



# January Monthly Operating Review

FEBRUARY 2020

# Agenda

- Executive Summary
- Operational Review
  - 2020 Sales Alignment, Growth Program & Commercial KPIs
  - Commercial and Sales
  - Operations and Manufacturing
  - Smart Ventures - Logistics
- Financial Review
- Information Systems & Technology
- Acquisitions and Other Transactions
- Management and Governance
- Appendix

# Executive Summary

# Executive Summary

## Good news / positives to business and plan

- Pro Forma Adjusted EBITDA is \$101k higher than PLAN due largely to volume partially offset by inventory depletion, and some unforeseen Inventory reserve costs.
- Pro Forma Adjusted EBITDA is \$87k higher than PY due to cost savings, fewer trading days in the month, lower advertising spend (timing), partially offset by inventory movement, wage inflation, and inventory reserve expense.
- Matt Venezia has accepted the VP of Sales role and will start March 30<sup>th</sup>
- Nick Darling, new RSM for Southwest Region started in January
- GE Appliance given final approval and placed demand for DHB to begin shipping April
- POP segment held flat to PY with 1 less shipping day in the month

## Risks / challenges to business and plan

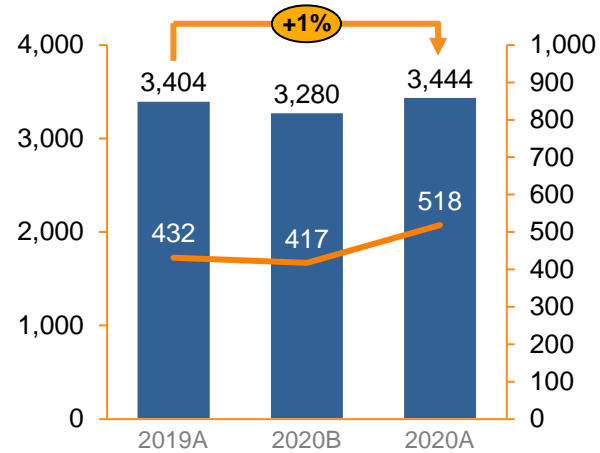
- Paroc claim still in negotiations and waiting for agreement on providing product with IMP01 adhesive
- Whirlpool claims their January sales were well below budget

