (HR Generalist)	(102)	-	(102)	(51)	(51)		(51)	(102)	-
A/R Clerk	(111)	-	(111)	(56)	(56)		(56)	(111)	-
A/P Clerk	(58)	-	(58)	(29)	(29)		(29)	(58)	-
Audit Costs	(65)	(25)	(90)	(33)	-	(38)	(70)	(70)	
Non Union Benefits/Payroll	(332)	(581)	(913)	(166)	(32)	(626)	(792)	(824)	89
Benefits Costs	(326)	(551)	(877)	(163)		(626)	(789)	(789)	88
Payroll Costs	(6)	(30)	(36)	(3)	(32)	-	(3)	(35)	1
General Insurance	(416)	(92)	(508)	(208)	-	(243)	(450)	(450)	
IT Costs	(831)	(273)	(1,104)	(386)	(316)	(410)	(795)	(1,111)	(8)
Network (ISP Charges)	(36)		(36)	(18)			(18)	(18)	18
Telephone	(19)	(222)	(241)	20		(222)	(202)	(202)	39
MS 0365	(97)		(97)	(49)		(9)	(58)	(58)	40
Cell Phone	(38)		(38)	(19)			(19)	(19)	19
Printers	(14)		(14)	(7)			(7)	(7)	7
Security Software	(6)		(6)	(3)			(3)	(3)	3
Support Services	(317)		(317)	(158)			(158)	(158)	158
ERP/CRM	(200)		(200)	(100)		(25)	(125)	(125)	75
E-Commerce	(20)		(20)	(10)			(10)	(10)	10
Site Based Support	(84)		(84)	(42)		(92)	(134)	(134)	(50)
Not Specified/Other		(51)	(51)	-	(316)	(62)	(62)	(378)	(327)
Service Centers	(298)	(259)	(557)	(149)		(129)	(278)	(421)	135
Tax Support	(50)		(50)	(25)	-	-	(25)	(25)	25
	_		-						
Total	(2,703)	(1,230)	(3,933)	(1,317)	(717)	(1,545)	(2,862)	(3,578)	354

Management Discussion:

- The purpose of this chart is to compare 2019 P&L costs to the deal model for Standalone Costs (SC).
- The deal model included incremental SC (column A) and the amount that was already in the 2019 plan (Column B), which total \$3,933k (Column C).
- 2019 EBITDA was adjusted \$1,317k (Column D) through June to represent incremental SCs.
- Using the incremental EBTIDA adjustment, EBITDA was burdened for an additional \$717k of cost (Column E)
- The full year reported P&L (before adjustments) had \$1,545k of costs flow through it (Column F)
- Bank EBITDA was burdened with \$2,862k of SCs (column G). This is what LBC sees.
- 2019 Indicative EBITDA was burdened with \$3.578k of SCs (Column H). This is comparable to Column C and is \$354k better than the deal model due to:
 - No increase in freight costs
 - Lower Audit costs
 - Lower benefits and insurance costs
 - Elimination of the service center rent costs (restructuring)
 - Lower tax support costs
 - Partially offset by slightly higher headcount and IT
- P&L was burdened by ~\$200k of headcount that was not in the plan or SC costs. (not shown).



Compare these

2020 Standalone Costs

	C =A + B	F	G = D + F	H = G + E		ı	J = I - F	K = I - G	L=I-H	M = I - C
	v/(Unfav)						2020		2020	
**2019/2020	Total SC	SC Amount		SC Amount	2019		Incremental	2020	Incremental	
Standalone Cost	P&L Costs		SC Amount		Indicative	Total SC	SC	Incremental	SC (Compared	
	in Plan	2019	Incurred in	2019	EBITDA	Amount to		SC (Compared	to 2019	2020 SC
(SC) Details**	(Deal	Reported	2019 Bank	Indicative	variance to	be Incurred	reported	to Bank	Indicative	Variance to
	Model)	EBITDA	EBITDA	EBTIDA	Deal Model	in 2020	EBITDA)	EBITDA)	EBITDA)	Deal Model
Additional Freight Costs	(125)		(63)	(63)	63	-	-	63	63	125
Additional Headcount	(587)	(100)	(389)	(614)	(27)	(483)	(382)	(94)	132	104
Inside Sales Manager	(111)	(15)	(70)	(113)	(2)	(116)	(102)	(46)	(3)	(5)
Marketing Manager	(111)	(81)	(132)	(132)	(21)	(131)	(50)	1	1	(20)
Staff Accountant	(94)	(5)	(52)	(99)	(5)	(69)	(65)	(18)	29	25
Sr Accountant (HR Generalist)	(102)		(51)	(102)	-	(61)	(61)	(10)	41	41
A/R Clerk	(111)		(56)	(111)	-	(53)	(53)	3	58	58
A/P Clerk	(58)		(29)	(58)	-	(53)	(53)	(24)	5	5
Audit Costs	(90)	(38)	(70)	(70)	20	(75)	(37)	(5)	(5)	15
Non Union Benefits/Payroll	(913)	(626)	(792)	(824)	89	(846)	(220)	(54)	(22)	67
Benefits Costs	(877)	(626)	(789)	(789)	88	(810)	(184)	(21)	(21)	67
Payroll Costs	(36)	-	(3)	(35)	1	(36)	(36)	(33)	(1)	-
General Insurance	(508)	(243)	(450)	(450)	57	(390)	(147)	60	60	118
IT Costs	(1,104)	(410)	(795)	(1,111)	(8)	(1,061)	(651)	(265)	51	43
Network (ISP Charges)	(36)		(18)	(18)	18	(12)	(12)	6	6	24
Telephone	(241)	(222)	(202)	(202)	39	(91)	131	111	111	150
MS 0365	(97)	(9)	(58)	(58)	40	(36)	(27)	22	22	61
Cell Phone	(38)		(19)	(19)	19	(26)	(26)	(7)	(7)	12
Printers	(14)		(7)	(7)	7	(36)	(36)	(29)	(29)	(22)
Security Software	(6)		(3)	(3)	3	(26)	(26)	(23)	(23)	(20)
Support Services	(317)		(158)	(158)	158	(73)	(73)	85	85	243
ERP/CRM	(200)	(25)	(125)	(125)	75	(209)	(184)	(84)	(84)	(9)
E-Commerce	(20)		(10)	(10)	10	(29)	(29)	(19)	(19)	(9)
Site Based Support	(84)	(92)	(134)	(134)	(50)	(285)	(193)	(151)	(151)	(201)
Not Specified/Other	(51)	(62)	(62)	(378)	(327)	(239)	(177)	(177)	139	(188)
Service Centers	(557)	(129)	(278)	(421)	135	(101)	28	177	320	456
Tax Support	(50)	-	(25)	(25)	25	(50)	(50)	(25)	(25)	-
	- (0.055)	(4 =)	(2.055)	(0.555)		(2.25-1	- (4.455)	- 14 1		955
Total	(3,933)	(1,545)	(2,862)	(3,578)	354	(3,005)	(1,460)	(143)	573	928

Compare these



- The purpose of this chart is to compare 2020 AOP P&L costs to the <u>deal model</u> for Standalone Costs (SCs). It also compares 2020 AOP P&L SC to 2019 Reported, Bank, and Indicative EBITDA
- Columns A, F, G, and H are the same as the previous slide.
- 2020 SC will be \$3,005k (Column I). This is \$928k lower than the deal model due to:
 - No additional freight costs
 - Lower Headcount costs (timing)
 - Lower Audit, benefits, and Insurance costs
 - · Slightly lower IT Costs
 - Significantly lower Service center costs due to the decision to close them partially offset by 3PL costs.
- Reported EBITDA will have \$1,460k more SC in it due largely to H1 2019 reported EBITDA not including SCs (Column J)
- Bank EBITDA will be \$143k lower than what was reported in 2019 (Column K) due largely to timing of when SC are beginning (especially IT and headcount) partially offset by savings from closing the service centers.
- 2020 SCs will be \$573k better than what was included in 2019
 Indicative EBITDA (Column L) due largely to the decision to close the service centers and timing of certain costs coming into the 2020 P&L.
- Compared to the Deal Model, SCs will be \$928k better, due partially to timing as well as the decision to close the service centers.
- These "savings" are planned to be redeployed into growth and strategy oriented headcount in 2020. Cost of new 2020 additions is \$918k (excludes 2019 joiners). This includes the Sales VP, 3 external sales people, a new engineer, a new product management associate, and a customer service person. All of the sales people were people scheduled to be hired in 2019.
- As discussed, we will flex headcount based on business performance.
- We will continue to track SC throughout 2020 using Indicative EBITDA as timing is a factor.

Balance Sheet

	Dec-19		Varian	ce	Nov-19		Dec-19	Va	ariance
\$1000	Act		\$	%	Act		Fcst	\$	%
Current Assets									
Cash and cash equivalents	\$ 1,609	\$	82	5.3%	\$ 1,528	\$	586	\$ 1,02	3 174.5
Short term investments	-		-	0	-		-		-
Accounts receivable, gross	5,437		(793)	(12.7%)	6,231		5,252	(18	6) (3.5
Accounts receivable, reserves	(109))	(13)	13.0%	(96)		(83)	2	6 (31.3
Accounts receivable, net	5,329		(806)	(13.1%)	6,134		5,169	(16	0) (3.1
Inventory, gross	6,350		256	4.2%	6,094		5,887	(46	3) (7.9
Inventory, reserves	(1,005))	69	(6.4%)	(1,074)		(826)	17	9 (21.6
Inventory, net	5,345		325	6.5%	5,020		5,061	(28	4) (5.6
Prepaid expenses and other current assets	237		(87)	(26.8%)	324		192	(4	5) (23.4
Current portion of deferred taxes	-		-	0	-		-		-
Other current assets	_		_	0	_		_		_
Total Current Assets	12,520		(486)	(3.7%)	13,006		11,008	1,51	2 13.7
Non-Current Assets									
Property, plant & equipment, gross	12,226		46	0.4%	12,180		20,503	8,27	7 40.4
Accumulated depreciation	(442))	(75)	20.4%	(367)		(7,780)	(7,33	8) 94.3
Property, plant & equipment, net	11,785		(28)	(0.2%)	11,813		12,724	93	9 7.4
Identifiable intangible assets, gross	_		-	0	-		_		_
Accumulated amortization	(2,942))	(492)	20.1%	(2,450)		(17,673)	(14,73	1) 83.4
Identifiable intangible assets, net	55,889		(492)	(0.9%)	56,381		61,273	5,38	3 8.8
Deferred financing cost	-		-	0	-		-		-
Other non-current assets	_		_	0	_		_		_
Total Non-Current Assets	67,674		(520)	(0.8%)	68,194		73,996	6,32	2 8.5
Total Assets	\$ 80,194	\$	(1,006)	(1.2%)	\$ 81,200	\$	85,004	\$ 4,81	0 5.7
Current Liabilities									
Current portion of long-term debt	1,039	\$	_	0.0%	\$ 1,039	\$	_	\$ 1,03	9
Line of Credit	_		(545)	(100.0%)	545		_		_
Accounts payable	2,320		489	26.7%	1,831		1,800	52	0 28.9
Accrued liabilities	2,018		62	3.2%	1,955		1,796	22	1 12.3
Accrued compensation	_		-	0	_		_		_
Income taxes payable	331		-	0.0%	331		(178)	50	9 (285.5
Other current liabilities	(233))	-	0.0%	(233)		_	(23	3)
Total Current Liabilities	5,474		6	0.1%	5,468		3,418	2,05	6 60.1
Long-term liabilities									
Long-term debt less current maturities	40,061		(260)	(0.6%)	40,320		41,944	(1,88	3) (4.5
Deferred income taxes	_		-	0	_		-		_
Other non-current liabilities	(814))	19	(2.3%)	(834)		_	81	4
Total Long-Term Liabilities	39,247		(240)	(0.6%)	39,487		42,144	(2,89	7) (6.9
Total Liabilities	44,721		(234)	(0.5%)	44,955		45,562	(84	2) (1.8
Charabaldare! Fauity									
<u>Shareholders' Equity</u> Common stock	39,001		_	0.0%	39,001		39,007	,	6) (0.0
Capital in excess of stated value	39,001		_	0.0%	39,001		38,007	(- (0.0
Retained earnings	(3,528)	J	(772)	28.0%	(2,756)		435	(3,96	– 2) (911.6
Accumulated other comprehensive income	(3,320)	Ί	(112)	28.0%	(2,730)		400	(3,30	-, (JII.O
Other equity transactions	_		_	0	_		_		_
Total Shareholders' Equity	35,474	 	(772)	(2.1%)	36,245		39,442	(3,96	8) (10.1
, ,		,		• •		Ļ		. ,	· ·
Total Liabilities and Shareholders' Equity	\$ 80,194	\$	(1,006)	(1.2%)	\$ 81,200	\$	85,004	\$ (4,81	0) (5.7



- Cash is higher than forecast due to higher EBITDA in Q4 and lower restructuring costs (timing).
- Preliminary purchase accounting is reflected in this balance sheet, but is still subject to audit adjustments.
- Other liabilities are a contra-liability for the cost of debt issuance which is being amortized over the 5 year life of the term loan.
- Income taxes are pre- tax provision work and will change.

OPEX Detail

\$'000

		YTD			Explanation o	of Variance	Variance Impact			
			Variance	One-Time /		Change in		Total Variance	YoY Impact	Annualized
	Act	Forecast	B / (W)	Non-recurring	Timing	Run-rate	Other	B / (W)	B / (W)	Impact B / (W)
Payroll (Payroll, OT, SS & Taxes, Temp Labor, Share Options)	3,032	3,200	168		168		-	168	-	-
Benefits (Medical, Dental, Life, AD&D & 401K	487	508	20	20	-		-	20	-	-
Bonus	548	628	81	81	-		-	81	-	-
Marketing	875	936	61		61	-		61	-	-
Commissions	97	109	11	11	-	-	-	11	-	-
Travel and Entertainment	221	263	41		41	-	-	41	-	-
Rent and Facilities	106	258	152			152	-	152	152	914
Insurance	114	114	0		-	0	-	0	0	1
Professional Fees	241	65	(176)	(176)	-	-	-	(176)	-	-
Utilities, Repairs, Maint. & Security	42	37	(5)	(5)	-	-	-	(5)	-	-
Office Supplies	70	64	(7)	(7)	-	-	-	(7)	-	-
IΤ	318	302	(16)	(16)		-	-	(16)	-	-
Bad Debt	51	41	(10)	(10)	-	-	-	(10)	-	-
Real Estate Taxes	163	163	(0)	(0)	-	-	-	(0)	-	-
Other Expenses	3,034	360	(2,674)	(2,674)		-	-	(2,674)	-	-
Total Opex	9,399	7,047	(2,352)	(2,775)	270	152	-	(2,352)	152	914

- Payroll: Have not hired VP of Sales and other open positions.
- Bonus: Commercial Bonus was over accrued YTD
- 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. Professional legal fees for stand-alone of Duraco Specialty Tapes. These have been taken as an add-back
- Other Expenses: \$2.47m Purchase Accounting Adjustment, board costs, etc.



One- time costs

		YTD		Explanation of Variance								
		Fcst	Variance	One-Time /		Change in		Original Fcst	Updated Fcst	Total Variance		
	Act	(06/19-12/19)	F/(U)	Non-recurring	Timing	Run-rate Oth	ner	(06/19 - 06/20)	(06/19 - 06/20)	F/(U)		
Transaction Serives Agreement (TSA)	\$ 586	\$ 558	\$ (28)	\$	(28)	\$	-	\$ 791	\$ 973	\$ (182)		
Opening Balance Sheet audit	4	5	1	\$	1	_	_	12	8	4		
Asset Valuation Report	10	40	30	\$	30	_	_	40	30	10		
ERP Implementation	16	210	194	\$	194	-	_	550	490	60		
Website Build	89	105	16	\$	16	_	_	350	350	-		
Data Analytics Platform	86	160	74	\$	74			160	106	54		
IT System Upgrade	14	150	136	\$	136	_	_	300	352	(52)		
Suppy Chain Specialist	60	60	_	\$	-	-	_	60	60	-		
Pricing Specialist	-		_	\$	-	_	_			-		
Sales Force Efficiency Specialist	109	120	12	\$	12	-	_	134	119	15		
MOR Setup	37	65	28	\$	28	_	_	40	37	3		
HR Specialist	117	175	58	\$	58	_	_	147	122	25		
Interim CFO Support Services	171	187	15	\$	15			171	171	-		
IT Specialist	77	50	(27)	\$	(27)	_	_	126	156	(30)		
Recruitment of new personnel	-	243	243			243	_	-		-		
Marketing/product roadmap study	-	_	_	\$	-	_	_	-	70	(70)		
Rebranding	33	100	67	\$	67	_	_	75	50	25		
Ceridian Implementation	1		(1)	\$	(1)	_	_		25	(25)		
Mercer	20		(20)	\$	(20)	-	_			_		
Other	5	-	(5)	\$	(5)		_	5		5		
Total 1x Costs	\$ 1,436	\$ 2,228	\$ 792	\$ - \$	549	\$ 243 \$	_	\$ 2,961	\$ 3,119	\$ (158)		

- 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 work as it is not yet complete



Cashflow Statement

	 MTD		Varia	nce		YT	D		Variance		
\$'000	 Act	Fcst	\$	%		Act	Fcst			\$	%
Cash flow from operations											
Net Income (Loss)	\$ (772) \$	(256) \$	(516)	201.8%	\$	72	\$ 4	,036	\$	(3,963)	(98.2%)
Depreciation, amortization and other	566	202	365	181.0%		4,562	2	,421		2,140	88.4%
Capitalized fees & expenses	-	_	_			-		-		_	0
Gain (loss) on sale of fixed assets	-	_	_			_		-		_	0
Non-cash interest expense	246	294	(47)	(16.2%)		1,668	1	,776		(107)	(6.0%)
Non-cash dividends	-	_	_			(2,702)	(2	,702)		_	0.0%
Deferred income tax	_	-	_			_		-		_	
Change in operating assets and liabilities:			_								
Accounts receivable	806	333	473	142.0%		(336)		(176)		(160)	90.7%
Inventory	(325)	100	(425)	(425.3%)		142		427		(284)	(66.6%)
Prepaid expenses and other current assets	87	107	(20)	(18.7%)		3,119	3	,164		(45)	(1.4%)
Accounts payable	489	(84)	572	(684.1%)		(637)	(1	,156)		520	(44.9%)
Accrued expenses	62	(147)	209	(142.5%)		523		501		21	4.3%
Accrued income taxes	-	(110)	110	(100.0%)		(5,561)	(6	,070)		509	(8.4%)
Other changes in operating assets and liabilities	19	_	19			(7,384)	(26	,451)		19,067	(72.1%)
Other cash flow from operations	-	-	-			-		-		-	
Total Cash Flow from Operations	\$ 1,179 \$	440 \$	739	168.0%	\$	(6,534)	\$ (24	,232)	\$	17,698	(73.0%)
Cash flow from investing											
Additions to property, plant and equipment	\$ (46) \$	- \$	(46)		\$	9,468	\$ 1	,191	\$	8,277	695.2%
Acquisitions of companies, net of cash acquired	-	- \$	-			-		-		-	
Investment in intangibles	-	- \$	_			(24,208)		-		(24,208)	
Earnout payments	-	- \$	_			-		-		_	
Other cash flow from investing (goodwill)	-	- \$	_			-		_		-	
Total Cash Flow from Investing	\$ (46) \$	- \$	(46)		\$	(14,741)	\$ 1	,191	\$	(15,931)	(1338.2%)
Cash flow from financing											
Proceeds from the issuance (repayment) of ST	\$ - \$	- \$	_		\$	-	\$	-	\$	_	
Proceeds from the issuance of debt	-	_	_			42,474		-		42,474	
Repayment of debt	(1,051)	(1,137)	86	(7.6%)		(3,038)	(1	,137)		(1,901)	167.2%
Capital lease	- "	_	_			-		-		_	
Common stock issued (repurchased)	-	_	-			(16,246)		_		(16,246)	
Common stock cash dividends paid	-	-	-			(3,600)		-		(3,600)	
Preferred stock issued (repurchased)	-	-	-			-		-		-	
Other cash flow from financing costs	- "	-	-		•	_ '	7	-		-	
Total Cash Flow from Financing	\$ (1,051) \$	(1,137) \$	86	(7.6%)	\$	19,590	\$ 20	,333	\$	(743)	(3.7%)
Effect of FX rates on cash and cash equivalents	\$ - \$	- \$	-		\$	-	\$	_	\$	-	
Net change in cash	\$ 82 \$	(697) \$	779	(111.7%)	\$	(1,685)	\$ (2	,708)	\$	1,023	(37.8%)
Beginning cash	 1,528	1,283	245	19.1%		3,295	24	,267		(20,972)	(86.4%)
Change in cash	82	(697)	779	(111.7%)		(1,685)	(2	,708)		1,023	(37.8%)
Ending cash	\$ 1,609 \$	586 \$	1,023	174.5%	\$	1,609	\$ 21	,558	\$	(19,949)	(92.5%)

- Inventory build is due largely to timing, partially due to a long shutdown at a supplier.
- Receivables declined due to the second month of lower revenue; as with the end of September, there were customers that did not pay us at the
 end of December.
- A/P increased largely due to timing of restructuring costs and inventory purchases.
- Largest outflow was \$1.1m of loan payments. Payment was lower than forecast due to favorable interest rates.