## Other material items

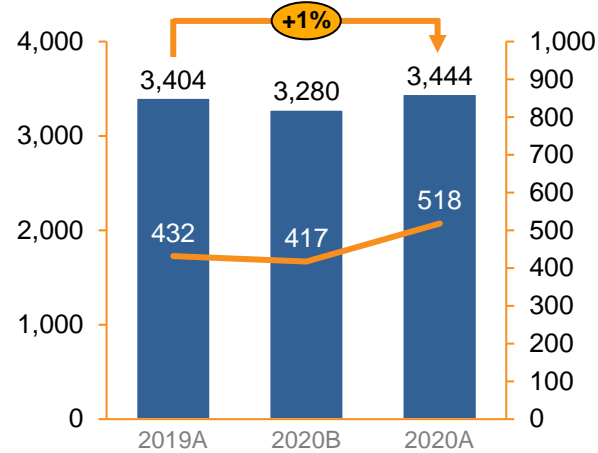
- 0 safety incident in January

# Monthly Financial Metrics

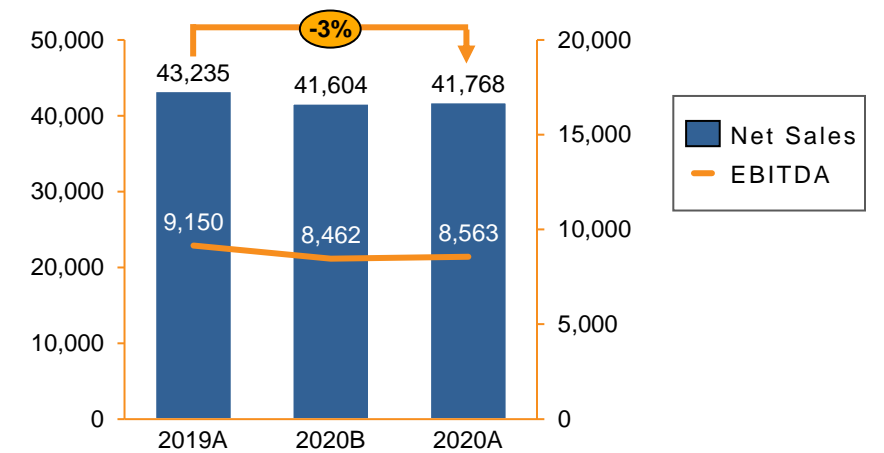
**Jan MTD**  
\$000s



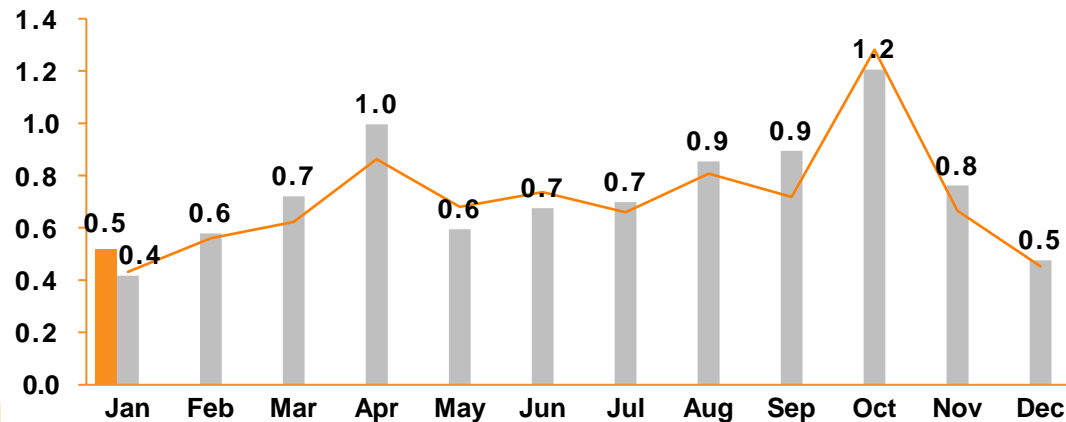
**Jan YTD**  
\$000s



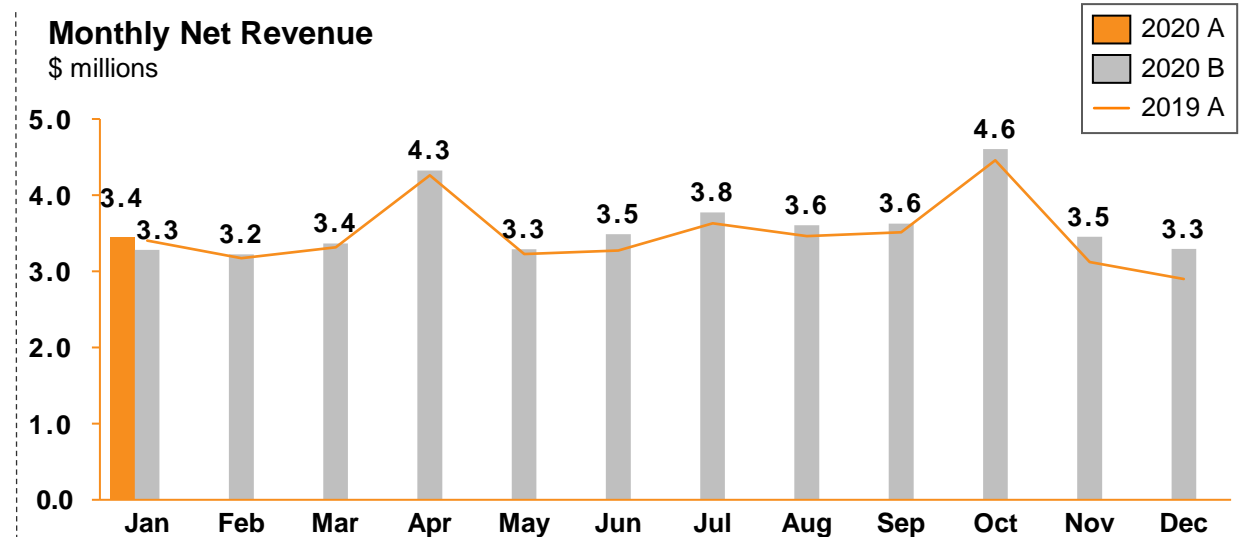
**TTM**  
\$000s



**Monthly EBITDA**  
\$ millions



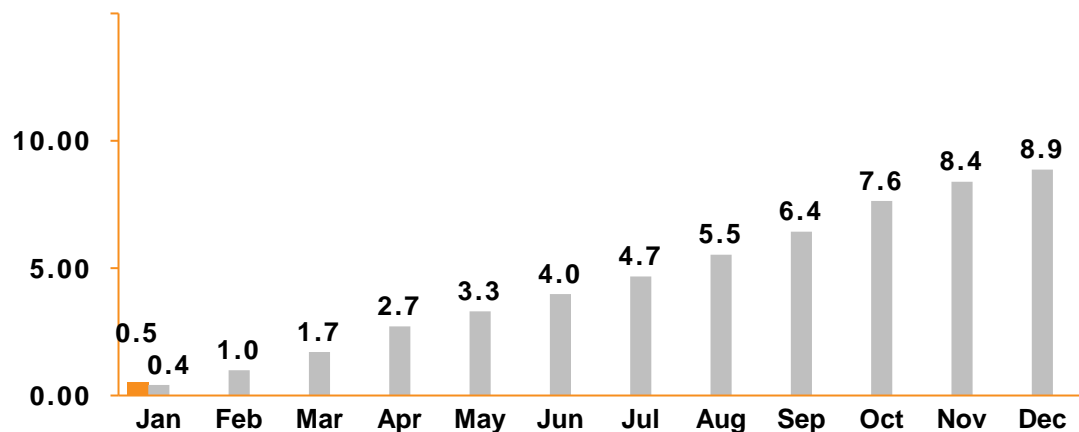
**Monthly Net Revenue**  
\$ millions



# Monthly Financial Metrics – con't

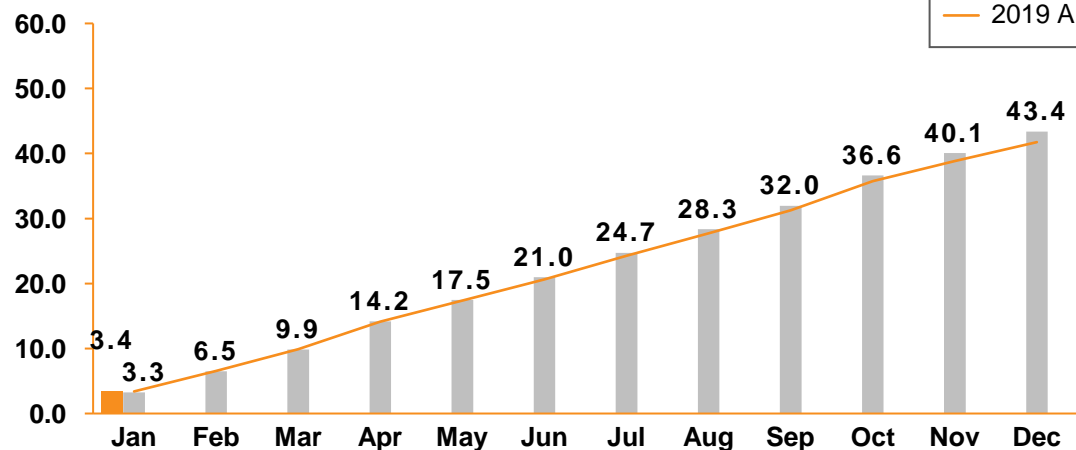
## YTD EBITDA

\$ millions



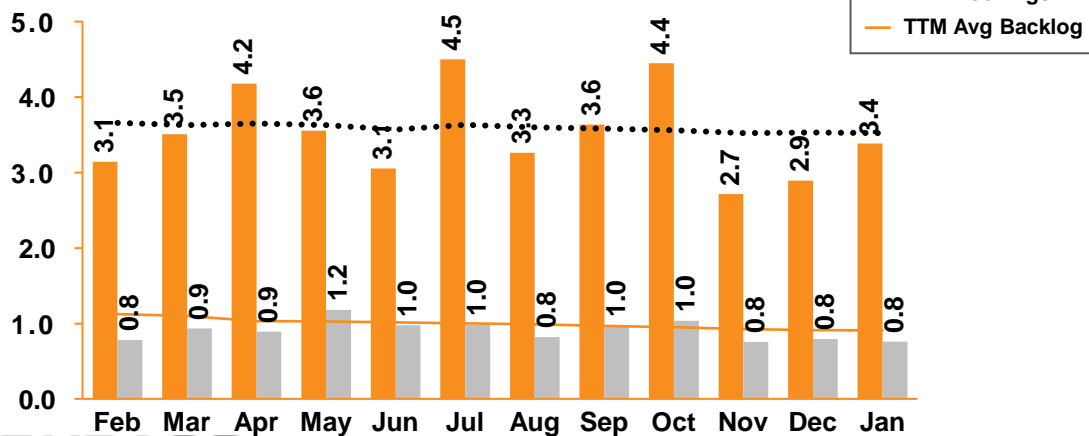
## YTD Revenue

\$ millions



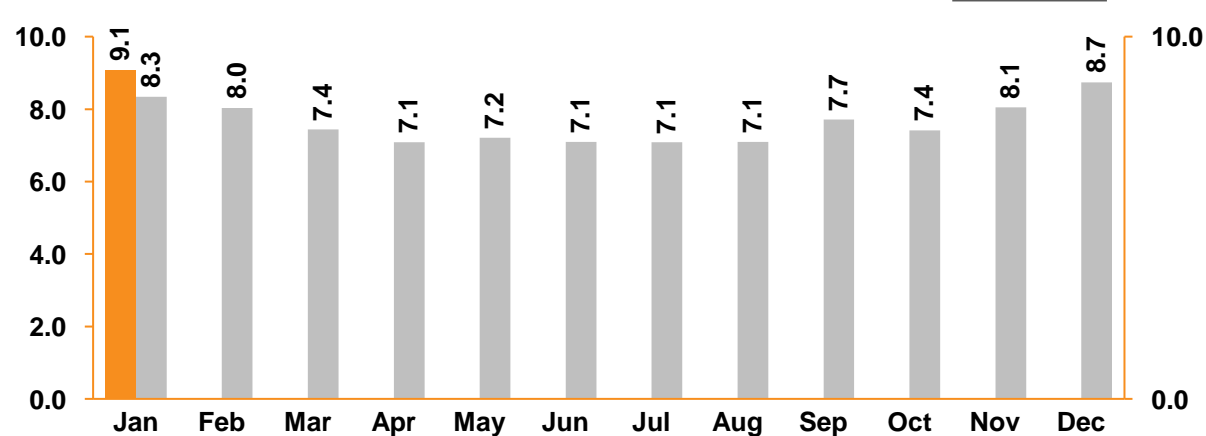
## Orders and Backlog

\$ millions









## Liquidity

\$ millions



# Status of Key Initiatives

## STATUS UPDATE: PROJECT DETAILS

PROJECT	STATUS	CURRENT STATUS & NEXT STEPS	TIMING	Annualized EBITDA Impact (\$MM)	
				Projected	Actual
Commercial Growth (Inside Sales)		<ul style="list-style-type: none"> <li>Inside Sales Manager setting up daily call tracking and targets. Working with management to set targets over course of January / February</li> </ul>	Jan 2020	TBD	TBD
Commercial Growth (Outside Sales)		<ul style="list-style-type: none"> <li>SmartVentures engaged completing assessment and recommendation, report out December 18<sup>th</sup></li> <li>Working on restructuring Outside Team to deliver new account growth and support for current customers</li> <li>Danelz to work with new VP Sales on final organization structure</li> </ul>	Feb 2020	TBD	TBD
Sales Compensation Model		<ul style="list-style-type: none"> <li>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</li> </ul>	Feb 2020	TBD	TBD
New Market Entry		<ul style="list-style-type: none"> <li>Phase I seven sector review in-progress – phase I focused on identifying high-level market overview and fit for seven priority target markets</li> </ul>	Feb 2020	TBD	TBD
Sourcing		<ul style="list-style-type: none"> <li>Supply Chain Manager focused on de-risking business; liners, film, adhesives, foam, mylar and corrugate.</li> <li>Strong emphasis to reduce inventory, risk mitigation, building strategic partnerships and cost savings</li> </ul>	XXX 2020	\$345K	TBD
Continuous Improvement		<ul style="list-style-type: none"> <li>Yellow and Green belt training scheduled for 2020</li> <li>Kaizen's events scheduled for multiple work centers that we have identified as constraints</li> <li>10 New 5S+ Events scheduled for 2020</li> </ul>	XXX 2020	TBD	TBD

# Carveout

## STATUS UPDATE: PROJECT DETAILS

PROJECT	STATUS	CURRENT STATUS & NEXT STEPS	TIMING	Annualized EBITDA Impact (\$MM)	
				Projected	Actual
IT Carveout	●	<ul style="list-style-type: none"> <li>Significant delay and lack of response from Essentra related to network separation.</li> <li>Have escalated in Essentra. On track for June, but behind revised timeline for network carveout.</li> <li>More detailed update available on the IT slide</li> </ul>	Q2 2020	N/A	N/A
Ceridian/HR	●	<ul style="list-style-type: none"> <li>Ceridian has confirmed that they can mitigate GDPR risk according to Essentra's request. Ceridian is creating a formal communication with this detail. Once project is live, anticipating an 8-10 week timeline for completion.</li> </ul>	Q2 2020	N/A	N/A
Service Centers	●	<ul style="list-style-type: none"> <li>Informed Essentra that we would exit NJ at the end of Feb. Have agreement for packing the warehouse by the end of Feb.</li> <li>Plan to close LA Service center and open LA 3PL by the end of March.</li> </ul>	Q1 2020	N/A	N/A
Treasury	●	<ul style="list-style-type: none"> <li>Delayed due largely to Essentra.</li> <li>Have a standalone Duraco treasury platform up and running.</li> <li>Only remaining item is check disbursement. Delayed due to Essentra IT.</li> <li>Once complete and tested, we will fully separate our accounts from Essentra and have signatory authority on the account.</li> </ul>	Q1 2020	N/A	N/A
Finance Shared Services	●	<ul style="list-style-type: none"> <li>On schedule</li> <li>Will begin recruiting for A/P and A/R positions in February (per AOP).</li> <li>All other financial services have been terminated</li> </ul>	Q2 2020	N/A	N/A

● Complete ● Just started ● On Track ● At Risk ● Behind Schedule



# Duraco 2020 Open Roles

POSITION	TYPE	# OF INTERVIEWS	CANDIDATES IN PROCESS	STATUS
Customer Service Rep	Backfill	6	1	Pending Offer – Deborah Thomas
Regional Sales Manager	New Role	13	3	David phone screening Bart Latimer Greg phone screening Mike Minor Danielle phone screening Steve Witmer
AR Specialist	New Role	2	10	Danielle phone screening 7 candidates over next week: Aja Walker, Barbara Cannady, Chloe Velazquez, Emille Holman, Joanna Aguilar, Joseph Stellato, Verena Pazos
Customer Service Supervisor	New Role	2	2	Danielle phone screening Chris Rhode
Associate Product Manager	New Role	1	3	Greg phone screening Tony Papa Vetting additional resumes
Materials Scientist	New Role	-	-	Vetting resumes

## Management Discussion

Roles Filled: Payroll & Benefits Specialist, Marketing Specialist, VP Sales

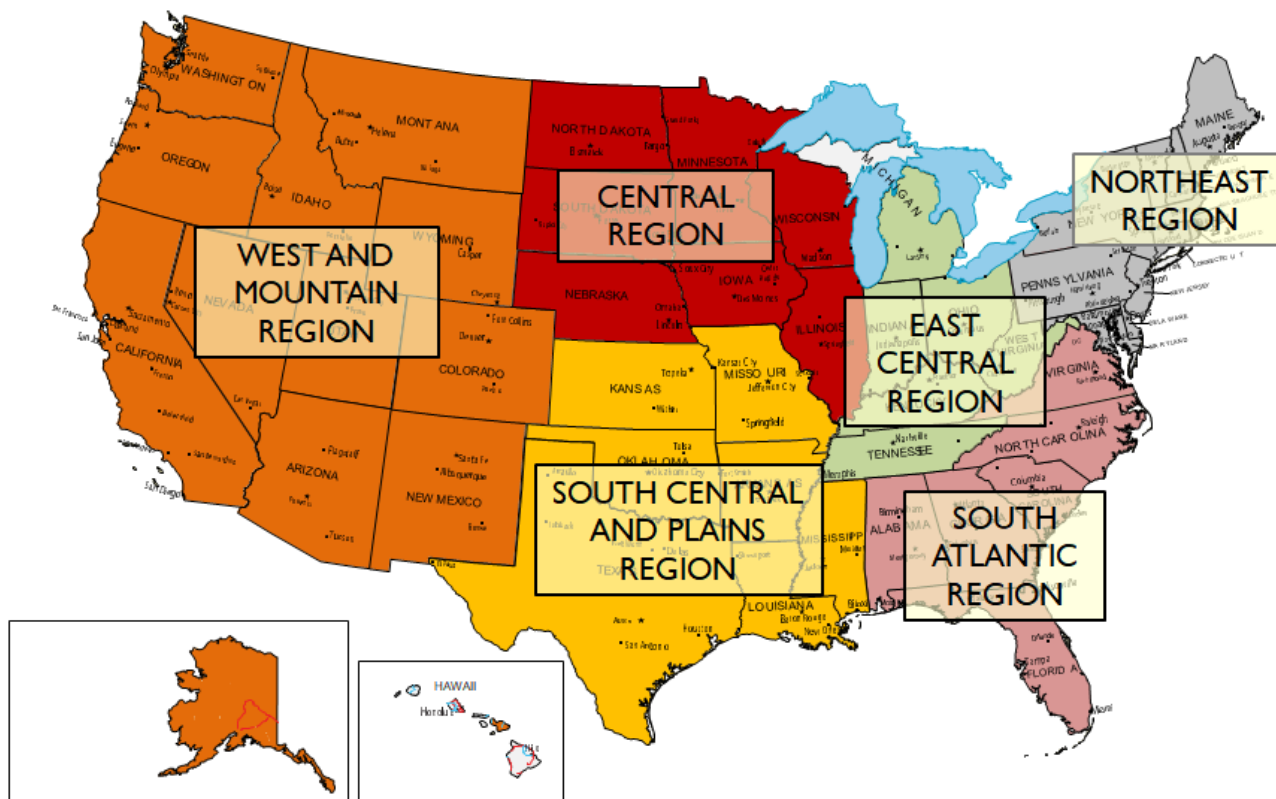
# Risks and Opportunities

	DESCRIPTION	POTENTIAL IMPACT	PLAN TO ADDRESS
RISKS	<ul style="list-style-type: none"> <li>Paroc quality issues with current 5256 adhesive system in cold weather applications</li> </ul>	<ul style="list-style-type: none"> <li>Lower revenue (\$350k) and EBITDA (\$80k)</li> </ul>	<ul style="list-style-type: none"> <li>Working with Henkel to purchase “old” IMP01 adhesive formula</li> <li>R&amp;D working on long term solution to cold temperature</li> <li>Waiting for final response from Paroc on “go” with IMP01</li> </ul>
OPPORTUNITIES	<ul style="list-style-type: none"> <li>NONE</li> </ul>		

# Operational Review

# 2020 Sales Alignment, Growth Program & Commercial KPIs

# New Territory Alignment



## 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 Engram
- 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

# Duraco 2020 Growth Program

THE BELOW ACTIVITIES – ORIENTED AROUND BUILDING THE DURACO SALES ENGINE - ARE OCCURRING OVER THE NEXT QUARTER TO IMPROVE OUR SALES CAPABILITIES

	Phase I: Territory Re-alignment & New Compensation Model	Phase II: Territory Education & Coverage Transition	Phase III: Regional Territory Planning	Phase IV+: Increased Salesforce Effectiveness
Objective	Institute regional focus and incentivize salesforce with new 'favorable' comp model (downside protection + upside carrot)	Enable RSMs to develop understanding and relationships of new territories	Translate new coverage model into tangible, granular growth plans / go-do's by region	Increase effectiveness of salesforce (i.e., larger pipelines, higher win rate, etc.)
Key Activities	<ul style="list-style-type: none"> <li>Implementation of new comp model</li> <li>Implementation of new coverage model</li> </ul>	<ul style="list-style-type: none"> <li>Complete visits to new accounts and/or transitioned accounts</li> <li>Complete Industrial training to 'learn to sell' to industrial accounts (for legacy PoP reps)</li> <li>Leverage new sales tools that bring account-level visibility into new territories</li> </ul>	<ul style="list-style-type: none"> <li>Develop highly granular / actionable account-level territory growth plans (w/external support)</li> </ul>	<ul style="list-style-type: none"> <li>Sales process training?</li> <li>Sales coaching / Ride-alongs?</li> <li>Increased sales tools?</li> <li>Sales motivations / contests?</li> </ul>
Owner	David Danelz	David Danelz	Matt Venezia	Matt Venezia
Timing	February 2020	March 2020	April 2020	June 2020+
Outside Resources	SmartVentures	TBD	BeckWay Group (TBD)	BeckWay Group (TBD), Sales Training Consultants e.g., Miller-Heiman

# Duraco 2020 Growth Program

IN PARALLEL, WE ARE PURSUING MULTIPLE STRATEGIC INITIATIVES TO DRIVE IMPROVED SALES

2020 PRIORITY OBJECTIVES	KEY INITIATIVES	KPIS
Lead Generation	<ul style="list-style-type: none"><li>• Digital / traditional marketing</li><li>• Outbound calling</li></ul>	<ul style="list-style-type: none"><li>• MQLs/SQLs</li><li>• # of new accounts</li><li>• Revenue from new accounts</li><li>• ROAS</li></ul>
Churn Reduction	<ul style="list-style-type: none"><li>• Digital / traditional marketing</li><li>• Outbound calling focused on 290 customers</li></ul>	<ul style="list-style-type: none"><li>• Churn %</li><li>• TTM Revenue from 290 customer hit list over time</li></ul>
Customer Engagement (SOW Expansion)	<ul style="list-style-type: none"><li>• Outbound calling</li><li>• RSM visits</li><li>• Increased marketing</li></ul>	<ul style="list-style-type: none"><li>• Growth of PY / previous month new accounts</li></ul>
New Market	<ul style="list-style-type: none"><li>• Transportation (RV/Trailer)</li><li>• Window</li><li>• Construction (Wall Hanging)</li></ul>	<ul style="list-style-type: none"><li>• RSM weekly call log</li><li>• # of New Products Developed</li><li>• IS - # of engagements</li></ul>

# KPI Reporting



## Sales Dashboard

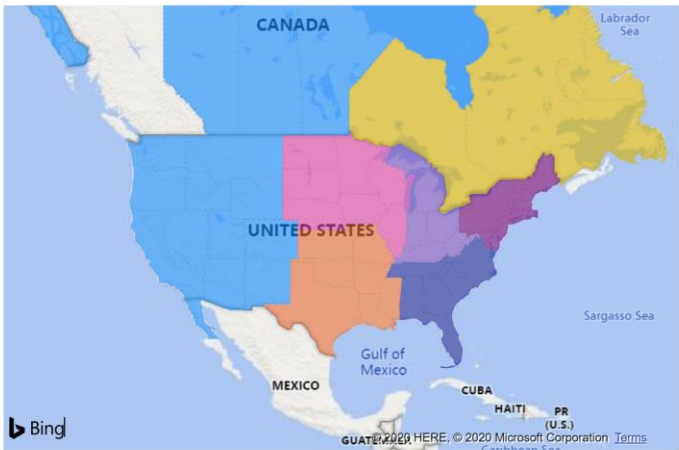
Today  
**02/21**

% of Month  
**70%**

MTD Sales  
**\$1.78M**

PY Sales  
**\$3.13M**

MTD Plan\*  
**\$1.78M**



### Territory

Territory	MTD Sales
Appliance and RV	\$194,143.87
Canada	\$20,095.50
Central	\$425,843.47
East Central	\$360,078.59
GE Appliances	\$8,868.60
House	\$75,015.28
Mexico	\$10,946.53
Northeast	\$177,238.96
Southeast	\$224,256.35
Southwest	\$113,522.13
Teachers Tape	\$8,880.63
West	\$157,844.79
<b>Total</b>	<b>\$1,776,734.70</b>