Debt Leverage Ratios – December 2019

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	Nov 19	Dec 19
Bank EBITDA Calculation												
Bank EBITDA	\$521	\$626	\$688	\$945	\$738	\$785	\$906	\$1,008	\$901	\$1,445	\$819	\$56
TTM Bank EBITDA	\$9,631	\$9,792	\$9,919	\$9,994	\$9,926	\$9,886	\$9,843	\$9,934	\$10,024	\$10,265	\$10,163	\$9,94
Fixed Charge Coverage Ratio (Section 6.1)												
Bank EBITDA	\$521	\$626	\$688	\$945	\$738	\$785	\$906	\$1,008	\$901	\$1,445	\$819	\$56
i - Unfinanced Capital Expenditures	88	88	88	88	88	88	-	-	49	66	228	2
ii - Management Fees paid or incurred	83	83	83	83	83	83	83	83	83	83	83	8
iii - Income/franchise taxes paid or incurred	-	-	-	-	-	-	-	-	-	-	-	
iv - Restricted Distributions paid in cash	-	-	-	-	-	-	-	-	-	-	-	
v - Contingent Purchase Price Obligations paid in cash	-	-	-	-	-	-	-	-	-	-	-	
Operating Cash Flow (Numerator)	\$349	\$454	\$516	\$773	\$567	\$613	\$822	\$925	\$769	\$1,296	\$507	\$43
Interest Expense	273	273	273	273	273	273	273	273	273	273	273	27
Less: Interest Received	-	-	_	_	_	_	-					
a Net Cash Interest	\$273	\$273	\$273	\$273	\$273	\$273	\$273	\$273	\$273	\$273	\$273	\$27
b Regularly scheduled principal payments	-	-	265	-	-	265	\$ -	\$ -	\$ -	265	-	26
Fixed Charges (Denominator)	\$273	\$273	\$538	\$273	\$273	\$538.4	\$273	\$273	\$273	\$538	\$273	\$53
TTM Numerator	\$8,486	\$8,519	\$8,518	\$8,465	\$8,268	\$8,100	\$8,100	\$8,234	\$8,318	\$8,536	\$8,249	\$8,02
TTM Denominator	2,179	2,452	2,991	3,264	3,537	4,076	4,076	4,076	4,076	4,341	4,341	4,34
Fixed Charge Coverage Ratio	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2.04	1.97	1.90	1.8
Covenant									1.10			1.1
Status						Pass			Pass			Pas
otal Debt to EBITDA Ratio (Section 6.2)												
Outstanding amount of Revolving Loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$
Outstanding Principal Balance - Term Loan	· -	Ψ	Ψ -	· -	· -	\$42.474	\$42,474	\$42,474	\$42,474	\$41,359	\$41,359	\$41,09
Outstanding Principal Balance - Other Debt	_	_	_	_	_	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$
- Qualified Cash	_	_	_	_	_	(765)	(1,366)	(1.922)	(2,353)	(1.165)	(1,528)	(1,609
Bank Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$41,709	\$41,108	\$40,552	\$40,121	\$40,194	\$39,831	\$39,48
TTM Bank EBITDA	\$9,631	\$9,792	\$9,919	\$9,994	\$9,926	\$9,886	\$9,843	\$9,934	\$10,024	\$10,265	\$10,163	\$9,94
Leverage Ratio	N/A	N/A	N/A	N/A	N/A	4.22	4.18	4.08	4.00	3.92	3.92	3.9
Maximum Permitted Total Debt to EBITDA Ratio for the defined period.									6.25			6.2
Status						Pass			Pass			Pas

- Duraco is well within all covenants.
- The line items have been annualized per page 10 of Exhibit C of the credit agreement.
 - Interest Payments
 - Scheduled payments of principal
 - Management Fees
 - Cash Taxes paid
- Cash Taxes paid are zero although there is an accrual on the balance sheet. We anticipate that there will not be taxes due once Baker Tilly completes their tax provisioning work.



13 Week Cash Forecast



13 Week Cash Flow Forecast

W/E	1/18/20	Act 1/18/2020	1/25/20	2/1/20	2/8/20	2/15/20	2/22/20	2/29/20	3/7/20	3/14/20	3/21/20	3/28/20	4/4/20	4/11/20	4/18/20
Beginning Cash Balance	2,601,659	2,601,659	2,559,722	2,359,614	2,021,660	2,093,222	1,901,427	1,847,786	1,750,867	1,406,062	1,700,194	1,619,059	578,761	239,426	554,811
Total Cash Inflow	653,041	739,747	862,624	522,640	814,866	763,954	692,162	533,165	456,698	850,882	675,615	675,615	675,615	806,135	806,135
Cash Outflow															
Accounts Payable	397,500	387,754	580,000	493,200	337,000	337,000	339,500	337,000	395,200	362,000	362,000	364,500	370,200	362,000	337,000
Payroll	70,000	73,733	310,000	70,000	310,000	70,000	310,000	70,000	310,000	70,000	310,000	70,000	310,000	70,000	310,000
Union Benefits	-	25,791	4,500	62,000	-	-	-	62,000	-	-	_	62,000	-	-	-
Non-Union Benefits	-	· -	12,553	66,000	12,553	-	12,553	-	12,553	66,000	-	-	_	-	-
401k	-	-	25,000	-	25,000	-	25,000	-	25,000	-	26,000	-	26,000	-	26,000
Taxes	-	-	-	-	-	170,000	-	-	-	-	-	-	-	-	-
CAPEX	-	-	24,930	8,310	-	320,000	-	-	-	-	-	-	-	-	-
Term Loan Interest Payments	-	-	-	-	-	-	-	-	-	-	-	782,329	-	-	-
Term Loan Payments	-	-	-	-	-	-	-	-	-	-	-	265,000	-	-	-
Revolver Interest Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revolver Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unused Line Fee Payments	-	-	-	-	-	-	-	-	-	-	-	11,000	-	-	-
OGC Quarterly Management Fee Payment	250,000	250,000	47,000	-	-	-	-	-	-	-	-	-	250,000	-	-
One Time Costs	58,750	44,406	58,750	161,084	58,750	58,750	58,750	161,084	58,750	58,750	58,750	161,084	58,750	58,750	58,750
Total Cash Outflow	776,250	781,684	1,062,733	860,594	743,303	955,750	745,803	630,084	801,503	556,750	756,750	1,715,913	1,014,950	490,750	731,750
Weekly Cash Inflow/(Outflow)	(123,209)	(41,937)	(200,109)	(337,954)	71,563	(191,796)	(53,641)	(96,919)	(344,805)	294,132	(81,135)	(1,040,298)	(339,335)	315,385	74,385
Fudhan Orah Balanca	0.470.470	0.550.700	0.050.044	0.004.000	0.000.000	4 004 46=	4 0 47 700	4 750 007	4 400 000	4 700 40 1	4 040 050	570 761	000.460	FF4 044	200 405
Ending Cash Balance	2,478,450	2,559,722	2,359,614	2,021,660	2,093,222	1,901,427	1,847,786		1,406,062	1,700,194	1,619,059	578,761	239,426	554,811	629,196
Outstanding Checks	(460,000)	(911,746)	(586,000)	(460,000)	(460,000)	(460,000)	(460,000)	(460,000)	(460,000)	(460,000)	(460,000)	(460,000)	(460,000)	(460,000)	(460,000)
Net Available Cash	2,018,450	1,647,976	1,773,614	1,561,660	1,633,222	1,441,427	1,387,786	1,290,867	946,062	1,240,194	1,159,059	118,761	(220,574)	94,811	169,196

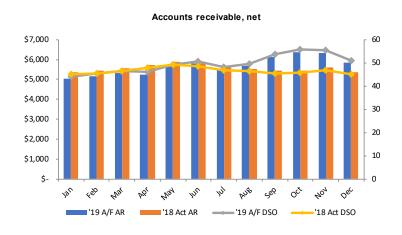
MANAGEMENT DISCUSSION

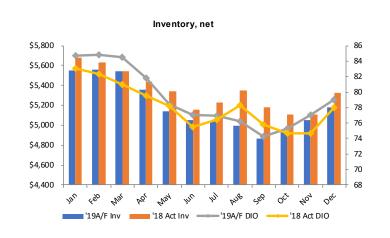
- (w/e 1/18) Management Fee \$250K
- (w/e 1/25) Board Fees \$47K
- (w/e 1/25) Converter Modification Payment \$25K.

- (w/e 2/1) TSA payment \$102K.
- (w/e 2/15) Real Estate Tax Payment \$170K.
- (w/e 2/15) Capex Second payment, \$320K, for the Duplex Slitter machine.

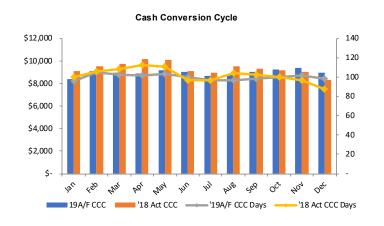


Working Capital and Cash Conversion Cycle





Accounts Payable, net \$3,000 \$2,500 \$2,000 \$1,500 \$1,000 \$500 '18 Act AP ----- '19A/F DPO ----- '18 Act DPO



- 19 CCC has improved due largely to lower inventory balances and higher A/P partially offset by higher A/R. November and December CCC has increased slightly due to the A/P hold in 2018 which artificially reduced the days in the cycle (see A/P)
- A/P is lower at December there since there is no A/P hold; former parent held A/P at the end of each year.
- Inventory has outperformed 2018 due to improvements in the stock model and an increased focus on reducing inventory.