### Leading Accounts

Customer Name	MTD Sales
Westrock Merchandising Displays	\$78,156.15
Whirlpool Corporation - Clyde	\$60,885.24
Green Bay Packaging	\$44,288.42
RR DONNELLEY - CUDAHY	\$35,151.94
Essentra Components - Erie	\$32,898.35
Ampac	\$31,028.55
MPS MULTI PACKAGING SOLUTIONS	\$29,786.93
Whirlpool Corporation - Marion	\$28,597.97
<b>Total</b>	<b>\$1,776,734.70</b>

### Lagging Accounts

Customer Name	PY Sales
Whirlpool Corporation - Clyde	\$106,368.71
Whirlpool Corporation - Marion	\$72,230.47
Imagine Print Solutions	\$65,045.76
Flower City Printing Company	\$41,083.77
Rapid Displays - II	\$36,141.34
Westrock Merchandising Displays	\$35,279.80
MixTiles	\$35,182.04
Miller Studio	\$33,981.92
<b>Total</b>	<b>\$3,130,762.78</b>

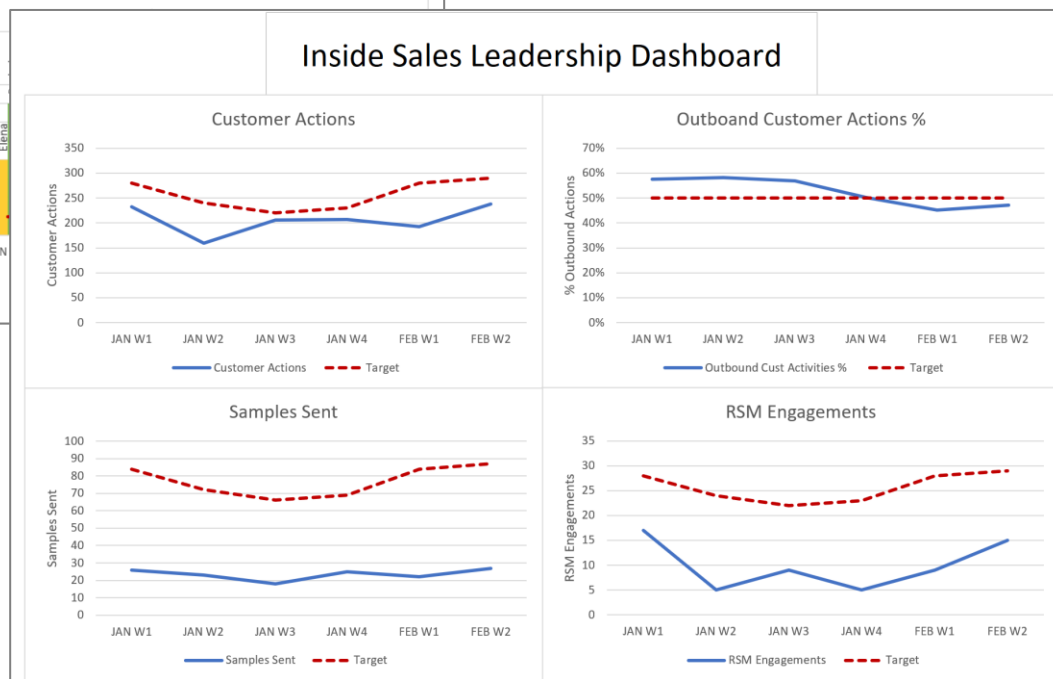
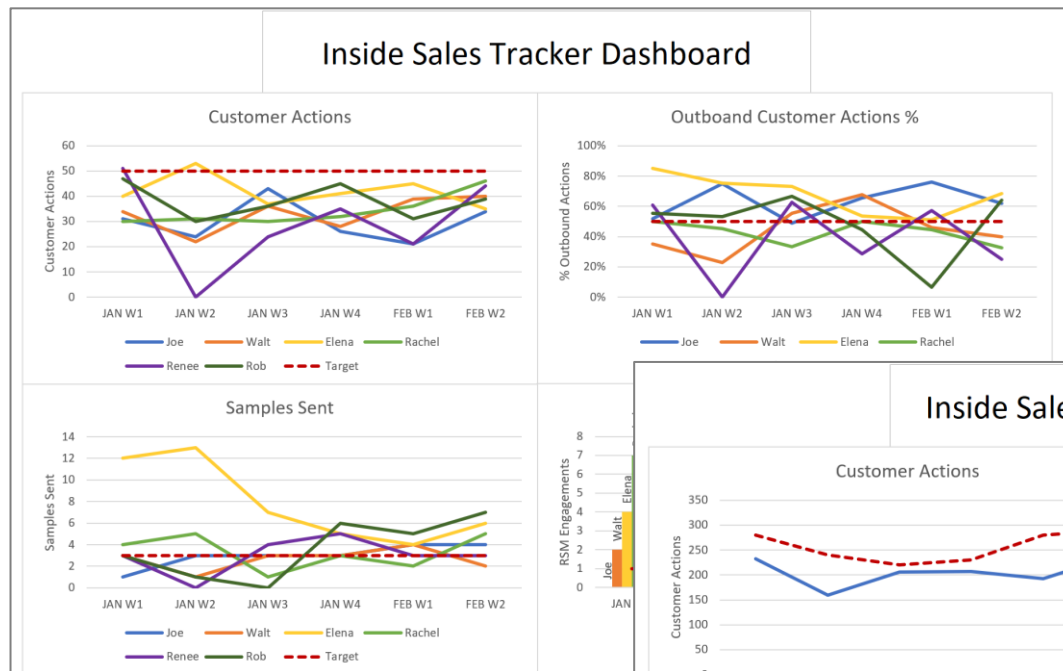
### Management Discussion:

- The new Sales KPI Dashboard will provide visibility to MTD sales vs plan and prior year. The objectives are to put **actionable** data in RSMs hands, and provide leadership with a holistic view
- The data is refreshed automatically with the BPCS data importing into the OpenGate SQL Workbench
- Sales are measured at the account level data, including leading and lagging accounts, and can be drilled into by:
  - Territory
  - Industry/Segment
  - Product Family
- The dashboard will also track and report performance of churned accounts





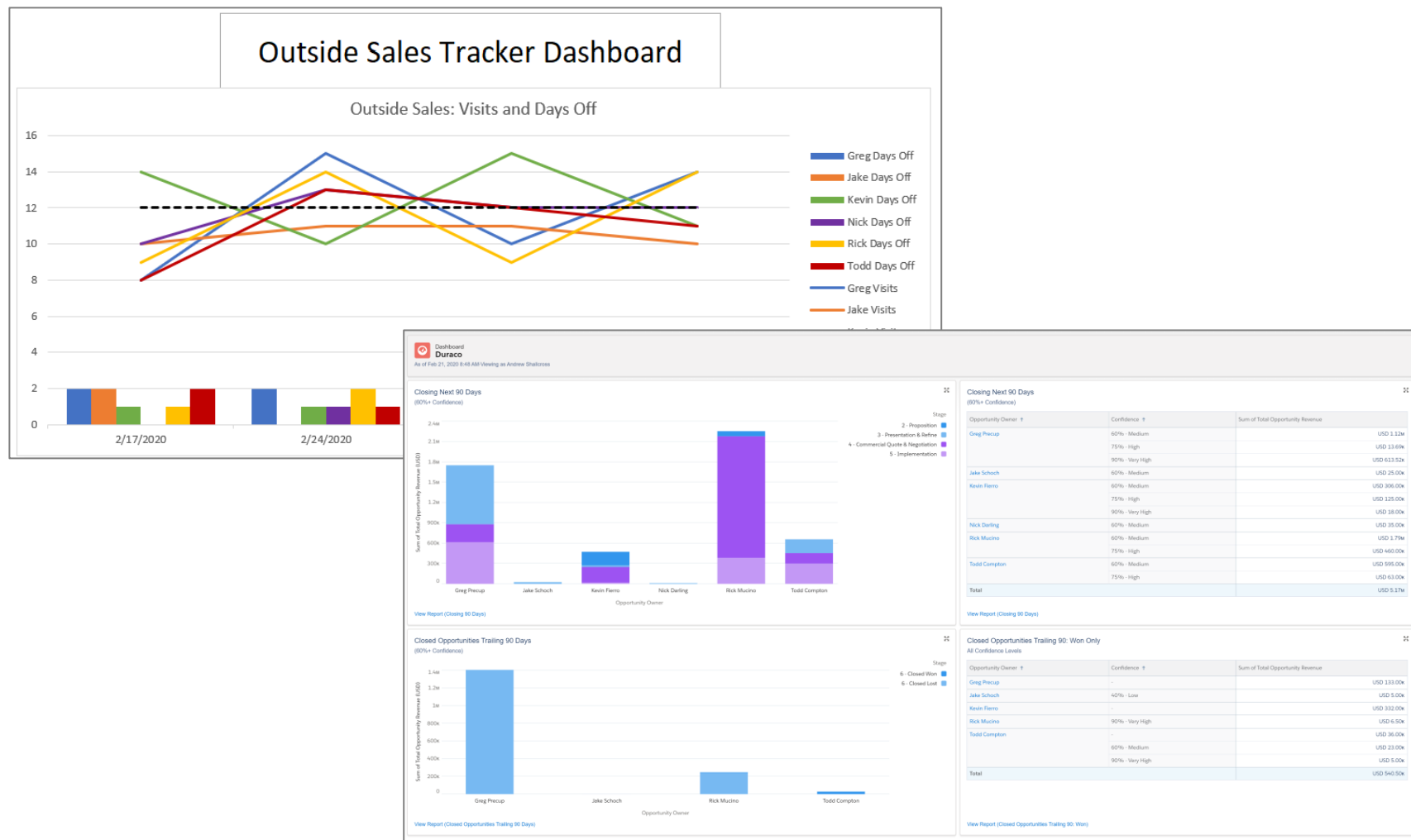
# KPI Reporting



## Management Discussion:

- The new Inside Sales Dashboard provides the IS manager with KPIs by team member to manage individual performance
- The Inside Sales Leadership Dashboard provide an executive view of the holistic team performance
- The reporting workflow has been streamlined to reduce the manual data aggregation and reporting work for the IS manager each week, allowing him to focus on the managing the team's performance

# KPI Reporting

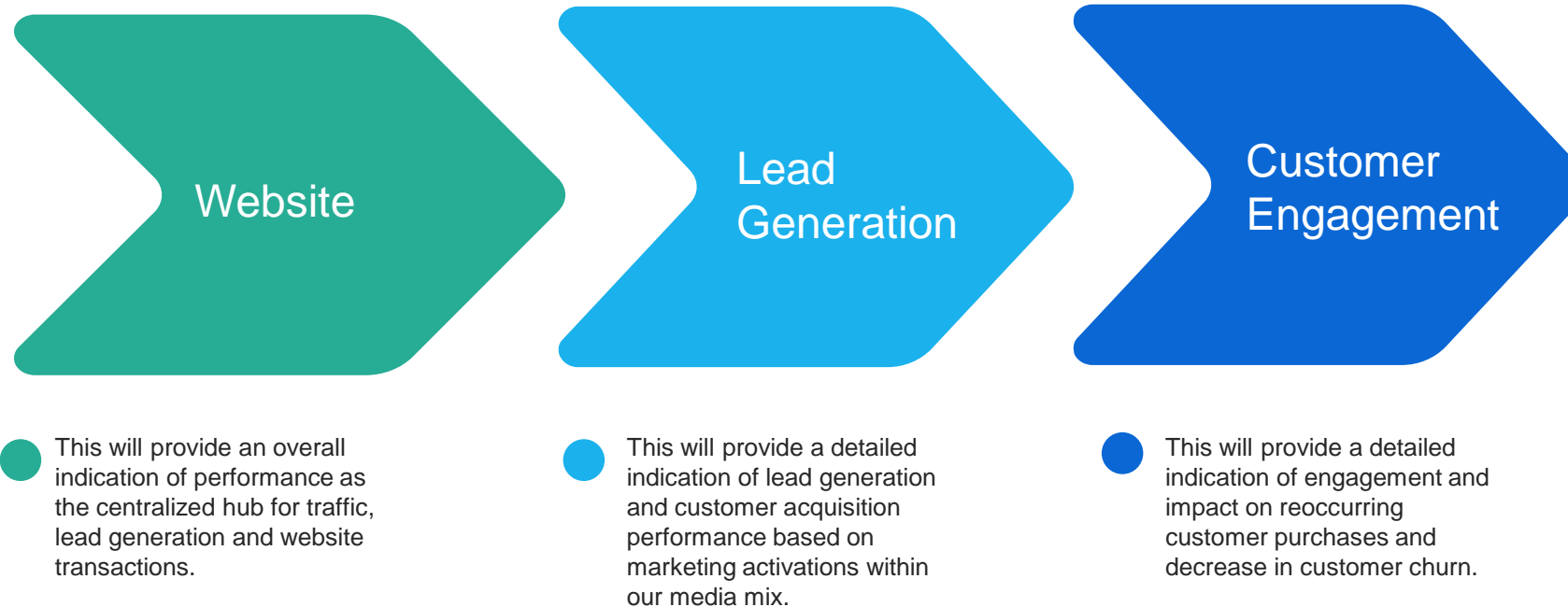


### Management Discussion:

- In addition to the Sales Dashboard, the new Outside Sales Dashboard provides visibility and accountability to the RSMSs' customer touchpoints
- The reporting workflow is streamlined to reduce the manual data aggregation and reporting work for RSMSs and management
- New sales pipeline reports and dashboards have been built into Salesforce