Working Capital

	2019	2019	December	2018
	November	December	Fcast	December
Net Inventories	5,020	5,345	5,161	5,582
External Trade Receivables	6,134	5,329	5,501	4,977
External Other Receivables	324	237	300	182
External Trade Payables	(1,831)	(2,320)	(1,884)	(2,957)
External Other Payables	(1,955)	(2,018)	(1,743)	(1,495)
Net Working Capital	\$ 7,692	\$ 6,573	\$ 7,335	\$ 6,290

Management Discussion:

Working Capital

- In December additional raw material was brought in from 2 key vendors. This was in anticipation of their up coming prolonged shutdowns. Also 2 overseas containers arrived. These purchases combined with a build up to meet a GE requirements lead to an increase in inventory for the month.
- Accounts Receivable declined from November due to lower sales in November and December. Forecast assumed higher revenue in December than what was achieved.
- Other receivables declined from November due to the continued amortization of various PPD expenses as well as expensing the final portion of OGC fees.
- Trade payables increased due to the higher purchases of raw materials at the end of the month as a small (unintentional) hold by Essentra at the end of December (~\$150k)
- External Other Payables increased slightly from November due to normal accrual activity. It is higher than PY due to the Paroc warranty accrual, and higher vacation and salary accruals.
- **Balances compared to forecast and PY are not entirely comparable due to purchase accounting**



Information Systems and Technology



Status of Key IT Initiatives

STATUS UPDATE: PROJECT DETAILS

	CTATUC	OUDDENT CTATUO & NEVT CTEDO	TIMINIO	Annualized Impact (
PROJECT	STATUS	CURRENT STATUS & NEXT STEPS	TIMING	Projected	Actual
Infrastructure		 Actively working with Essentra to accomplish shared server resolution, but Essentra's year-end IT change freeze slowed/stopped progress. This dependency is problematic. Now believe Feb-Mar likely. 	Q1 20120	N/A	N/A
ERP		 Project in process. Design workshops are underway, as are initial data migration extractions from BPCS. Next milestone is initial Conference Room Pilot in early February. 	Q2 2020	N/A	N/A
Enterprise applications (other than ERP)		BarTender (bar code label printing) in development. CRM on hold until ERP further along.	Q2 2020	N/A	N/A
Telephony		Have chosen CallTower as telephony vendor. Finalizing DID counts and planning for cutover once network separation is achieved.	Q1 2020	N/A	N/A
End-points		 Highly dependent upon network separation so that we can take responsibility for our own security profile and actively manage our computers. 	Q1 2020	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
Near Term Opportunities					
Infinity Tapes	US	Double Coated, Transfer, Tamper Evident Tapes	\$10M	\$1m	Working towards a Feb 14 th close.
Early Stage Opportunities	S				
IDI Fabrication	US	Tapes, Rigid, Flexible, Converting, Custom Fabrication, Fiberglass Reinforced Polyester	\$22M	NA	Have a signed NDA in place and beginning preliminary diligence
Advantage Adhesives	US	Pressure Sensitive, Transfer, Finger-lift	\$10M	NA	David is trying to connect with owner
Pres-On	US	Tape and Cap Liner	\$15M	NA	Trying to contact owner
Champion Tape	US	Silicone Adhesives Manufacturer	NA	NA	Working to schedule a call with owner. He may be interested.
Declined or Deferred Opp	oortunities				
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
Project Connect (ITW)	Global	Seals, Gaskets, Films	\$200M	\$36M	NDA Signed
Tekra	US	Converter	\$100M	\$15M	Teaser received, waiting for CIM



Management Discussion of Near Term **Opportunities:**

Infinity Tapes

Under exclusivity, working toward completion in mid February.

IDI Fabrication

- · Have received signed NDA, beginning to ask questions.
- Business is an ESOP.
- · Has locations in IL, IN, Austria, Mexico, and India.

Champion Tape

- Manufacturer of silicone adhesive products.
- Owner may be interested in selling and staying with the
- Believes they have proprietary products; wants to be careful about whom he shows the business to.
- Scheduling a phone call with David and Brad.

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,
- 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

- 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 Managers

- 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

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
В)	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
- Will investigate adding a NAVEX service (policy tech) to provide electronic tracking of policy deployment and training
- Will investigate adding "gift" reporting through the ethics point tool to track gifts given and received

Governance Policies

- Currently operating under Essentra's policies, which are sufficient for now
- Employee handbook will come back from legal review in February.



Audit and Tax

Purchase Accounting

- Purchase accounting entries were entered as a part of the December close.
- Working with Baker Tilly to tie off on a few items.
- Anticipate completion by end of January

2019 Audit

- 2019 Audit is underway in Forest Park (Week of Jan 27)
- Q3 audit was completed in October without any issues, we anticipate the same result for the full year.
- Paroc claim and purchase accounting are key focuses of the audit
- Anticipate receiving audited financials from BT the last week in February.

Tax

- Baker Tilly will be completing the 2019 tax provision work once the final trial balance is approved by the audit team.
 - We will update iLevel and LBC reporting when complete.
- Sales and use tax work is ongoing, including working through filings for Canada



Appendix

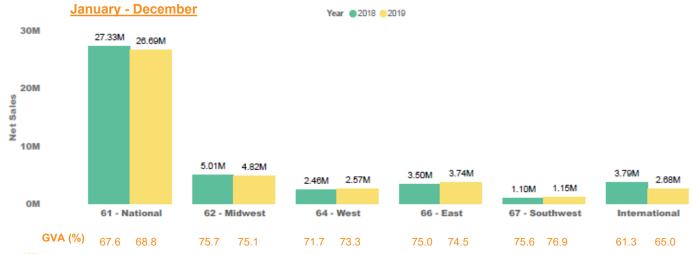


Comparable Sale by Customer Location (Express Sites)

NET SALES CURRENT YEAR VERSUS PREVIOUS YEAR

DURACO





Management Discussion:

Chicago (Large Accounts) sales driven by Mixtiles (wall hanging) and key POP accounts

- Mixtiles December sales up \$108k vs 2018
- Key POP accounts delivering \$240k growth; Siffron, Imagine Print, TMS, Pointsmith, Quad Graphics New Berlin
- Key wins at HBM San Diego, IDL Canada, Bennu Enterprise, & Extrudex
- Large POP accounts down 9.4%% MTD, down 3.3% YTD

International sales down significantly in the month

- Paroc not ordering due to quality challenges. Working to a solution on \$900k credit, and testing "old" adhesive for future business
- PlanetArt sales down \$\$9k MoM due to lower volume versus other Wall Hanging customers, placing orders under US location

Sales Breakdown by Company and Segment

YTD Net Sales

Company	POP	White Goods	Industrial	Other	Total
61 - National	15,435K	4,085K	3,031K	2,211K	24,762K
62 - Midwest	2,863K		752K	815K	4,430K
66 - East	2,644K		253K	582K	3,479K
International	726K	309K	490K	1,128K	2,653K
64 - West	1,913K		334K	169K	2,416K
67 - Southwest	911K		73K	109K	1,093K
Total	24,492K	4,394K	4,933K	5,014K	38,833K

YTD Net Sales % of Total

Company	POP	White Goods	Industrial	Other	Total
61 - National	40%	11%	8%	6%	64%
62 - Midwest	7%		2%	2%	11%
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	11,187K	2,152K	1,892K	1,475K	16,706K
62 - Midwest	2,074K		459K	640K	3,173k
64 - West	1,390K		204K	122K	1,715k
66 - East	1,916K		180K	377K	2,472k
67 - Southwest	674K		55K	80K	809k
International	504K	213K	229K	704K	1,650k
Total	17,745K	2,365K	3,019K	3,397K	26,526K

YTD GVA as % of Total

Company	POP	White Goods	Industrial	Other	Total
61 - National	42%	8%	7%	6%	63%
62 - Midwest	8%		2%	2%	12%
64 - West	5%		1%	0%	6%
66 - East	7%		1%	1%	9%
67 - Southwest	3%		0%	0%	3%
International	2%	1%	1%	3%	6%
Total	67%	9%	11%	13%	100%

Management Discussion:



YTD Sales Breakdown by Dollar Size and Market

YoY Net Sales

sales_tier	POP	White Goods	Industrial	Other	Total
<\$1,000	420K	5K	71K	74K	571K
<\$1,000 - \$15,000	-170K	-2K	-59K	-100K	-331K
\$15,000 - \$50,000	-703K	27K	-129K	-92K	-897K
\$50,000 - \$100,000	-114K	-39K	56K	104K	7K
\$100,000 - \$250,000	133K	200K	38K	-299K	72K
>\$250,000	-542K	-732K	-549K	-88K	-1,912K
Other	336K	19K	-40K	730K	1,045K
Total	-641K	-522K	-612K	329K	-1,445K

YoY % Change in Net Sales

sales_tier	POP	White Goods	Industrial	Other	Total
<\$1,000	94 %	319 %	97 %	32 %	76 %
<\$1,000 - \$15,000	-4 %	-5 %	-7 %	-23 %	-6 %
\$15,000 - \$50,000	-15 %	12 %	-12 %	-19 %	-14 %
\$50,000 - \$100,000	-3 %	-100 %	5 %	34 %	0 %
\$100,000 - \$250,000	3 %	37 %	4 %	-51 %	1 %
>\$250,000	-7 %	-18 %	-44 %	-5 %	-13 %
Other	237 %	Infinity	-28 %	85 %	91 %
Total	-3 %	-11 %	-11 %	7 %	-4 %

YoY GVA

sales_tier	POP	White Goods	Industrial	Other	Total
<\$1,000	332K	3K	53K	63K	451K
<\$1,000 - \$15,000	-130K	-2K	-52K	-72K	-256K
\$15,000 - \$50,000	-580K	16K	-90K	-48K	-702K
\$50,000 - \$100,000	-97K	-43K	-4K	76K	-68K
\$100,000 - \$250,000	127K	106K	17K	-205K	45K
>\$250,000	-244K	-424K	-198K	-98K	-964K
Other	201K	13K	-15K	573K	773K
Total	-390K	-332K	-289K	289K	-721K

YoY % Change in GVA

sales_tier	POP	White Goods	Industrial	Other	Total
<\$1,000	101 %	257 %	96 %	35 %	80 %
<\$1,000 - \$15,000	-4 %	-10 %	-8 %	-22 %	-6 %
\$15,000 - \$50,000	-17 %	10 %	-12 %	-16 %	-15 %
\$50,000 - \$100,000	-4 %	-100 %	-1 %	35 %	-2 %
\$100,000 - \$250,000	4 %	39 %	3 %	-53 %	1 %
>\$250,000	-4 %	-19 %	-38 %	-9 %	-10 %
Other	183 %	Infinity	-20 %	90 %	94 %
Total	-2 %	-12 %	-9 %	9 %	-3 %

Management Discussion:



Full year outlook and consolidated P&L

\$'000		Y	TD			Varian	ce			FY			Variano	e	PY		Varian	ce TTN	1
		Act		Bud		\$	%		Fcst		Bud		\$	%	Act		\$	%	\$
Gross Revenue	\$	41,856	\$	44,490	\$	(2,634)	(5	9%) \$	41,9	05 \$	44,490	\$	(2,585)	(5.8%) \$	43,01	9 \$	(1,114)	(2.6%) \$	41,856
Net Revenue		41,728		44,397		(2,669)	(6	0%)	41,7	60	44,397		(2,636)	(5.9%)	43,59	0	(1,830)	(4.2%)	41,728
Material		13,745		14,930		1,185	7	9%	13,9	81	14,930		950	6.4%	14,52	3	(543)	(3.7%)	13,745
		32.9%		33.6%		0	2	1%	33.5	%	33.6%				33.39	6			32.9%
Labor		4,822		4,941		118	2	4%	4,8	36	4,941		104	2.1%	4,92	9	(93)	(1.9%)	4,822
		11.6%		11.1%		(0)	(3	9%)	11.0	%	11.1%				11.39	6			11.6%
Other COGS		5,356		5,685		329	5	8%	5,5	49	5,685		136	2.4%	5,50	5	43	0.8%	5,356
Total COGS		23,923		25,555		1,632	6	4%	24,3	65	25,555		1,190	4.7%	24,95	8	(593)	(2.4%)	23,923
Gross Margin		17,805		18,841		(1,037)	(5	5%)	17,3	95	18,841		1,446	7.7%	18,63	2	(1,237)	(6.6%)	17,805
Gross Margin %		42.7%		42.4%					41.	%	42.4%		0.8%		42.79	6			42.7%
R&D		313		281		(31)	(11	2%)	2	94	281		(13)	(4.5%)	21	.0	84	39.8%	313
Sales & Marketing		4,078		4,401		322	7	3%	4,4	84	4,401		(84)	(1.9%)	4,31	2	172	4.0%	4,078
Administrative		4,978		1,789		(3,188)	(178	2%)	2,2	69	1,789		(480)	(26.8%)	1,70	1	567	33.3%	4,978
Other Opex		31		-		(31)		0		-	-		-		(1)	1	(100.0%)	31
Total Opex		9,399		6,471		(2,928)	(45	3%)	7,0	47	6,471		(576)	(8.9%)	6,22	2	825	13.3%	9,399
EBITDA		8,405		12,370		(3,965)	(32	1%)	10,3	36	12,370		2,034	16.4%	12,41	.0	(2,073)	(16.7%)	8,405
EBITDA %		20.1%		27.9%					24.8	%	27.9%		3.1%		28.59	6			20.1%
Bank allowable EBITDA add-ba	ē	1,542		(2,664)		4,206	(157	9%)	(1,4	15)	(2,664)	(1,249)	46.9%	(2,72	4)	1,309	(48.0%)	1,542
Bank EBITDA		9,947		9,706		241	2	5%	8,9	33	9,706		773	8.0%	9,68	6	(753)	(7.8%)	9,947
(Standalone Costs)		(724)				(724)		_	(5	60)			560						(718)
, ,		. ,				. ,			•										
Indicative EBITDA Indicative %		9,223		9,706		(483)		0	8,3	73	9,706		1,333	13.7%					9,223
			_	7 202		(7.224)	/00	00/\ A		20. 4	7.000		0	44.70/ 6	7.44	- ^	(2.422)	(45.00() 6	0
Net Income (Loss)	\$	72	>	7,303	>	(7,231)	(99	0%) \$	4,0	36 \$	7,303		3,268	44.7% \$	7,46	7 \$	(3,432)	(46.0%) \$	72
													U						

\$'000		Variano	ce	FY		Variano	e	PY	Varian	ce	ттм	
_	Act	Bud	\$	%	Fcst	Bud	\$	%	Act	\$	%	
Opex Overview:												
Payroll (Payroll, OT, SS & Taxes, \$	3,032 \$	2,910	(122)	(4.2%) \$	3,200 \$	2,910	\$ 290	9.9% \$	3,038 \$	162	5.3%	\$ 3,032
Benefits (Medical, Dental, Life,	487	464	(23)	(4.9%)	508	464	43	9.3%	449	58	13.0%	487
Bonus	548	419	(129)	(30.7%)	628	419	209	49.9%	440	189	43.0%	548
Marketing	875	937	61	6.6%	936	937	(1)	(0.1%)	888	48	5.4%	875
Commissions	97	107	10	9.1%	109	107	2	1.6%	97	11	11.7%	97
Travel and Entertainment	221	191	(30)	(15.7%)	258	191	67	35.0%	240	18	7.5%	221
Rent and Facilities	106	241	135	56.1%	263	241	21	8.8%	189	73	38.6%	106
Insurance	114	44	(70)	(158.6%)	114	44	70	158.8%	51	62	121.1%	114
Professional Fees	241	80	(161)	(202.8%)	65	80	(15)	(18.4%)	52	13	25.9%	241
Utilities, Repairs, Maint. & Secu	42	49	8	15.8%	37	49	(12)	(25.2%)	45	(8)	(17.8%)	42
Office Supplies	70	61	(9)	(15.2%)	64	61	3	4.4%	50	14	27.9%	70
IT	318	286	(32)	(11.1%)	302	286	16	5.5%	225	77	34.0%	318
Bad Debt	51	45	(6)	(14.4%)	41	45	(4)	(8.0%)	20	21	102.0%	51
Real Estate Taxes	163	163	(0)	(0.0%)	163	163	(0)	(0.0%)	163	0	0.1%	163
Other Expenses	3,034	473	(2,561)	(541.1%)	360	473	(113)	(23.9%)	274	86	31.3%	3,034
Total Opex \$	9,399 \$	6,471 \$	(2,928)	(45.3%) \$	7,047 \$	6,471	\$ 576	8.9% \$	6,222 \$	825	13.3%	\$ 9,399



Monthly P&L

\$'000	Ja	n-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	F	Υ	FY	Var		PY	Var	-	TTM
		Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Fcst (RFC)	Bud	\$	%	Act	\$	%	\$
Gross Revenue	\$	3,449 \$	3,191 \$	3,326 \$	4,235	\$ 3,246 \$	3,282 \$	3,651 \$	3,464	\$ 3,530	\$ 4,461 \$	3,131 \$	2,889	\$ 41,856	\$ 41,905	\$ 44,490	\$ (2,634)	(5.9%) \$	43,019	\$ (1,163)	(2.7%)	\$ 41,856
Net Revenue		3,404	3,172	3,315	4,259	3,225	3,275	3,631	3,463	3,510	4,456	3,121	2,897	41,728	\$ 41,760	44,397	(2,669)	(6.0%)	43,590	(1,862)	(4.3%)	41,728
Material		1,182	1,095	1,096	1,484	1,091	1,049	1,182	1,124	1,208	1,376	982	875	13,745	13,981	14,930	(1,185)	(7.9%)	14,523	(778)	(5.4%)	13,745
		34.7%	34.5%	33.1%	34.8%	33.8%	32.0%	32.5%	32.5%	34.4%	30.9%	31.5%	30.2%	32.9%	33.5%	33.6%	44.4%		33.3%	41.8%		32.9%
Labor		458	365	330	442	372	382	444	382	384	456	380	427	4,822	4,836	4,941	(118)	(2.4%)	4,929	(107)	(2.2%)	4,822
		13.5%	11.5%	10.0%	10.4%	11.5%	11.7%	12.2%	11.0%	10.9%	10.2%	12.2%	14.7%	11.6%	11.6%	11.1%	4.4%		11.3%	5.8%		11.6%
Other COGS		420	387	406	551	423	416	543	417	450	479	405	458	5,356	5,549	5,685	(329)	(5.8%)	5,505	(150)	(2.7%)	5,356
Total COGS		2,061	1,848	1,833	2,478	1,887	1,848	2,170	1,923	2,042	2,311	1,767	1,761	23,929	24,365	25,555	(1,627)	(6.4%)	24,958	(1,030)	(4.1%)	23,923
Gross Margin		1,342	1,324	1,481	1,782	1,338	1,427	1,462	1,540	1,468	2,145	1,354	1,136	17,799	17,395	18,841	(1,042)	(5.5%)	18,632	(833)	(4.5%)	17,805
Gross Margin %		39.4%	41.8%	44.7%	41.8%	41.5%	43.6%	40.3%	44.5%	41.8%	48.1%	43.4%	39.2%	42.7%	41.7%	42.4%			42.7%			42.7%
R&D		32	22	19	31	26	23	25	27	25	29	21	34	313	294	281	31	11.2%	210	102	48.7%	313
Sales & Marketing		427	311	293	405	299	269	351	319	342	355	286	423	4,078	4,484	4,401	(322)	(7.3%)	4,312	(234)	(5.4%)	4,078
Administrative		170	156	123	178	128	141	2,656	191	282	324	268	360	4,978	2,269	1,789	3,188	178.2%	1,701	3,276	192.6%	4,978
Other Opex		-	-	-	-	-	-	-	-	-	-	-	31	31		-	31		(1)	32	(2694.4%)	31
Total Opex		629	489	434	614	453	433	3,032	537	649	708	575	848	9,399	7,047	6,471	2,928	45.3%	6,222	3,177	51.1%	9,399
EBITDA		714	835	1,047	1,168	886	994	(1,570)	1,003	819	1,437	779	288	8,400	10,336	12,370	(3,970)	(32.1%)	12,410	(4,009)	(32.3%)	8,405
EBITDA %		21.0%	26.3%	31.6%	27.4%	27.5%	30.4%	(43.2%)	29.0%	23.3%	32.3%	25.0%	9.9%	20.1%	24.8%	27.9%	(7.7%)		28.5%			20.1%
Bank allowable EBITDA add-backs		(193)	(210)	(360)	(224)	(148)	(204)	2.475	-	82	38	40	242	1,542	(1,415)	(2,664)	4,206	(157.9%)		1,542		1,542
Bank EBITDA		521	626	688	945	738	791	906	1,008	901	1,445	819	561	9,947	8.933	9.706	4,206 241	2.5%	9.686	261	2.7%	9,947
									-,		-,			-,	,,,,,	.,			-,			.,
(Standalone Costs)		-	-	-	-	-	(6)	(131)	(130)	(130)	(115)	(108)	(104)	(724)	(560)	-	(724)		-	(724)		(718)
Indicative EBITDA		521	626	688	945	738	784	775	878	771	1,330	711	457	9,223	8.373	9.706	(483)	(5.0%)		9.223		9,223
Indicative %					5.3	,,,,			0.0		2,000		,	5,223	3,373	3,700	(55)	(3.0,0)		5,223		5,225
																	0					0
Net Income (Loss)	\$	300 \$	575 \$	1,075 \$	704	\$ 1,024 \$	813 \$	(2,659) \$	(304)	\$ (321)	\$ 106	\$ (469) \$	(772)	\$ 72	\$ 4,036	\$ 7,303	\$ (7,231)	(99.0%) \$	7,467	\$ (7,395)	(99.0%)	72

\$'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	251	311	3,032	3,200	\$ 2,910	\$ 122	4.2% \$	3,038	\$ (6)	(0.2%)	3,032
Benefits (Medical, Dental, Life, AD&D	42	34	30	41	32	31	47	53	42	53	41	41	487	508	464	23	4.9%	449	38	8.4%	487
Bonus	45	38	32	40	32	32	40	52	67	61	42	66	548	628	419	129	30.7%	440	108	24.6%	548
Marketing	116	65	70	102	56	35	74	80	104	73	80	19	875	936	937	(61)	(6.6%)	888	(13)	(1.4%)	875
Commissions	11	8	8	11	8	8	11	8	8	11	8	(4)	97	109	107	(10)	(9.1%)	97	(0)	(0.0%)	97
Travel and Entertainment	17	20	27	21	17	11	12	11	22	26	20	17	221	258	191	30	15.7%	240	(19)	(7.8%)	221
Rent and Facilities	15	17	17	17	17	17	-	3	-	-	-	3	106	263	241	(135)	(56.1%)	189	(84)	(44.1%)	106
Insurance	4	4	4	5	4	4	17	14	14	17	14	14	114	114	44	70	158.6%	51	62	120.9%	114
Professional Fees	6	7	(1)	11	3	3	4	4	81	5	46	73	241	65	80	161	202.8%	52	189	367.0%	241
Utilities, Repairs, Maint. & Security	6	7	3	8	2	3	2	0	1	3	3	4	42	37	49	(8)	(15.8%)	45	(3)	(7.5%)	42
Office Supplies	9	3	2	7	3	8	9	5	5	9	5	6	70	64	61	9	15.2%	50	21	41.2%	70
IT	19	41	20	37	26	25	24	18	18	28	27	36	318	302	286	32	11.1%	225	93	41.2%	318
Bad Debt	10	2	(4)	6	1	7	3	(9)	8	9	6	12	51	41	45	6	14.4%	20	31	151.1%	51
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%	163
Other Expenses	49	29	22	21	28	16	2,501	33	21	89	20	205	3,034	360	473	2,561	541.1%	274	2,760	1006.0%	3,034
Total Opex	\$ 629	\$ 489	\$ 434	\$ 614	\$ 453	433 \$	3,032	\$ 537	\$ 649	\$ 738	\$ 575	\$ 817	\$ 9,399	\$ 7,047	\$ 6,471	\$ 2,928	45.3% \$	6,222	\$ 3,177	51.1%	\$ 9,399



Monthly EBITDA to Net Income (Loss) Bridge

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY	FY		Var	PY	v	ar
\$'000	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Bud	\$	%	Act	\$	%
EBITDA - as reported	\$ 714	\$ 836	\$ 1,048	\$ 1,168	\$ 886	\$ 995	\$(1,570)	\$ 1,004	\$ 820	\$ 1,407	\$ 779	\$ 319	\$ 8,405	\$12,370	\$ (3,965)	(32.1%)	\$12,410	\$ (4,004)	(32.3%)
Depreciation and amortization	(205)	(204)	(204)	(197)	(198)	(170)	(563)	(563)	(563)	(564)	(564)	(566)	(4,562)	(2,553)	(2,009)	78.7%	(2,534)	(2,028)	80.0%
Interest and amortization	(0)	(1)	(4)	-	-	1	(333)	(318)	(298)	(278)	(287)	(266)	(1,784)	(1)	(1,783)	129396.9%	(8)	(1,776)	21363.2%
Other financial income/expense	(0)	(1)	(75)	(235)	337	4	0	(0)	5	(4)	(1)	0	31	(2)	32	(2005.3%)	(1)	31	(3466.3%)
Non-financial income/expense	36	10	3	(33)	(1)	-	_	_	_	_	_	-	15	46	(32)	(68.6%)	_	15	N/A
Monitoring fees (including expenses)	-	_	_	_	_	_	_	_	_	_	(167)	(83)	(250)	_	(250)	N/A	_	(250)	N/A
Restructuring costs	-	-	-	_	-	(16)	(158)	(345)	(254)	(285)	(218)	(176)	(1,452)	-	(1,452)	N/A	_	(1,452)	N/A
Non-recurring items	-	_	_	_	_	-	_	_	-	_	_	_	_	_	_	N/A	_	_	N/A
Taxes	(244)	(64)	308	_	_	_	(35)	(82)	(31)	(170)	(12)	-	(330)	_	(330)	N/A	(2,418)	2,088	(86.3%)
GAAP Net Income (Loss)	\$ 300	\$ 575	\$ 1,075	\$ 704	\$ 1,024	\$ 813	\$ (2,659)	\$ (304)	####	\$ 106	\$ (469)	\$ (772)	\$ 72	\$ 9,861	\$ (9,788)	(99.3%)	\$ 7,449	\$ (7,376)	(99.0%)

Management Discussion



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	Act	Act	Act	Act
Current Assets														
Cash and cash equivalents	2,444	2,848	3,254	2,635	1,943	765	1,366	1,922	2,353	1,165	1,528	1,609	1,609	2,688
Short term investments	-	-	-	-	-	-	_	-	-	-	-	-	-	-
Accounts receivable, gross	5,033	5,320	5,285	5,221	6,020	5,552	5,458	5,888	6,358	6,409	6,231	5,437	5,437	5,661
Accounts receivable, reserves	(76)	(77)	(80)	(70)	(65)	(74)	(83)	(74)	(83)	(91)	(96)	(109)	(109)	(97)
Accounts receivable, net	4,958	5,243	5,206	5,151	5,955	5,479	5,375	5,814	6,275	6,318	6,134	5,329	5,329	5,564
Inventory, gross	6,460	6,540	6,458	6,235	6,079	6,111	6,138	6,123	5,828	6,179	6,094	6,350	6,350	6,067
Inventory, reserves	(931)	(944)	(971)	(1,002)	(1,028)	(1,060)	(1,100)	(1,172)	(1,043)	(1,099)	(1,074)	(1,005)	(1,005)	(991)
Inventory, net	5,529	5,596	5,487	5,233	5,051	5,051	5,039	4,951	4,785	5,080	5,020	5,345	5,345	5,076
Prepaid expenses and other current assets	222	149	83	86	88	2,626	410	438	313	571	324	237	237	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
Total Current Assets	16,400	17,624	18,305	12,912	13,721	13,922	12,189	13,125	13,725	13,134	13,006	12,520	12,520	15,255
Non-Current Assets														
Property, plant & equipment, gross	21,877	21,898	21,895	21,348	19,784	11,836	11,836	11,836	11,886	11,952	12,180	12,226	12,226	21,797
Accumulated depreciation	(8,914)	(9,001)	(9,089)	(8,663)	(7,181)	-	(73)	(146)	(219)	(293)	(367)	(442)	(442)	(8,747)
Property, plant & equipment, net	12,964	12,896	12,806	12,686	12,604	11,836	11,763	11,689	11,666	11,659	11,813	11,785	11,785	13,050
Identifiable intangible assets, gross	-	-	-	-	-	-	-	-	-	-	-	-	_	-
Accumulated amortization	(16,394)	(16,510)	(16,626)	(16,742)	(16,859)	-	(490)	(980)	(1,470)	(1,960)	(2,450)	(2,942)	(2,942)	(16, 161)
Identifiable intangible assets, net	36,100	35,984	35,868	35,751	35,635	58,831	58,341	57,851	57,361	56,871	56,381	55,889	55,889	36,333
Deferred financing cost	_	_	_	_	_	-	_	_	_	_	_	_	_	-
Other non-current assets	_	_	-	_	_	_	_	_	_	_	_	_	_	_
Total Non-Current Assets	49,064	48,880	48,674	48,437	48,239	70,667	70,104	69,540	69,027	68,530	68,194	67,674	67,674	49,383
Total Assets	\$ 65,464	\$ 66,504 \$	66,979 \$	61,349 \$	61,960 \$	84,588 \$	82,293 \$	82,665 \$	82,753 \$	81,664 \$	81,200 \$	80,194	\$ 80,194	\$ 64,638
Current Liabilities						•						·		
Current portion of long-term debt	_	_	_	_	_	1,060	1,060	1,060	1,060	1,039	1,039	1,039	1,039	_
Line of Credit	_	_	_	_	_	-	313	612	891	277	545	1,000	1,000	_
Accounts payable	1,423	1,866	1,881	1,531	1,701	1,886	1,885	1,986	1,888	2,191	1,831	2,320	2,320	1,857
Accrued liabilities	1,646	1,604	1,301	1,289	1,390	1,499	1,495	1,670	1,848	1,890	1,955	2,018	2,018	1,879
Accrued compensation	- 1,040	- 1,004	1,001	1,200	-,000	-,400	-	-	1,040	-	-	2,010	2,010	1,070
Income taxes payable	6,136	6,200	5,892	_	_	_	35	117	148	318	331	331	331	5,645
Other current liabilities	0,100	-	-	858	_	(233)	(233)	(233)	(233)	(233)	(233)	(233)	(233)	0,040
Total Current Liabilities	9,205	9,669	9,074	3,679	3,092	4,212	4,556	5,213	5,602	5,482	5,468	5,474	5.474	9,380
Long-term liabilities	\$ - 5	· · ·	- \$	- \$	- \$	·	- \$	- \$	- \$	- \$	- \$		-,	,,,,,,,
Long-term debt less current maturities	_ `	_	_	_	_	41,414	41,414	41,414	41,414	40,320	40,320	40,061	40,061	_
Deferred income taxes	_	_	_	_	_	-	-	-	-	-0,020	-0,020	40,001	40,001	_
Other non-current liabilities	_	_	_	_	_	(930)	(911)	(892)	(872)	(853)	(834)	(814)	(814)	_
Total Long-Term Liabilities	_	_	-	-	-	40,484	40,503	40,522	40,542	39,467	39,487	39,247	39,247	-
Total Liabilities	9,205	9,669	9,074	3,679	3,092	44,695	45,059	45,735	46,144	44,950	44,955	44,721	44,721	9,380
	·	Í		· ·	•	· ·	<u> </u>	•	·	· ·	· · · · · · · · · · · · · · · · · · ·	,	,	
Shareholders' Equity														
Common stock	_	_	_	55,013	55,187	39,001	39,001	39,001	39,001	39,001	39,001	39,001	39,001	-
Capital in excess of stated value	_	-	-	-	-	-	-	-	-	- (0.007)	- (0.750)	-	-	
Retained earnings	56,259	56,835	57,905	2,657	3,681	892	(1,767)	(2,071)	(2,393)	(2,287)	(2,756)	(3,528)	(3,528)	55,257
Accumulated other comprehensive income	-	-	_	-	-	-	-	-	-	-	-	-	-	-
Other equity transactions				-					-	-		-	_	_
Total Shareholders' Equity	56,259	56,835	57,905	57,671	58,868	39,893	37,234	36,930	36,609	36,715	36,245	35,474	35,474	55,257
Total Liabilities and Shareholders' Equity	\$ 65,464	\$ 66,504 \$	66,979 \$	61,349 \$	61,960 \$	84,588 \$	82,293 \$	82,665 \$	82,753 \$	81,664 \$	81,200 \$	80,194	\$ 80,194	\$ 64,638