# Overview

A LOOK AT KPI'S FOR THE FOLLOWING MARKETING INITIATIVES THAT HAVE THE BIGGEST IMPACT ON THE BUSINESS



# Marketing Dashboard

A LOOK AT KPI'S FOR THE FOLLOWING MARKETING INITIATIVES

KPI		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	FY2019
<b>Website Performance</b>														
Total Visitors	PY	12,767	11,645	12,418	12,118	13,021	13,560	13,040	12,110	11,160	11,867	11,478	10,000	145,184
	Fcst/Act	10,553												10,553
New Users	PY	11,863	10,645	11,380	11,150	12,031	12,691	12,190	11,159	10,249	10,902	10,696	5,869	130,825
	Fcst/Act	9,549												9,549
Pages Visited Per Session	PY	3.73	3.66	3.87	3.76	3.79	3.37	3.63	3.77	3.76	3.98	3.37	3.98	3.72
	Fcst/Act	4												#DIV/0!
Average Session Duraco	PY	113.00	124.00	113.00	108.00	111.00	100.00	105.00	110.00	116.00	123.00	100.00	132.00	112.91
	Fcst/Act	120												#DIV/0!
Bounce Rate	PY	51.36%	47.06%	47.76%	47.54%	44.81%	49.78%	47.38%	45.58%	51.37%	49.38%	54.56%	49.39%	49%
	Fcst/Act	51.40%												51%
Abandoned Cart Rate	PY													0%
	Fcst/Act	72.44%												72%
<b>Lead Generation</b>														
CTR (Impressions/Clicks)	PY													
	Plan													
	Fcst/Act	\$4.31												
Total Leads	PY	154	117	155	218	289	198	57	28	32	75	59	90	1,472
	Plan	162	123	163	229	303	208	60	29	34	79	62	95	1,546
	Fcst/Act	119	123	163	229	303	208	60	29	34	79	62	95	1,503
Total Prospects	Avg.	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
	Plan	7.14	7.38	9.765	13.734	18.207	12.474	3.591	1.764	2.016	4.725	3.717	5.67	90
	Fcst/Act													
Total New Customers Acquired	PY													
	Plan													
	Fcst/Act													
Return on Ad Spend (ADWORDS ONLY)	PY													\$0
	Plan													\$0
	Fcst/Act	-37%												\$0
<b>Customer Engagement</b>														
<b>Marketing</b>														
Customers Emailed (Churn)	PY													
	Plan													
	Fcst/Act													
Customers Emailed (Non-Churn)	PY													
	Plan													
	Fcst/Act													
<b>Inside Sales</b>														
1K - 50K Customer Actions (Churn)	PY													
	Plan													
	Fcst/Act													
1K - 50K Customer Actions (Non-Churn)	PY													
	Plan													
	Fcst/Act													

# Commercial and Sales

# Commercial Bowling Chart by Industry Segment

PRIORITY	YTD ACT		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	FY2019
<b>GROWTH</b>															
Point of Purchase	\$2,072	PY	\$2,072	\$1,958	\$2,093	\$2,653	\$2,092	\$1,924	\$2,287	\$2,005	\$2,169	\$2,919	\$1,992	\$1,720	\$25,883
	\$1,926	Plan	\$1,926	\$1,930	\$2,121	\$2,622	\$2,038	\$2,094	\$2,306	\$2,136	\$2,324	\$2,988	\$2,031	\$1,911	\$26,426
	\$2,100	Fcst/Act	\$2,100	\$1,930	\$2,121	\$2,622	\$2,038	\$2,094	\$2,306	\$2,136	\$2,324	\$2,988	\$2,031	\$1,911	\$26,600
Transit Packaging	\$37	PY	\$37	\$23	\$36	\$44	\$60	\$45	\$37	\$106	\$114	\$126	\$74	\$46	\$749
	\$91	Plan	\$91	\$81	\$93	\$96	\$95	\$111	\$94	\$82	\$105	\$93	\$99	\$111	\$1,152
	\$179	Fcst/Act	\$179	\$81	\$93	\$96	\$95	\$111	\$94	\$82	\$105	\$93	\$99	\$111	\$1,240
White Goods	\$419	PY	\$419	\$352	\$303	\$467	\$348	\$491	\$470	\$384	\$382	\$416	\$370	\$277	\$4,680
	\$378	Plan	\$378	\$349	\$354	\$518	\$425	\$494	\$495	\$415	\$392	\$497	\$404	\$439	\$5,161
	\$370	Fcst/Act	\$370	\$349	\$354	\$518	\$425	\$494	\$495	\$415	\$392	\$497	\$404	\$439	\$5,153
Industrials	\$432	PY	\$432	\$431	\$482	\$566	\$414	\$449	\$554	\$427	\$408	\$477	\$303	\$328	\$5,271
	\$479	Plan	\$479	\$490	\$456	\$510	\$416	\$456	\$514	\$474	\$433	\$514	\$400	\$438	\$5,582
	\$369	Fcst/Act	\$369	\$490	\$456	\$510	\$416	\$456	\$514	\$474	\$433	\$514	\$400	\$438	\$5,471
Distributors	\$135	PY	\$135	\$165	\$121	\$270	\$165	\$137	\$230	\$159	\$181	\$194	\$105	\$108	\$1,969
	\$114	Plan	\$114	\$149	\$114	\$267	\$160	\$123	\$109	\$212	\$137	\$222	\$146	\$134	\$1,886
	\$208	Fcst/Act	\$208	\$149	\$114	\$267	\$160	\$123	\$109	\$212	\$137	\$222	\$146	\$134	\$1,980
Wall Hangings	\$110	PY	\$110	\$35	\$84	\$27	\$2	\$11	\$24	\$73	\$67	\$147	\$137	\$154	\$873
	\$89	Plan	\$89	\$57	\$46	\$100	\$25	\$30	\$35	\$95	\$77	\$141	\$163	\$66	\$923
	\$41	Fcst/Act	\$41	\$57	\$46	\$100	\$25	\$30	\$35	\$95	\$77	\$141	\$163	\$66	\$876
Other	\$117	PY	\$117	\$105	\$121	\$96	\$95	\$139	\$110	\$160	\$95	\$145	\$119	\$93	\$1,394
	\$128	Plan	\$128	\$110	\$112	\$121	\$80	\$110	\$153	\$128	\$107	\$137	\$153	\$144	\$1,484
	\$127	Fcst/Act	\$127	\$110	\$112	\$121	\$80	\$110	\$153	\$128	\$107	\$137	\$153	\$144	\$1,483
Unknown	\$76	PY	\$76	\$61	\$69	\$86	\$50	\$65	\$71	\$71	\$50	\$86	\$58	\$76	\$818
	\$85	Plan	\$85	\$65	\$78	\$99	\$60	\$78	\$77	\$72	\$60	\$61	\$65	\$59	\$859
	\$55	Fcst/Act	\$55	\$65	\$78	\$99	\$60	\$78	\$77	\$72	\$60	\$61	\$65	\$59	\$830

# Commercial Bowling Chart by Region

PRIORITY	YTD ACT		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	FY2019
<b>GROWTH</b>															
Northeast	\$442	PY	\$442	\$328	\$364	\$566	\$418	\$357	\$479	\$276	\$337	\$358	\$296	\$260	\$4,483
	\$436	Plan	\$436	\$329	\$382	\$492	\$398	\$372	\$431	\$308	\$354	\$352	\$336	\$295	\$4,485
	\$324	Fcst/Act	\$324	\$329	\$382	\$492	\$398	\$372	\$431	\$308	\$354	\$352	\$336	\$295	\$4,373
Southeast	\$390	PY	\$390	\$374	\$409	\$503	\$389	\$298	\$414	\$425	\$383	\$518	\$403	\$255	\$4,761
	\$385	Plan	\$385	\$389	\$416	\$507	\$404	\$317	\$398	\$515	\$424	\$513	\$385	\$263	\$4,916
	\$350	Fcst/Act	\$350	\$389	\$416	\$507	\$404	\$317	\$398	\$515	\$424	\$513	\$385	\$263	\$4,881
East Central	\$564	PY	\$564	\$469	\$542	\$691	\$540	\$588	\$570	\$580	\$530	\$718	\$489	\$468	\$6,751
	\$553	Plan	\$553	\$502	\$572	\$707	\$539	\$602	\$637	\$546	\$539	\$724	\$523	\$594	\$7,039
	\$670	Fcst/Act	\$670	\$502	\$572	\$707	\$539	\$602	\$637	\$546	\$539	\$724	\$523	\$594	\$7,156
Central	\$772	PY	\$772	\$830	\$804	\$1,003	\$893	\$848	\$879	\$914	\$948	\$1,292	\$821	\$974	\$10,978
	\$804	Plan	\$804	\$858	\$869	\$1,167	\$868	\$963	\$955	\$887	\$993	\$1,295	\$830	\$871	\$11,359
	\$908	Fcst/Act	\$908	\$858	\$869	\$1,167	\$868	\$963	\$955	\$887	\$993	\$1,295	\$830	\$871	\$11,462
Southwest	\$209	PY	\$209	\$252	\$268	\$254	\$149	\$183	\$232	\$252	\$265	\$299	\$202	\$191	\$2,756
	\$207	Plan	\$207	\$243	\$233	\$258	\$173	\$220	\$259	\$250	\$278	\$297	\$214	\$207	\$2,837
	\$191	Fcst/Act	\$191	\$243	\$233	\$258	\$173	\$220	\$259	\$250	\$278	\$297	\$214	\$207	\$2,821
West	\$348	PY	\$348	\$243	\$276	\$339	\$259	\$278	\$338	\$255	\$331	\$479	\$305	\$241	\$3,693
	\$262	Plan	\$262	\$255	\$272	\$294	\$285	\$285	\$337	\$333	\$381	\$460	\$385	\$330	\$3,878
	\$332	Fcst/Act	\$332	\$255	\$272	\$294	\$285	\$285	\$337	\$333	\$381	\$460	\$385	\$330	\$3,948
Canada	\$63	PY	\$63	\$96	\$104	\$85	\$48	\$69	\$89	\$59	\$53	\$109	\$37	\$26	\$838
	\$70	Plan	\$70	\$103	\$120	\$96	\$61	\$86	\$96	\$72	\$67	\$126	\$58	\$45	\$999
	\$83	Fcst/Act	\$83	\$103	\$120	\$96	\$61	\$86	\$96	\$72	\$67	\$126	\$58	\$45	\$1,012
Mexico	\$19	PY	\$19	\$24	\$24	\$22	\$52	\$28	\$31	\$19	\$22	\$20	\$15	\$19	\$295
	\$27	Plan	\$27	\$21	\$22	\$25	\$34	\$28	\$37	\$28	\$23	\$24	\$20	\$19	\$306
	\$23	Fcst/Act	\$23	\$21	\$22	\$25	\$34	\$28	\$37	\$28	\$23	\$24	\$20	\$19	\$302
Appliance - WP, Tiers & RV	\$406	PY	\$406	\$338	\$293	\$452	\$322	\$478	\$455	\$364	\$368	\$397	\$358	\$264	\$4,495
	\$359	Plan	\$359	\$334	\$331	\$426	\$352	\$421	\$403	\$341	\$319	\$405	\$331	\$366	\$4,387
	\$356	Fcst/Act	\$356	\$334	\$331	\$426	\$352	\$421	\$403	\$341	\$319	\$405	\$331	\$366	\$4,383
Appliance - GE	\$13	PY	\$13	\$14	\$10	\$14	\$26	\$13	\$15	\$20	\$14	\$19	\$12	\$13	\$185
	\$19	Plan	\$19	\$15	\$23	\$92	\$74	\$74	\$92	\$74	\$74	\$92	\$74	\$74	\$774
	\$15	Fcst/Act	\$15	\$15	\$23	\$92	\$74	\$74	\$92	\$74	\$74	\$92	\$74	\$74	\$770
House / International	\$149	PY	\$149	\$142	\$199	\$251	\$115	\$95	\$232	\$173	\$192	\$278	\$205	\$76	\$2,109
	\$139	Plan	\$139	\$163	\$119	\$241	\$100	\$87	\$95	\$219	\$161	\$344	\$285	\$195	\$2,147
	\$179	Fcst/Act	\$179	\$163	\$119	\$241	\$100	\$87	\$95	\$219	\$161	\$344	\$285	\$195	\$2,187
Teachers Tape	\$21	PY	\$21	\$22	\$17	\$27	\$13	\$24	\$47	\$48	\$20	\$24	\$13	\$14	\$292
	\$28	Plan	\$28	\$19	\$16	\$28	\$11	\$19	\$45	\$41	\$25	\$22	\$22	\$19	\$296
	\$21	Fcst/Act	\$21	\$19	\$16	\$28	\$11	\$19	\$45	\$41	\$25	\$22	\$22	\$19	\$288

# Top Customers by MTD and YTD Sales and GVA

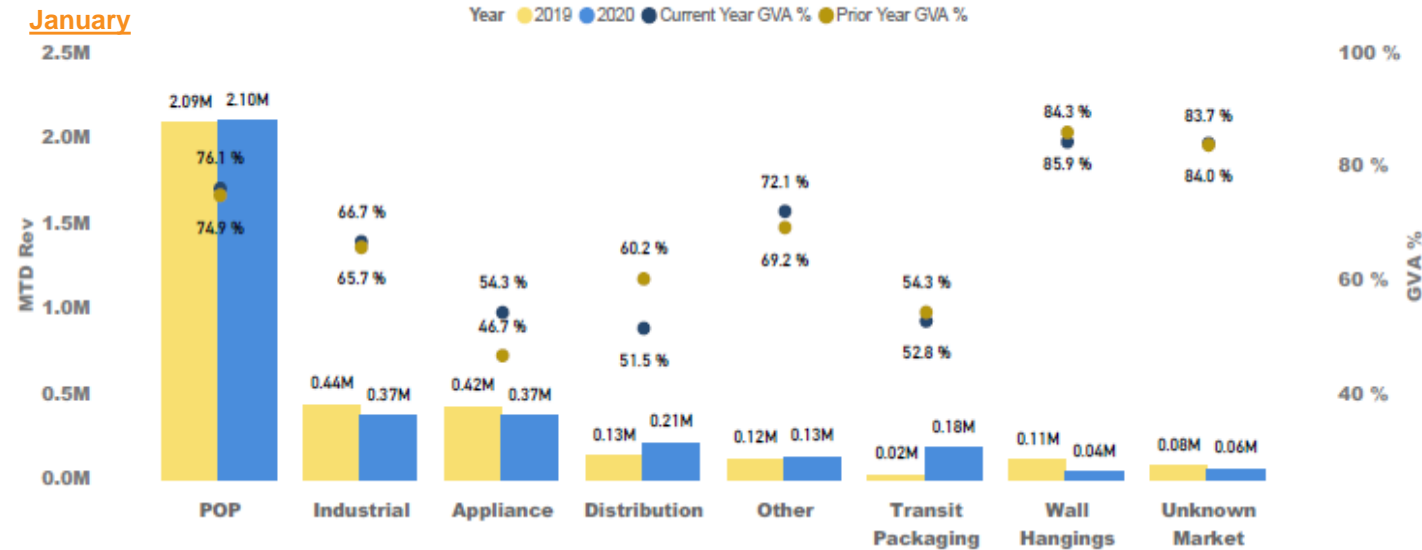
Parent Name (Industry)	Current Month Adj Net Sales	PY Month Adj Net Sales	MoM Change Adj Net Sales %	Current Month GVA %	PY Month GVA %	C A
Whirlpool (Appliance)	197,188	241,175	-18 %	47 %	34 %	
Essentra (Distribution)	132,451	87,178	52 %	48 %	55 %	
WestRock (POP)	90,113	98,153	-8 %	73 %	72 %	
Ampac (Transit Packaging)	103,982	21,793	377 %	56 %	54 %	
Siffron (POP)	129,575	59,227	119 %	75 %	64 %	
Circle Graphics (POP)	108,561	8,218	1221 %	75 %	72 %	
Menasha (POP)	87,379	103,988	-16 %	75 %	73 %	
RR Donnelley (POP)	62,289	48,599	28 %	75 %	72 %	
Imagine Print Solutions (POP)	73,326	90,619	-19 %	81 %	78 %	
La France Corporation (Appliance)	65,752	34,520	90 %	71 %	71 %	
TMS TECHNICAL MACHINERY SOLUTIONS (Transit Packaging)	65,103		Infinity	44 %		
Hennessy Industries - Bada (Other)	63,672	54,515	17 %	62 %	61 %	
Green Bay Packaging (POP)	16,783		Infinity	83 %		
Freeman (POP)	47,601	48,599	-2 %	62 %	72 %	
Stumps Shindigz (POP)	31,386	8,493	270 %	77 %	72 %	
MPS MULTI PACKAGING SOLUTIONS (POP)	23,654	15,125	56 %	83 %	75 %	
Alliance Laundry Systems LLC (Appliance)	30,834	34,187	-10 %	64 %	64 %	
Donaldson (Industrial)	30,494	22,514	35 %	62 %	59 %	
Flower City Printing Company (POP)	21,530	20,194	7 %	82 %	81 %	
Lauren Plastics LLC (POP)	30,324	1,295	2242 %	59 %	55 %	
PCA Corporation (POP)	33,665	25,269	33 %	84 %	82 %	
Rapid Display (POP)	24,799	28,156	-12 %	80 %	80 %	
Serigraph Incorporated (POP)	31,801	11,931	167 %	77 %	79 %	
QUAD GRAPHICS NEW BERLIN (POP)	11,290	6,037	87 %	80 %	86 %	
PRESSURE SENSITIVE NETWORK (POP)	17,888	31,430	-43 %	63 %	50 %	
SCHNEIDER ELECTRIC MEXICO S.A. de C.V. (Industrial)	22,702	13,998	62 %	64 %	63 %	
Calumet Carton Company (POP)	21,752	3,953	450 %	25 %	4 %	
Great Northern Corporation (POP)	13,543	15,809	-14 %	86 %	82 %	
ATLANTIC PACKAGING (Distribution)	9,063	19,177	-53 %	72 %	69 %	
Innomark (POP)	19,753	45,541	-57 %	76 %	77 %	
Plastic Products Company Incorporated (Appliance)	22,132	21,335	4 %	47 %	45 %	
Bernard Group (POP)	12,283	14,708	-16 %	79 %	79 %	
Stoughton Trailers Incorporated (Industrial)	13,660	20,983	-35 %	39 %	43 %	
FRAM TRAK (POP)	13,872	15,334	-10 %	55 %	64 %	
CANPLEX PROFILES (POP)	20,914	10,181	105 %	53 %	60 %	
GE Appliances (Appliance)	14,588	13,014	12 %	33 %	39 %	
<b>Total</b>	<b>3,449,996</b>	<b>3,398,115</b>	<b>2 %</b>	<b>70 %</b>	<b>70 %</b>	



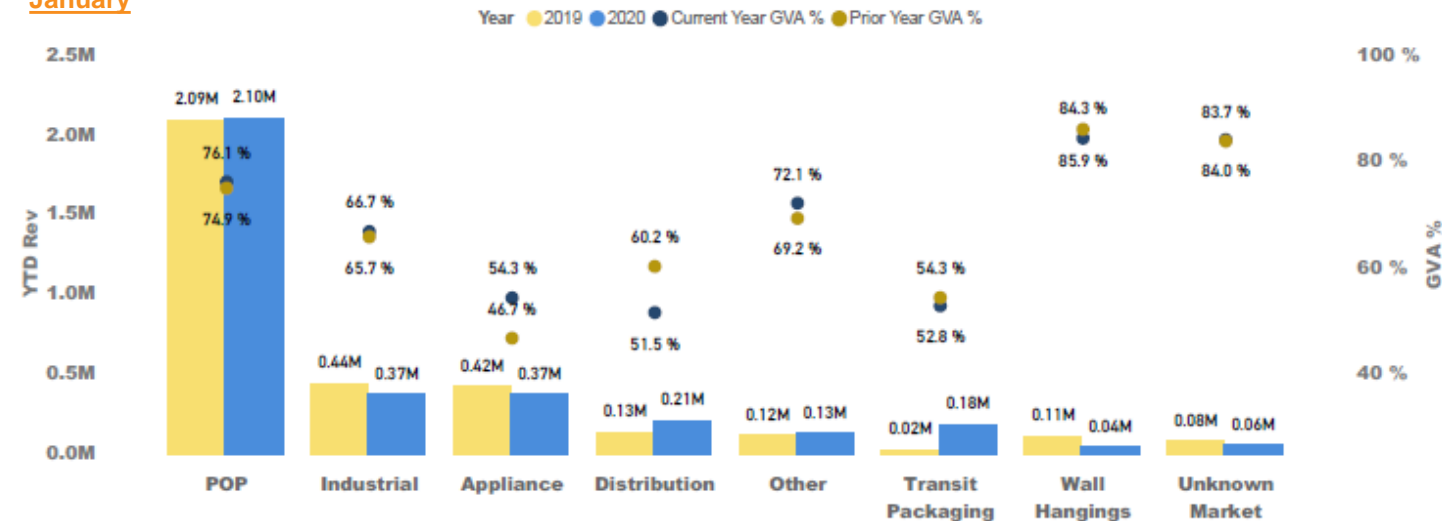
# Revenue by Customer Segment

## NET REVENUE CURRENT YEAR VS PREVIOUS YEAR

January



January



### Management Discussion:

#### POP segment up versus plan and flat to PY

- Top 20 account, 12 up versus PY
- Key growth accounts, Siffron, Circle Graphics, Stumps Shindigz

#### Whirlpool decline continue to effect overall Appliance segment

- Whirlpool finished down 18%, changing our coverage model from Rep to Key Account Manager to drive better coverage and specifications
- GE Appliance placed demand on DHB, expecting sales to begin April

#### Industrial down \$65k versus PY, top accounts flat to PY

- Regional sales model changes will give great support to industrial accounts
- Planning industrial product training session for week of March 9<sup>th</sup>

#### Distribution, both top line and GVA driven by Essentra

- Essentra China – invoice shipments delayed from PY
- Beginning to engage with distributors; HBM, PrismOne, Atlantic Pkging

#### Transit Packaging driven by Ampac and TMS

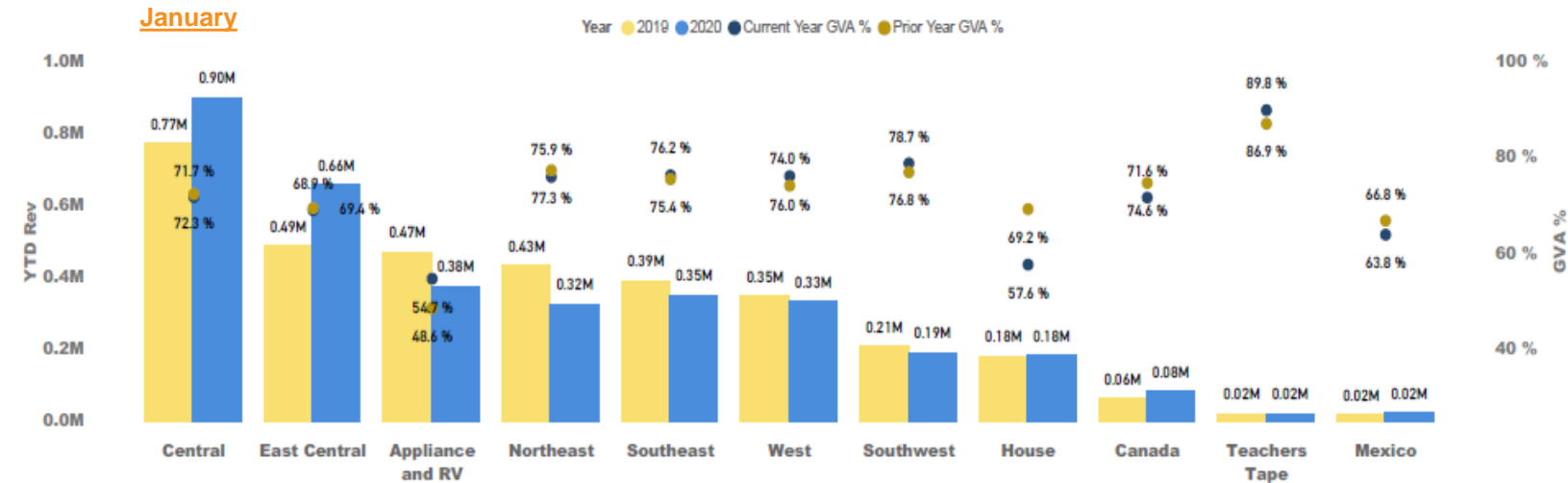
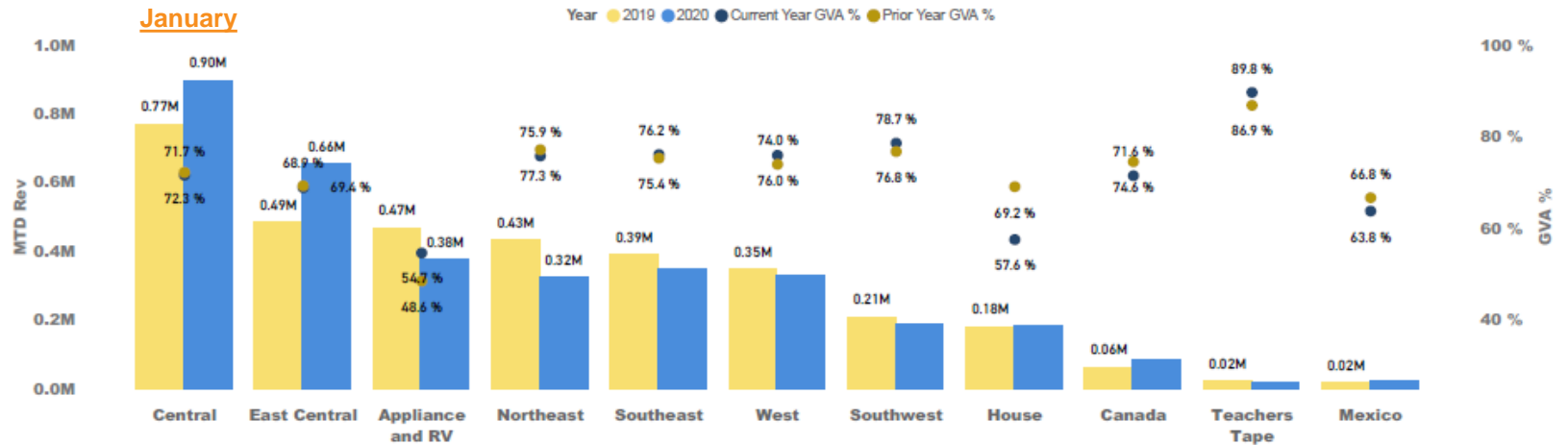
- Building new business with El Paso Paper Box, Pollock Packaging
- Georgia Pacific – open facility in AZ to support Amazon Mailer

#### Wall Hanging off in January, timing of orders from Mixtiles

- February shipment exceeding plan and January miss

# Revenue by Region

NET REVENUE CURRENT YEAR VS PREVIOUS YEAR



## Management Discussion:

### Central up 16% across broad segment growth

- Positive POP & Transit Packaging growth from large accounts; Siffron, TMS, RR Don, Serigraph, Donaldson
- Broad growth in accounts <\$50k, up 17% supported by IS Sales

### East Central up 35%, Transit Packaging driving majority of growth

- Ampac up \$82k vs PY, other large accounts growing; Hennessy Bada, Stumptz, MPS, PCA
- Inside Sales support accounts, <\$50k, up 25%

### Whirlpool, Tiers and RV starting off down 20% versus PY

- WP comment, "January actuals were low and off budget"
- WP recently move 2 parts, and asking us to quote on PSC business
- Focused initiative on the RV/Trailer segment, performed L&L with potential channel partner in Elkhart, IN

### Northeast down 25%, Large accounts down 22%, <\$50k down 27%

- Large accounts down due to timing of project orders in 2019
- Increasing call activity with small / medium accounts; new prospects

### West down 4.5%, or \$16k and key accounts down

- Circle Graphic business continues to grow and recently asked to support new project with removable adhesive
- PlanetArt down \$33k with timing of orders
- Georgia Pacific working on project to support Amazon mailer