Balance Sheet – Year on Year Comparison

\$'000		CY	Dec-18		\$	%
Current Assets		-				
Cash and cash equivalents	\$	1,609	\$ 2,688	\$	(1,078)	(40.1%)
Short term investments		_	_		_	
Accounts receivable, gross		5,437	5,661		(223)	(3.9%)
Accounts receivable, reserves		(109)	(97)		(12)	12.5%
Accounts receivable, net		5,329	5,564		(236)	(4.2%)
Inventory, gross		6,350	6,067		283	4.7%
Inventory, reserves		(1,005)	(991)		(14)	1.4%
Inventory, net		5,345	5,076		269	5.3%
Prepaid expenses and other current assets		237	47		190	406.1%
Current portion of deferred taxes		_	_		_	
Other current assets		_	1,880		(1,880)	(100.0%)
Total Current Assets		12,520	15,255		(2,735)	(17.9%)
Non Comment Assets		,	-,		(, ,	, ,
Non-Current Assets		12 226	24 707		(0 E70)	(42.00/)
Property, plant & equipment, gross		12,226	21,797		(9,570)	(43.9%)
Accumulated depreciation		(442)	(8,747)		8,305	(95.0%)
Property, plant & equipment, net		11,785	13,050		(1,265)	(9.7%)
Identifiable intangible assets, gross		- (0.040)	- (40.404)		-	(04.00()
Accumulated amortization		(2,942)	(16,161)		13,220	(81.8%)
Identifiable intangible assets, net		55,889	36,333		19,557	53.8%
Deferred financing cost		-	_		-	
Other non-current assets						
Total Non-Current Assets		67,674	49,383		18,291	37.0%
Total Assets	\$	80,194	\$ 64,638	\$	15,556	24.1%
Current Liabilities						
Current portion of long-term debt	\$	1,039	\$ -	\$	1,039	
Line of Credit		_	_		_	
Accounts payable		2,320	1,857		463	24.9%
Accrued liabilities		2,018	1,879		139	7.4%
Accrued compensation		_	_		_	
Income taxes payable		331	5,645		(5,314)	(94.1%)
Other current liabilities		(233)	_		(233)	, ,
Total Current Liabilities		5,474	9,380		(3,906)	(41.6%)
Long-term liabilities						
Long-term debt less current maturities		40,061			40,061	
Deferred income taxes		40,001	_		40,001	
		(014)	_		(04.4)	
Other non-current liabilities Total Long-Term Liabilities		(814) 39,247			(814) 39,247	
Total Liabilities		44,721	9,380		35,340	376.7%
Shareholders' Equity						
Common stock		39,001	_		39,001	
Capital in excess of stated value		_	_		_	
Retained earnings		(3,528)	55,257		(58,785)	(106.4%)
Accumulated other comprehensive income		_	_			. ,
Other equity transactions		_	_		_	
Total Shareholders' Equity		35,474	55,257		(19,784)	(35.8%)
Total Liabilities and Shareholders' Equity	\$	•	\$ 64,638	\$	15,556	24.1%
Total Elabilities and Shareholders Equity	,	00,134	y 0 1 ,036	7	13,330	27.1/0

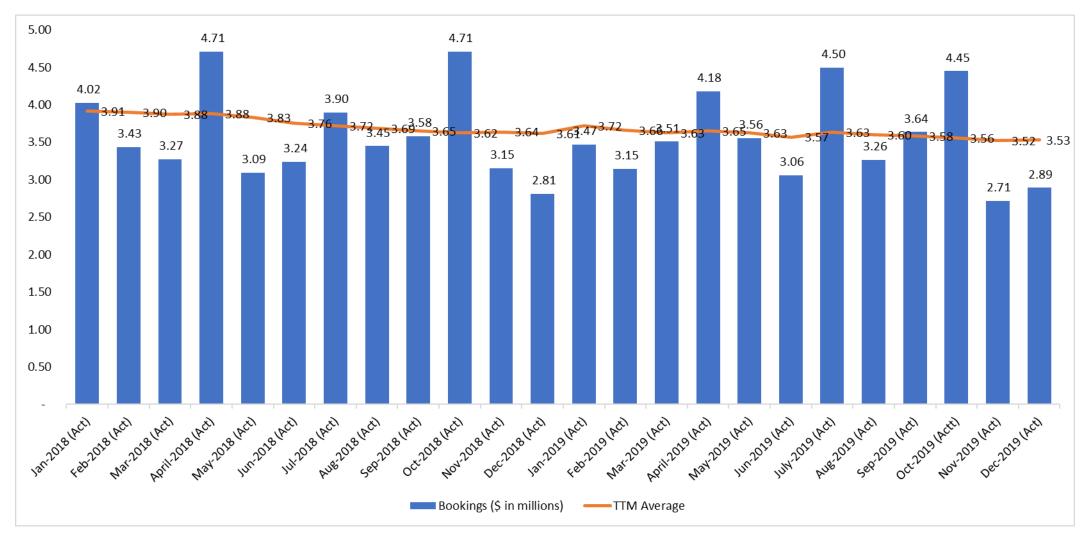


Monthly Cash Flow

		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	Varia	ince	PY	Vari	riance
\$'000		Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Bud	\$	%	Act	\$	%
Cash flow from operations																				
Net Income (Loss)	\$	300 \$	575	\$ 1,075 \$	704 \$	1,024 \$	813 \$	(2,659) \$	(304) \$	(321) \$	106 \$	(469) \$	(772)	\$ 72	\$ 7,303	\$ (7,231)	(99.0%)) \$ -	\$ 7	72
Depreciation, amortization and other		205	204	204	197	198	170	563	563	563	564	564	566	4,562	2,553	2,009	78.7%	-	4,56	52
Capitalized fees & expenses		_	_	_	_	_	_	_	_	_	_	_	_	-	-	_		-		_
Gain (loss) on sale of fixed assets		_	_	_	_	_	_	_	_	_	_	_	_	-	-	_		-		_
Non-cash interest expense		0	1	4	-	-	(1)	313	299	279	258	268	246	1,668	_	1,668		_	1,66	i8
Non-cash dividends		20	14	21	(1,190)	(1,564)	(2)	_	_	_	-	_	-	(2,702)	_	(2,702)		_	(2,70)2)
Deferred income tax		-	-	_	-	-	-	_	_	_	-	_	-	-	_	_		_		_
Change in operating assets and liabilities:																		\$ -		
Accounts receivable		29	(286)	34	64	(804)	477	104	(440)	(461)	(43)	184	806	(336)	_	(336)		_	(33	36)
Inventory		30	(81)	82	223	182	(0)	13	88	166	(295)	60	(325)	142	_	142		_	14	‡ 2
Prepaid expenses and other current assets		(113)	(468)	(421)	4,466	(880)	(1,854)	2,217	(28)	125	(259)	247	87	3,119	-	3,119		-	3,11	19
Accounts payable		(1,533)	442	15	(350)	170	184	(1)	101	(98)	303	(359)	489	(637)	_	(637)		_	(63	37)
Accrued expenses		151	(42)	(303)	(12)	101	109	(4)	175	178	42	65	62	523	_	523		_	52	<i>!</i> 3
Accrued income taxes		244	64	(308)	(5,892)	_	_	35	82	31	171	12	-	(5,561)	-	(5,561)		-	(5,56	i1)
Other changes in operating assets and liabilities		-	-	_	858	(858)	(7,500)	19	19	19	19	19	19	(7,384)	_	(7,384)		_	(7,38	34)
Other cash flow from operations		-	_	-	-	-	-	-	_	_	_	_	_	_	-	_		-		
Total Cash Flow from Operations	\$	(667) \$	424	\$ 404 \$	(932) \$	(2,431) \$	(7,605) \$	601 \$	556 \$	480 \$	865 \$	591 \$	1,179	\$ (6,534)	\$ 9,856	\$ (16,390)	(166.3%)) \$ -	\$ (6,53	14)
Cash flow from investing																				
Additions to property, plant and equipment	\$	(183) \$	(20)	\$ 2 \$	547 \$	1,564 \$	7,949 \$	- \$	- \$	(50) \$	(66) \$	(228) \$	(46)	\$ 9,468	\$ -	\$ 9,468		\$ -	\$ 9,46	i8
Acquisitions of companies, net of cash acquired		-	-	_	-	-	-	_	_	_	_	_	-	-	_	_		_		_
Investment in intangibles		-	-	_	-	-	(24,208)	_	_	_	_	_	_	(24,208)	_	(24,208)		-	(24,20	J8)
Earnout payments		-	-	_	_	_	_	_	_	_	_	_	_	-	_	_		-		_
Other cash flow from investing (goodwill)		-	_	_	_	_	_	_	_	-	_	_	-	_	-	_		_		
Total Cash Flow from Investing	\$	(183) \$	(20)	\$2\$	547 \$	1,564 \$	(16,260) \$	- \$	- \$	(50) \$	(66) \$	(228) \$	(46)	\$ (14,741)	\$ -	\$ (14,741)		\$ -	\$ (14,74	i1)
Cash flow from financing																				
Proceeds from the issuance (repayment) of ST	\$	- \$	-	\$ - \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	-	\$ -	\$ -	\$ -		\$ -	\$ -	
Proceeds from the issuance of debt		-	-	_	_	_	42,474	_	_	_	_	_	_	42,474	_	42,474		-	42,47	/4
Repayment of debt		-	-	_	_	_	_	_	_	_	(1,987)	_	(1,051)	(3,038)	_	(3,038)		_	(3,03	38)
Capital lease		-	-	_	_	_	_	_	_	_	_	_	-	-	-	-		_		_
Common stock issued (repurchased)		-	-	_	(235)	174	(16,186)	_	_	_	_	_	-	(16,246)	_	(16,246)		_	(16,24	16)
Common stock cash dividends paid		-	-	_	_	_	(3,600)	_	_	_	_	_	-	(3,600)	_	(3,600)		_	(3,60	JO)
Preferred stock issued (repurchased)													-	_	_	-		_		_
Other cash flow from financing costs	•				- "	_ "	- "	_ "	_ "	- "			_	-	-	-		-		_
Total Cash Flow from Financing	\$	- \$	-	\$ - \$	(235) \$	174 \$	22,688 \$	- \$	- \$	- \$	(1,987) \$	- \$	(1,051)	\$ 19,590	\$ -	\$ 19,590		\$ -	\$ 19,59	1 0
Effect of FX rates on cash and cash equivalents	\$	- \$	-	\$ - \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	-	\$ -	\$ -	\$ -		\$ -	\$ -	
Net change in cash	\$	(850) \$	404	\$ 406 \$	(619) \$	(693) \$	(1,177) \$	601 \$	556 \$	430 \$	(1,188) \$	363 \$	82	\$ (1,685)	\$ -	\$ (1,685)		\$ -	\$ (1,68	35)
Beginning cash		3,295	2,444	2,848	3,254	2,635	1,943	765	1,366	1,922	2,353	1,165	1,528	3,295		3,295	<u> </u>		\$ 3,29	
Change in cash		(850)	404	406	(619)	(693)	(1,177)	601	556	430	(1,188)	363	82	(1,685)	-	(1,685)		-	\$ (1,68	35)
Ending cash	\$	2,444 \$	2,848	\$ 3,254 \$	2,635 \$	1,943 \$	765 \$	1,366 \$	1,922 \$	2,353 \$	1,165 \$	1,528 \$	1,609	\$ 1,609	\$ -	\$ 1,609		\$ -	\$ 1,60)9