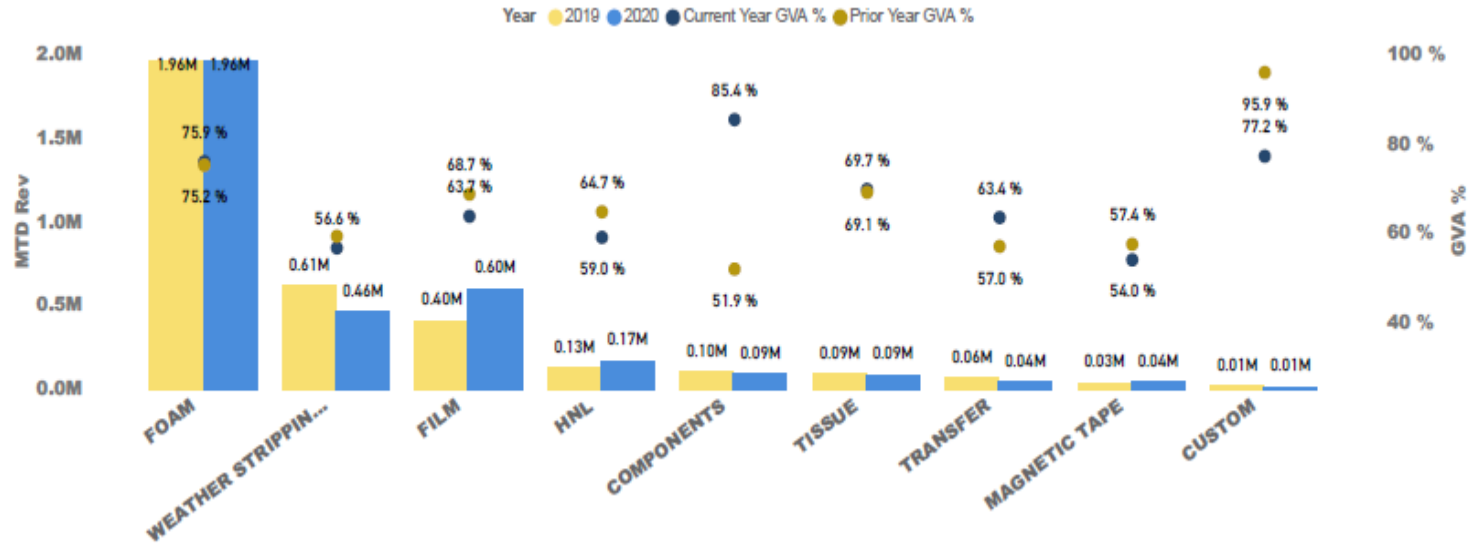
### Southwest down 8.3%, need to growth the number of new accounts

- Nick Darling, new RSM, started in territory February 10<sup>th</sup>
- Top accounts all buying greater wallet share from Duraco, timing of projects and new opportunities

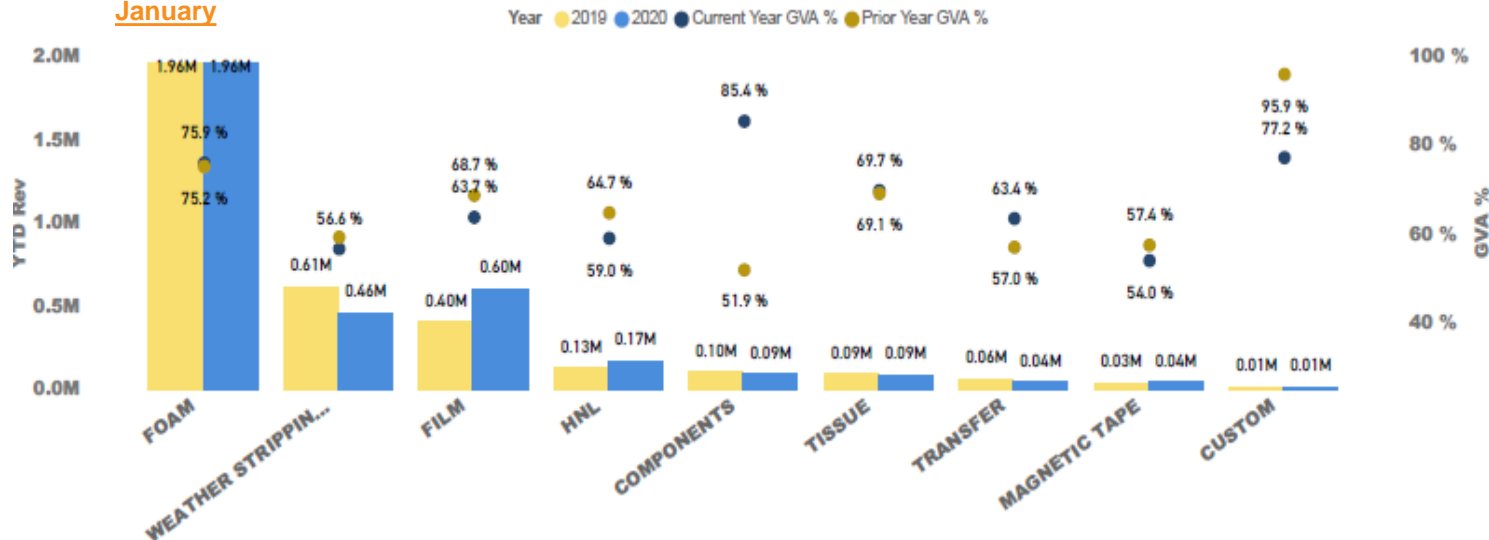
# Revenue by Product Category

NET REVENUE CURRENT YEAR VS PREVIOUS YEAR

January



January



## Management Discussion:

**Film saw the largest increase of all product lines with \$195k growth, MoM. This was led by:**

- TMS Technical Machinery Solutions – Up \$65k
  - This is based on distribution of Tear Tape, from Essentra Packaging
    - This particular film product is being developed as an additional part of the Transit Packaging strategy
- Ampac – Up \$82k
  - 4481 – Developed in 2019 as part of the packaging industry initiative and expected to match last years sales by end of Q1

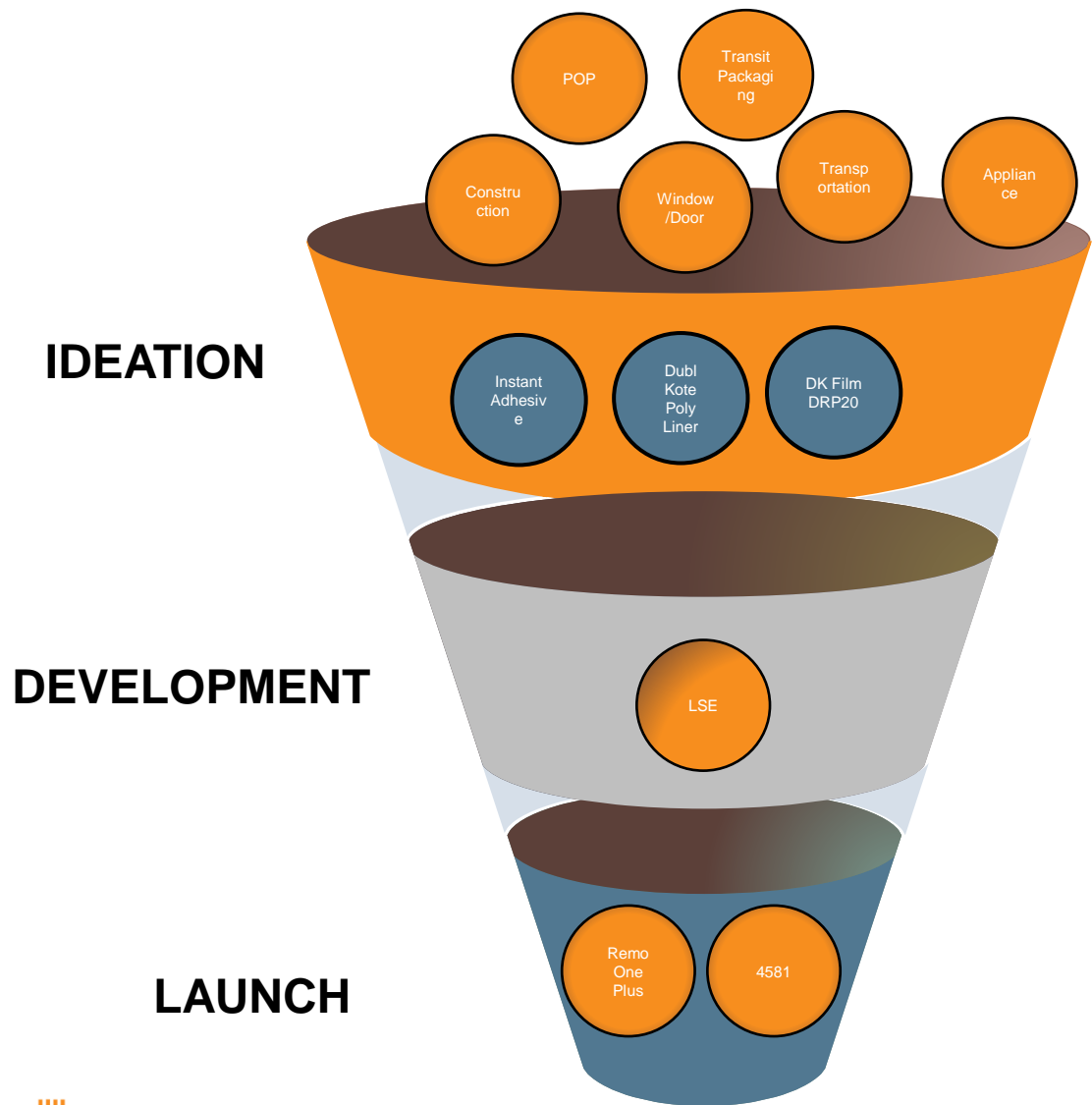
**The Foam line did do a bit better than break even. Growth came from:**

- Remo Two – Up \$80k
  - Siffron – Up \$99k
  - Part of the Removable product family that has seen an overall increase and we are focusing an upcoming marketing campaign around
- Thick Twin Stick – Up \$28k
  - Led partly by Instachange Displays Ltd (Up \$8k)
    - Part of the increased attention being put on the distribution network and Canadian market
- Duraco High Bond
  - Led by longtime customer, La France (Up \$31k)
  - Growth will also continue with new business won at GE and increased emphasis put around technical aspects of product line and not just replacing 3M VHB

**Weather Stripping & Gasket still seeing decrease, being down \$154k, MoM. This is being led by:**

- Whirlpool Family – Down \$69k
- Polyethylene product – Down \$86k
- This line will receive increased focus with development of Truck/Truck Trailer and Appliance industries as Beckway program concludes

# Product Development



REMOVED

Printing

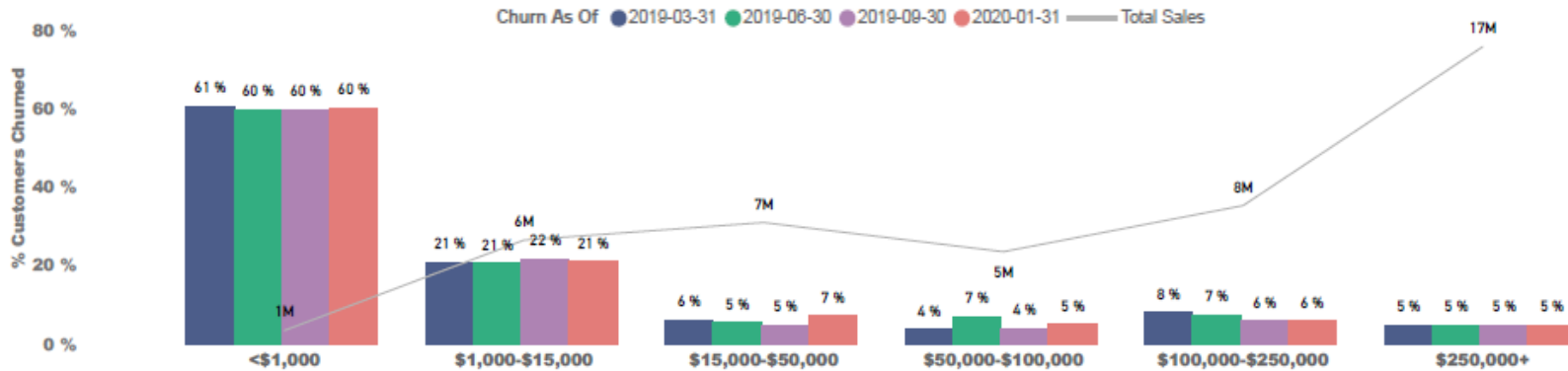
HVAC

MARKETS	POTENTIAL NEW PRODUCTS	EXPECTED REVENUE	LAUNCH
Transit Packaging	Tamper Proof Tape	TBD	TBD
Appliance	Aluminum Foil Tape, EPDM, Fiberglass, various	TBD	TBD
<del>HVAC</del>	<del>Aluminum Foil Tape, Butyl Tape</del>	<del>TBD</del>	<del>TBD</del>
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
<del>Printing</del>	<del>Banner Tape, Wide Format</del>	<del>TBD</del>	<del>TBD</del>
PRODUCTS	DESCRIPTION	MARKETS / USAGE	
Instant Adhesives	Cyanoacrylate adhesive that is bottled – similar to Krazy Glue or Loctite.	POP industry – For assembly of plastic parts where a tape is not practical.	
Dubl Kote Poly Liner	Our standard Dubl Kote product line, provided with a Polypropylene or Polyethylene liner.	POP / Window – Replacing our paper protective liner with a plastic film that allows for easier release, without tearing.	
DK Film DRP20 – 4.5 mils thick	DK Film with a hi-tack acrylic adhesive.	Industrial – Competing against 3M 200 and 300 adhesives.	

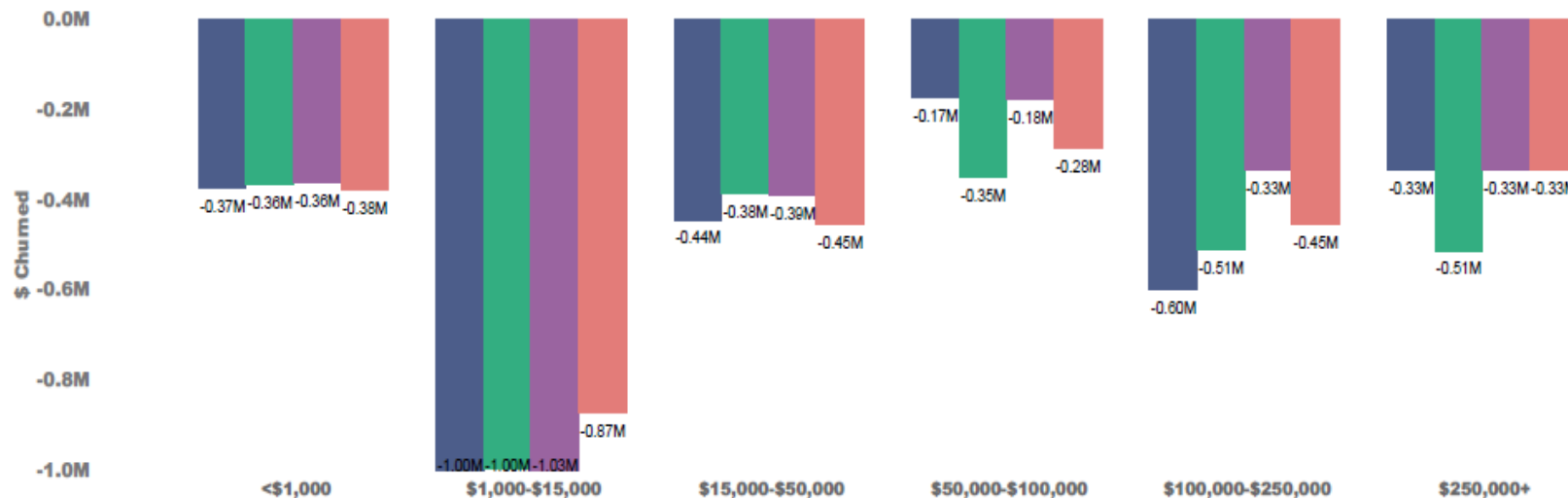
# Customer Churn

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

## % of Customers Churned



## \$ Churned



## Management Discussion:

### Strategic initiative, working to improve churn rate for <\$50k accounts

- Duraco to improve our online ordering process with a new website
- Marketing building reengagement campaign to incent customers back to Duraco, through combination of digital and direct mail campaigns
- Inside Sales to directly engage with Churn accounts (307) and build program to win back business
- Outside sales to support Inside Sales when larger opportunities are identified, or to win back customers
- Tracking month activities (Bowler)

### 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
- Undercover – Foam tape business lost to competitor

Customers \$50k - \$100k (4 accounts)

- MD Building Products requires a sales call
- Summit Manufacturing has RSM actively involved
- Halstead (second location) low demand for decorative wall planks
- Wilbert Plastics ended business with Whirlpool

Customers \$15k - \$50k (18 accounts)

- All churn customers \$1-50k are sent to inside sales for immediate action

Customers \$1k - \$15k (289 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 (2823 accounts)

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

# Marketing Communications Matrix

## OVERVIEW OF MARKETING ACTIVATIONS

- The chart to the right represents the framework for lead generation and new customer acquisition on a monthly/quarterly basis
- This is our Integrated marketing communications calendar to promote our products and brand which includes product focus, messaging and the marketing activations deployed each month through a variety of media outlets

Vertical	Product Focus	Product Messaging	Media Mix	
			February	March
POP	<ul style="list-style-type: none"> <li>4581 Removable Products</li> </ul>	<ul style="list-style-type: none"> <li>Product Messaging: Tape that doesn't leave a trace when it comes to your display or exhibit</li> <li>Tagline: Reliable, Resourceful, Removable.</li> </ul>	<ul style="list-style-type: none"> <li>Direct Mail Ad</li> <li>Shop! (Print ad, Sponsored Webinar. In-Email Ad)</li> <li>Google AdWords</li> <li>Social Media (Facebook, Instagram, LinkedIn)</li> <li>Facebook Sponsored Ad</li> <li>LinkedIn Sponsored Ad</li> <li>Creative Magazine</li> <li>Infogroup Display Programmatic</li> <li>Infogroup Email Blast</li> </ul>	<ul style="list-style-type: none"> <li>Direct Mail Ad</li> <li>Shop! (Print ad, Sponsored Webinar. In-Email Ad)</li> <li>Google AdWords</li> <li>Social Media (Facebook, Instagram, LinkedIn)</li> <li>Facebook Sponsored Ad</li> <li>LinkedIn Sponsored Ad</li> </ul>
Print	<ul style="list-style-type: none"> <li>4581 Fingerlift Removable Products</li> </ul>	<ul style="list-style-type: none"> <li>Product Messaging: use our tape to hold up your signage, reliability</li> <li>Tagline: Strength Reengineered</li> </ul>	<ul style="list-style-type: none"> <li>Direct Mail Ad</li> <li>Shop! (Print ad, Sponsored Webinar. In-Email Ad)</li> <li>Google AdWords</li> <li>Social Media (Facebook, Instagram, LinkedIn)</li> <li>Facebook Sponsored Ad</li> <li>LinkedIn Sponsored Ad</li> <li>Printing Impressions</li> </ul>	<ul style="list-style-type: none"> <li>Direct Mail Ad</li> <li>Shop! (Print ad, Sponsored Webinar. In-Email Ad)</li> <li>Google AdWords</li> <li>Social Media (Facebook, Instagram, LinkedIn)</li> <li>Facebook Sponsored Ad</li> <li>LinkedIn Sponsored Ad</li> <li>Printing Impressions</li> </ul>
Transit Packaging	<ul style="list-style-type: none"> <li>4581 Dry Edge</li> </ul>	<ul style="list-style-type: none"> <li>Product Messaging: Strength, Optimization, Seal Reliability</li> <li>Tagline: Strength Reengineered</li> </ul>	<ul style="list-style-type: none"> <li>Google AdWords</li> <li>Social Media (Facebook, Instagram, LinkedIn)</li> <li>AICC Boxscore (Digital banners, In-email ad)</li> <li>Facebook Sponsored Ad</li> <li>LinkedIn Sponsored Ad</li> <li>Live Intent (In-Email Ad)</li> <li>Packaging Impressions</li> </ul>	<ul style="list-style-type: none"> <li>Google AdWords</li> <li>Social Media (Facebook, Instagram, LinkedIn)</li> <li>AICC Boxscore (Digital banners, In-email ad)</li> <li>Facebook Sponsored Ad</li> <li>LinkedIn Sponsored Ad</li> <li>Live Intent (In-Email Ad)</li> <li>Packaging Impressions</li> </ul>
Industrial	<ul style="list-style-type: none"> <li>Duraco High Bond</li> </ul>	<ul style="list-style-type: none"> <li>Product Messaging: Replacing screws, fasteners with DHB.</li> <li>Tagline: Many Applications. One Solutions</li> </ul>	<ul style="list-style-type: none"> <li>Google AdWords</li> <li>Social Media (Facebook, Instagram, LinkedIn)</li> <li>LinkedIn Sponsored Ad</li> <li>Facebook Sponsored Ad</li> </ul>	<ul style="list-style-type: none"> <li>Google AdWords</li> <li>Social Media (Facebook, Instagram, LinkedIn)</li> <li>LinkedIn Sponsored Ad</li> <li>Facebook Sponsored Ad</li> </ul>
Exhibit	<ul style="list-style-type: none"> <li>Remo One, Remo Two, Remo One Plus, Twin Stick, DHB, Hook and Loop</li> </ul>	<ul style="list-style-type: none"> <li>Product Messaging: User our tapes to secure your display or booth whether it's temporary or permanent</li> <li>Tagline: Secure Your Exhibit Environment</li> </ul>	<ul style="list-style-type: none"> <li>Social Media (Facebook, Instagram, LinkedIn)</li> <li>Google AdWords</li> <li>Facebook Sponsored Ad</li> <li>LinkedIn Sponsored Ad</li> </ul>	<ul style="list-style-type: none"> <li>Social Media (Facebook, Instagram, LinkedIn)</li> <li>Google AdWords</li> <li>Facebook Sponsored Ad</li> <li>LinkedIn Sponsored Ad</li> </ul>

# Operations and Manufacturing



# Operations Dashboard

Forest Park

	PRIORITY	UOM		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	FY	Comments
Safety	Total Recordable Incident Rate (TRIR Rolling 12M)	#	PY	0	0	0	0	0	0	0	0.83	1.66	1.66	1.66	2.8	2.8	Went 11 months in 2018, this would challenge us to be at 23 months straight
			Plan	2.3	2.3	2.3	2.3	2.3	2.3	2.3	1.66	0.83	0.83	0.83	0.83	0.83	
			Actual	2.3	0	0	0	2.3	0	0	0	0	0	0	0	0	
	DART Score	#	PY	0	0	0	0	0	0	0	0	0	0	0	0	0	
			Plan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	
			Actual	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Step Completion %	%	PY	81%	80%	94%	96%	93%	94%	93%	93%	92%	93%	92%	94%	91%	2018 actuals 89%, 2019 91% actual ,
			Plan	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	
			Actual	93%												93%	
	Landfill Diversion %	%	PY	53%	80%	45%	46%	33%	51%	54%	43%	38%	36%	27%	67%	48%	Avg. 26% for 2018- 2017 Goal was at 15%, 2019 Avg. 48%-Push goal of 50%
			Plan	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	
			Actual	37%												37%	
Quality	Customer EQDs	#	Reference														144 Complaints in 2019
			Actual	23												23	
	Percentage of EQDs/Lines shipped	#	PY	0.28%	0.22%	0.31%	0.30%	0.18%	0.28%	0.25%	0.28%	0.47%	0.43%	0.30%	0.40%	0.31%	2016 avg: 0.79%, 2017 avg: 0.53, 2018 avg: 0.26%, 2019 0.31%
			Plan	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	
			Actual	0.63%													
	Cost of Poor Quality (COPQ)	\$	PY	\$40.82	\$51.77	\$42.99	\$46.85	\$35.23	\$33.49	\$47.88	\$36.13	\$48.33	\$44.43	\$35.43	\$32.02	\$495.37	\$470.6, represents 5% reduction from 2019
			Plan	\$38.77	\$49.18	\$40.84	\$44.51	\$33.47	\$31.82	\$45.49	\$34.33	\$45.91	\$42.21	\$33.66	\$30.42	\$470.60	
			Actual	\$26.13	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	26.125	
	Rework	\$	Plan	\$9,317.00	\$7,454.00	\$7,454.00	\$9,317.00	\$7,454.00	\$7,454.00	\$9,317.00	\$7,454.00	\$7,454.00	\$9,317.00	\$7,454.00	\$7,454.00	\$96,900.00	2019= \$102K, 2020 5% reduction
			Actual	\$2,852												0	
	Material Scrap	\$	Plan	\$19,423.95	\$14,762.05	\$14,762.05	\$19,423.95	\$14,762.05	\$14,762.05	\$19,423.95	\$14,762.05	\$14,762.05	\$19,423.95	\$14,762.05	\$14,762.05	\$195,792.20	2019= \$202K
			Actual	\$9,362.00												9362	
	Other Credits	\$	Plan	\$580.0	\$464.0	\$464.0	\$580.0	\$464.0	\$464.0	\$580.0	\$464.0	\$464.0	\$580.0	\$464.0	\$464.0	\$6,032.00	2019= Other equaled 6032, Reduced by 5% 2020
			Actual	\$127.0												\$127.00	
	CS Credits Issued(CSR)	\$	Plan	\$7,078.5	\$5,662.0	\$5,662.0	\$7,078.5	\$5,662.0	\$5,662.0	\$7,078.5	\$5,662.0	\$5,662.0	\$7,078.5	\$5,662.0	\$5,662.0	\$73,609.80	2019= equaled \$77,492, Reduced by 5%
			Actual	\$3,468.0												\$0.00	
	QC Return Credits Issued(Quality)	\$	Plan	\$15,089.8	\$12,071.7	\$12,071.7	\$15,089.8	\$12,071.7	\$12,071.7	\$15,089.8	\$12,071.7	\$12,071.7	\$15,089.8	\$12,071.7	\$12,071.7	\$156,932.40	2019= r equaled \$165,192, Reduced by 5%
			Actual	\$10,316.00												\$0.00	