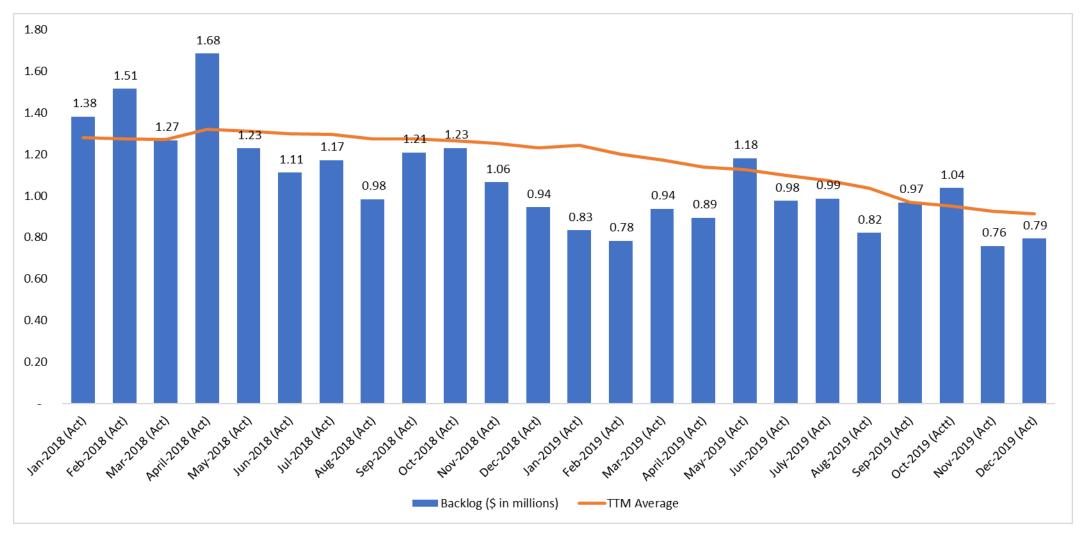


Trended Monthly Bookings (24 month act)



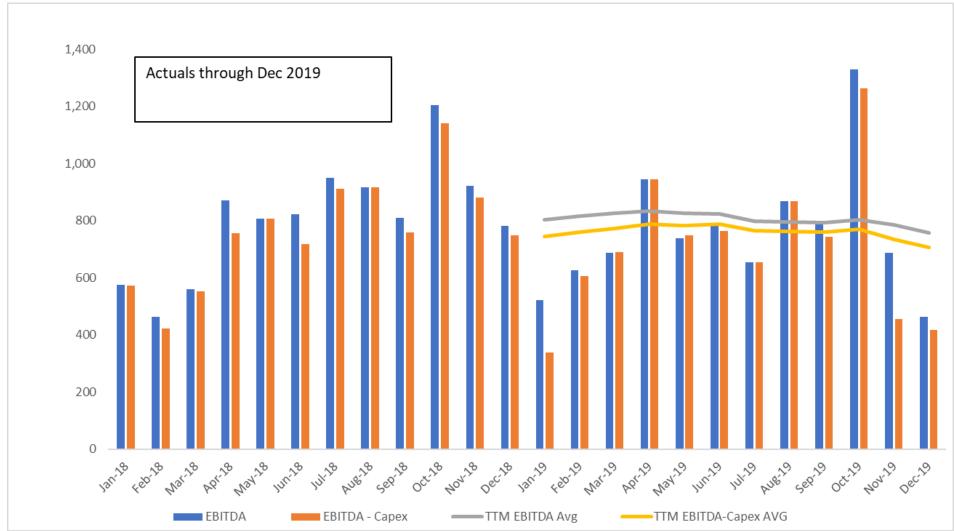


Trended Monthly Backlog (24 month actual)



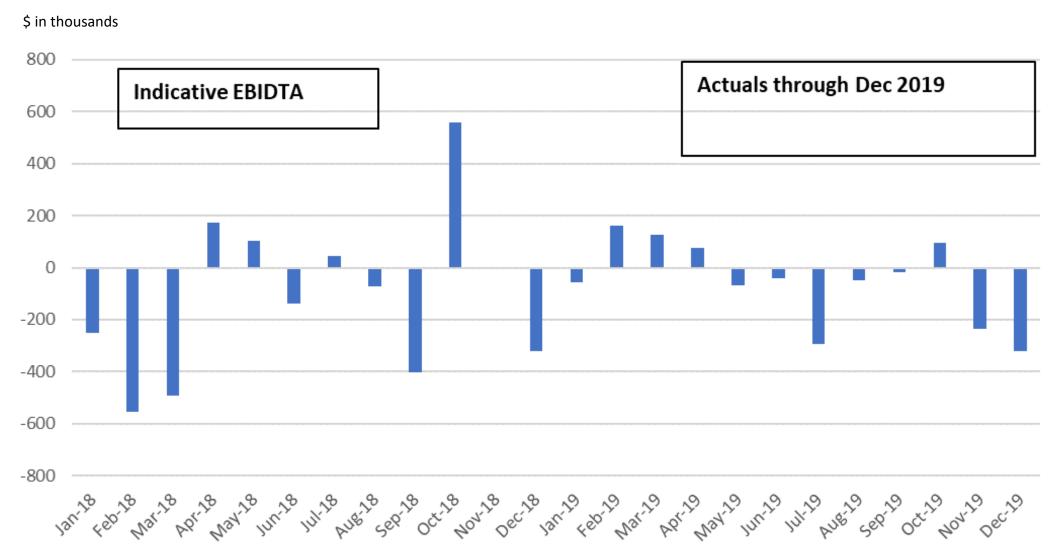


EBITDA and EBITDA-CapEx





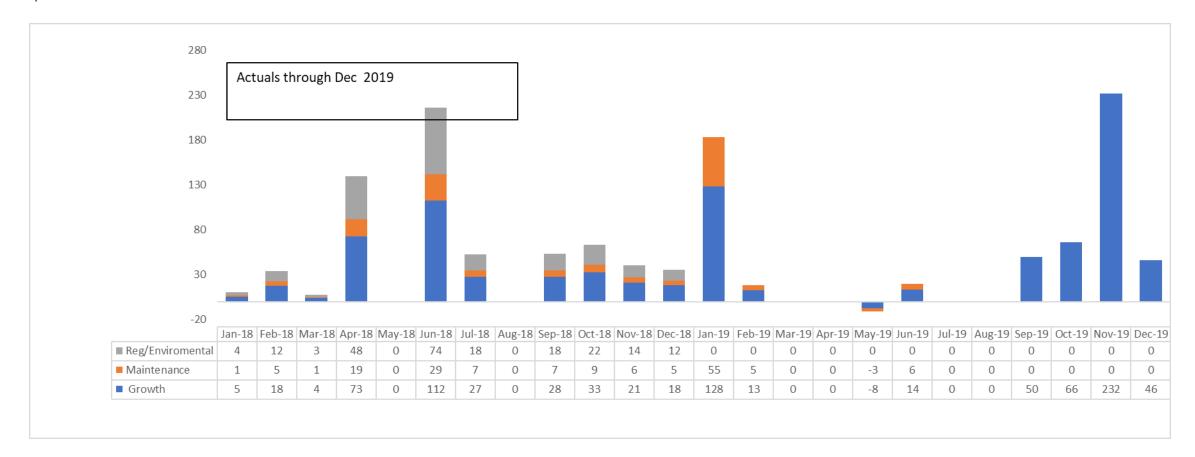
Y-o-Y \$ EBITDA Change





Capital Expenditures

\$ in thousands





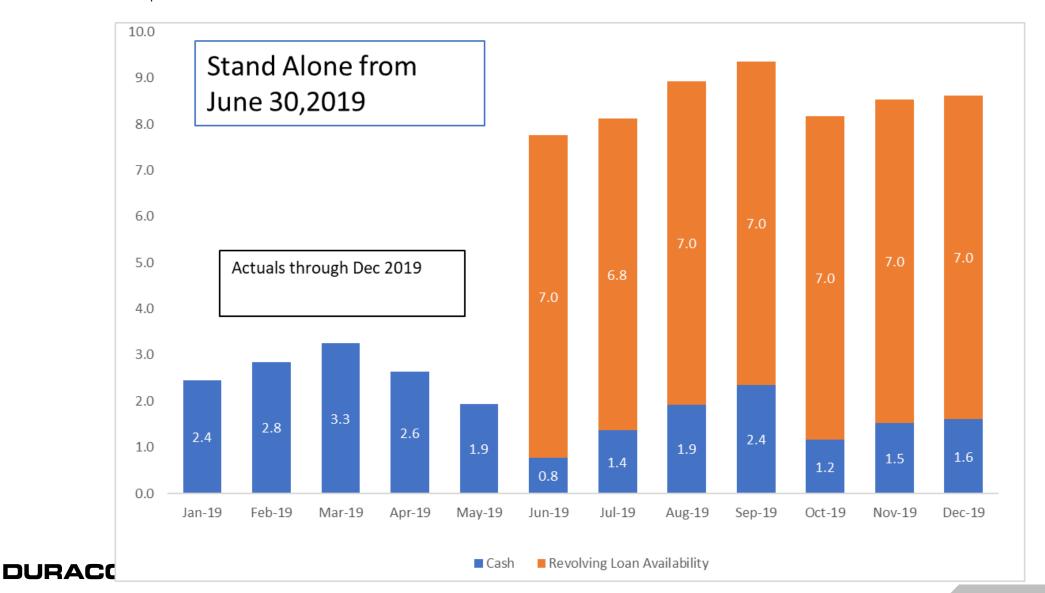
Headcount Hires & Attrition

FUNCTIONAL AREA	START OF MONTH	HIRES	INVOLUNTARY TERM	VOLUNTARY TERM	END OF MONTH
Direct Labor	77	1	-	2	76
Operations - Hourly	7	-	-	-	7
Operations - Salary	20	-	_	-	20
Research & Development	2	-	-	-	2
Sales & Marketing	23	-	-	-	23
Administrative	10	1	_	-	11
Other	-	_	_	-	-
Agency FTE & Temps	_	_	_	-	_
Total Headcount	139	2	0	2	139

NOTE: Turnover trend remains below monthly target of 1%



Liquidity Forecast



Headcount Trending by Month

	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Direct Labor	78	78	78	77	77	78	78	78	78	77	78	77	76
Operations - Hourly	6	6	6	6	7	7	7	7	7	7	7	7	7
Operations - Salary	17	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	2
Sales & Marketing	21	23	22	23	23	24	23	24	24	26	27	23	23
Administrative	7	7	7	7	7	7	7	7	8	10	10	10	11
Other	-	-	-	-	-	-	-	-	-	-	-	_	-
Agency FTE & Temps	-	-	-	-	1	1	1	1	-	-	-	_	-
Total Headcount	131	134	133	133	135	138	137	139	139	142	144	139	139

Management Discussion

Current Open Roles:

- Sales: Customer Service Supervisor, Customer Service Rep, Regional Sales Manager, VP Sales
- Administrative: AP Specialist, AR Specialist, HR Generalist





Thank You