# Operations Dashboard Cont.

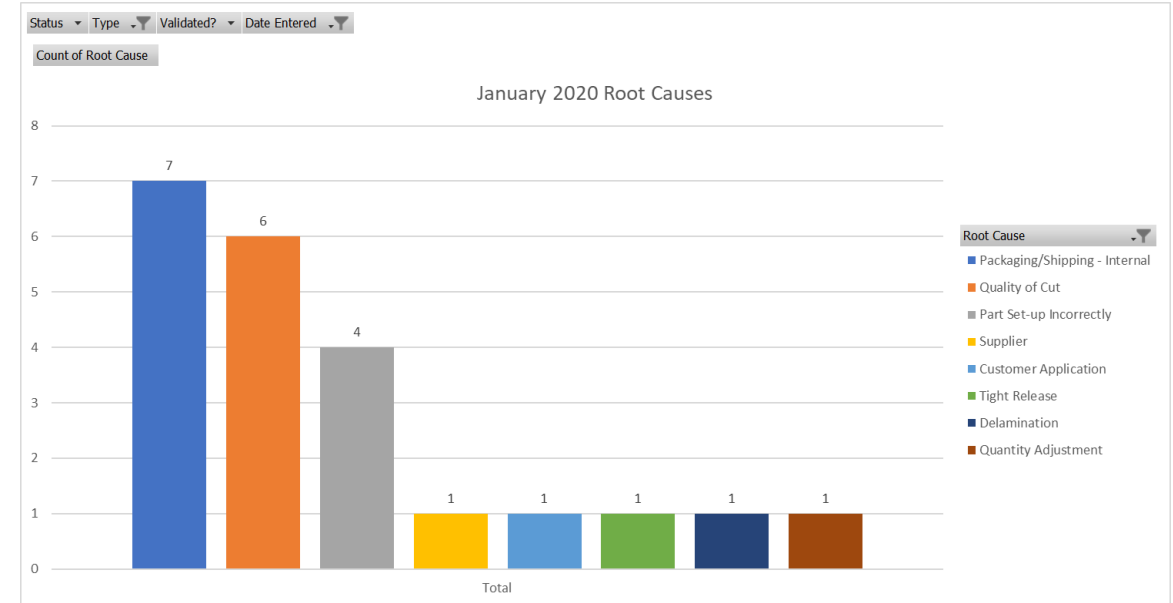
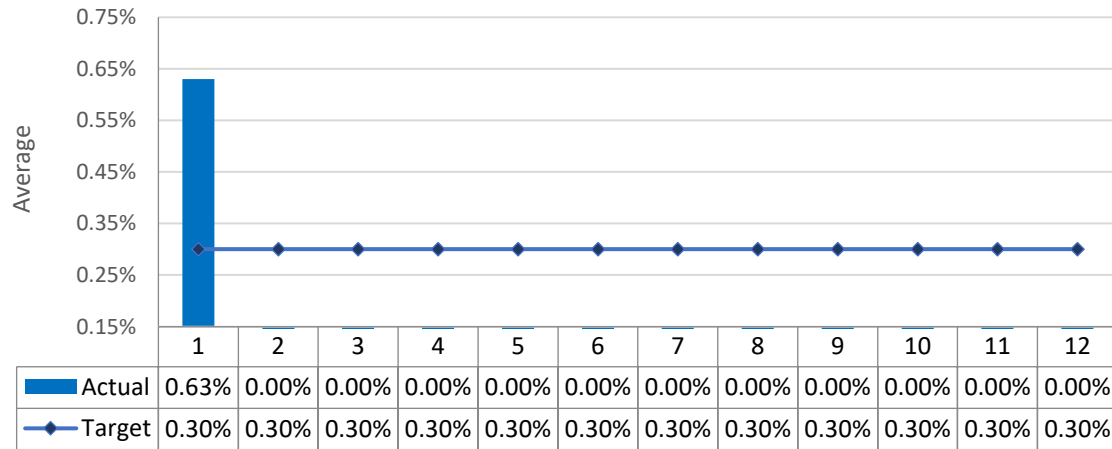
	PRIORITY	UOM		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	FY	Comments
Delivery	Shipments Specialty Tapes (Consolidated)	\$	PY	\$3,320	\$3,081	\$3,255	\$4,065	\$3,154	\$3,218	\$3,710	\$3,460	\$3,503	\$4,961	\$3,119	\$2,897	\$41,743	Based on Plan
			Plan	\$3,290	\$3,222	\$3,365	\$4,321	\$3,289	\$3,487	\$3,774	\$3,605	\$3,627	\$4,643	\$3,452	\$3,293	\$43,368	
			Actual	\$3,387												\$3,387	
	Production Efficiency	%	PY	87.0%	89.9%	89.8%	90.6%	91.1%	89.6%	89.2%	89.0%	90.0%	92.0%	91.2%	87.3%	89.7%	2017=86%, 2018=90%
			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%	91.0%	
			Actual	90.2%													
	OTDIF	%	PY	98.8%	98.8%	99.0%	98.5%	98.8%	98.2%	95.3%	98.3%	97.6%	98.7%	98.1%	98.3%	98.2%	2018 98% actual plan of 96% 2019 98.2 actual to a 98% plan
			Plan	98.2%	98.2%	98.2%	98.2%	98.2%	98.2%	98.2%	98.2%	98.2%	98.2%	98.2%	98.2%	98.2%	
			Actual	99.1%													
Cost	Cost Savings(w/o SmartVentures)	\$	PY	\$49,556	\$44,479	\$35,811	\$25,633	\$57,198	\$72,371	\$56,044	\$49,032	\$52,425	\$51,570	\$44,949	\$43,444	\$82,512	
			Plan	\$51,079	\$53,239	\$44,233	\$44,606	\$30,242	\$30,242	\$38,773	\$34,232	\$23,058	\$21,512	\$27,506	\$27,506	\$426,230	
			Actual	\$51,469												\$51,469	
	Consolidated Gross Inventory Dollars	\$000's	PY	\$6,459,933	\$6,540,436	\$6,458,441	\$6,235,400	\$6,078,850	\$5,932,416	\$5,941,937	\$5,919,816	\$5,649,412	\$5,869,190	\$5,795,531	\$6,197,750	\$6,197,750	4.4% reduction in total inv. Value from 2019.
			Plan	\$6,175,696	\$6,252,657	\$6,174,269	\$5,961,043	\$5,811,380	\$5,671,390	\$5,680,492	\$5,659,344	\$5,400,838	\$5,610,946	\$5,540,528	\$5,925,049	\$5,821,969	
			Actual	\$6,376,770												\$0	
	Operating Profit Consolidated	\$000's	PY	\$714	\$836	\$1,048	\$1,168	\$886	\$996	-\$1,351	\$784	\$600	\$1,407	\$779	\$319	\$8,186	
			Plan	\$424	\$583	\$697	\$982	\$594	\$675	\$699	\$854	\$849	\$1,205	\$762	\$475	\$8,799	
			Actual	\$638												\$638	
HC	Total Production Headcount	#	PY	78	78	78	78	78	78	78	78	78	78	78	78	78	several people retiring this year and no plans to replace all of them do to process/production improvements
			Plan	78	78	78	78	77	77	76	76	76	76	76	76	76	
			Actual	75												0	

# Quality

## EQD % OF LINES SHIPPED

Defective order lines as % of total order lines

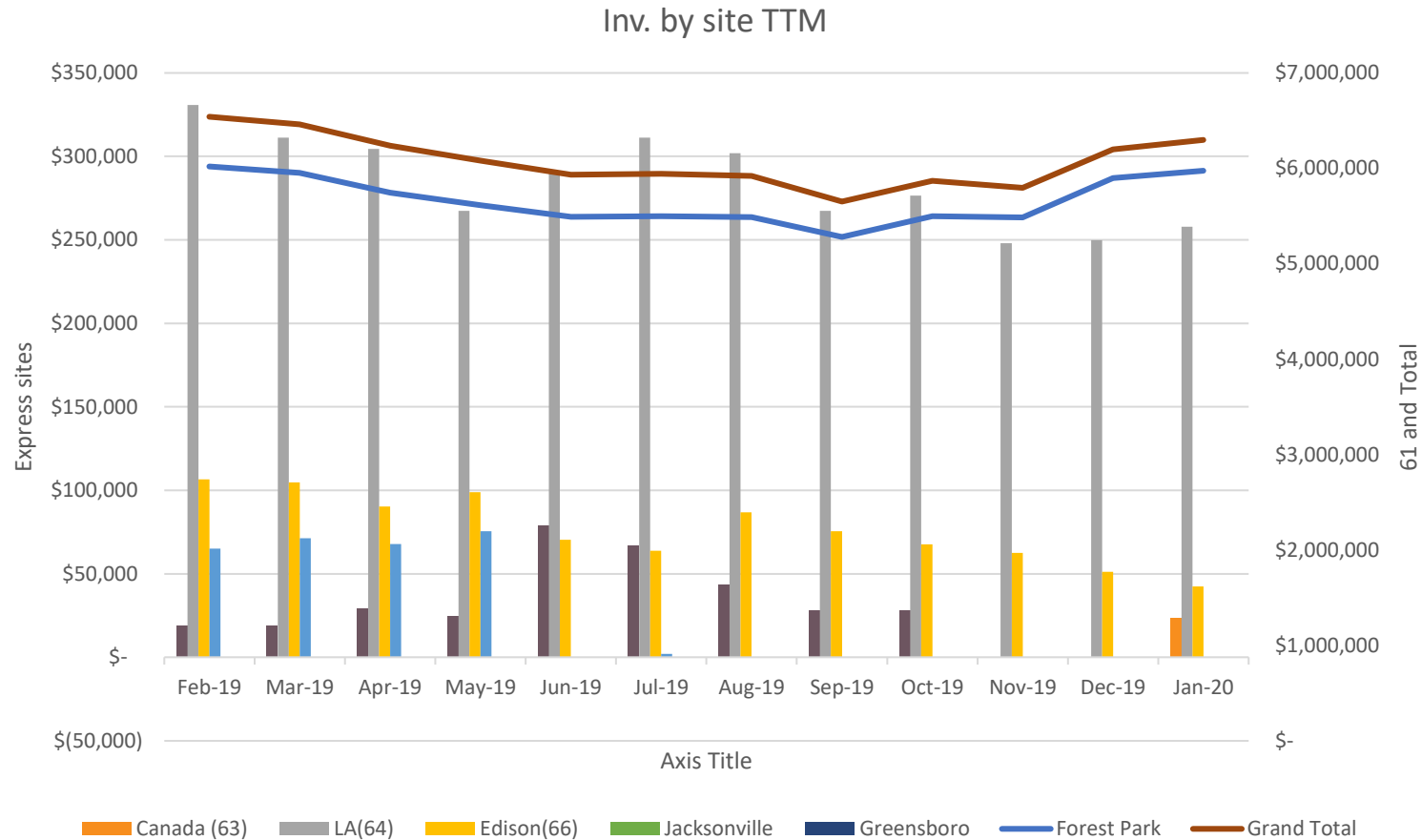
### KPI #3A - EQD/lines shipped % Goal unchanged from 2019



### Management Discussion:

- EQD%: 2 Main drivers currently being looked at:
  - Packaging/Shipping error – Current CAPA going, toolbox discussion with all shifts, initial results point to procedural changes needed and printers being down and **not printing in sequence**.
  - Toolbox discussion with all shifts, to be reviewed at CAPA meeting for further actions.
- COPQ: Goal > \$38K, Actual \$23K for January

# Inventory



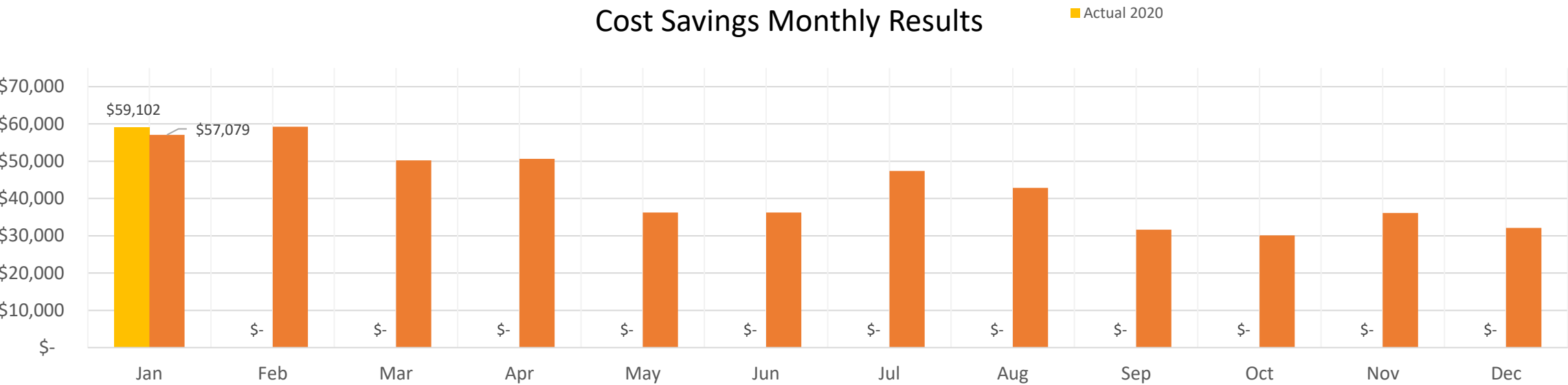
## Management Discussion:

- Currently a Greenbelt project is in place to look at optimizing WIP and Raw materials
- We have met with IMEC, they are going to provide us a Inventory expert to work with us, focus on demand planning.
- Inventory up, Main drivers:
  - \$51K- Should have been backed out but wasn't
  - 22K Increase in demand on this product- Mixtiles?
  - Ampac-\$44k, to support increase in forecast.
  - GE-\$36k, preparation for launch

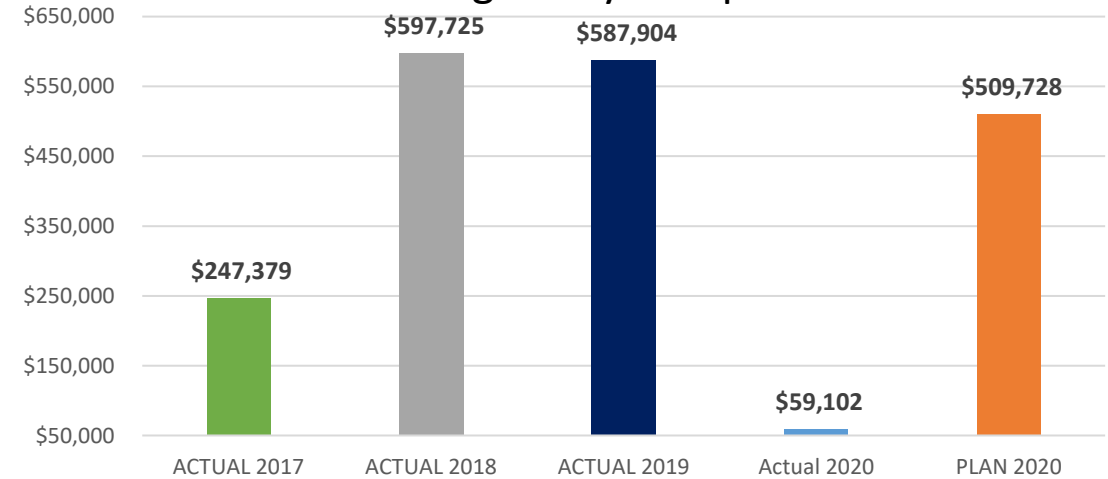
Part	Change	Reason
ZZL017	\$51K	Brought in Old PO balance will use up 10 wks
ZZFT196	\$32K	New Product Development will use up 8 wks
ZZFT175	\$27K	Container Delivery/High Volume will use up in 6 wks
ZZL003	\$22k	Demand Increase by 33% will use up in 2 wks
ZZA052	\$17K	New Product Development -Forecasted Demand
ZZA051	\$15K	Start Production with Domestic Source

# Duraco Cost Savings 2020 – Actuals

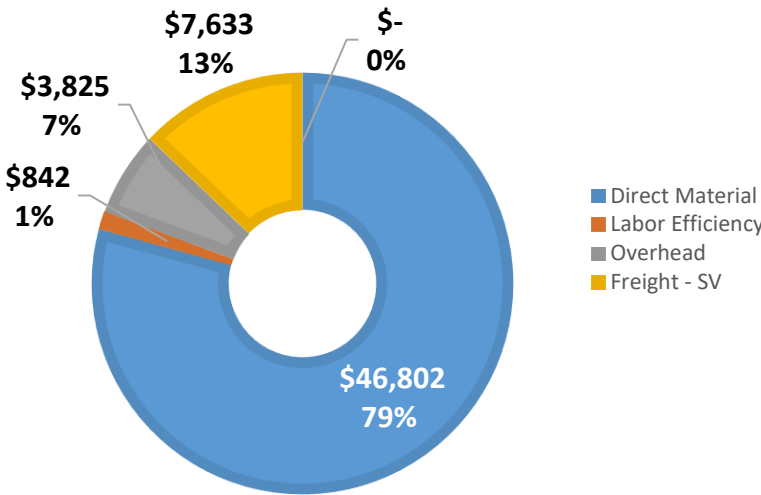
Cost Savings Monthly Results



Cost Saving Yearly Comparison



JANUARY COST SAVINGS 2020



# January 2020 Cost Saving Initiatives

## STATUS UPDATE: PROJECT DETAILS



Target to Improve (TTI)	Plan/Actual	January
10" Multi-Stage Hybrid Rotary - Circle Graphics - Labor (EFF)	Actual	\$842
	Plan	\$1,500
ST-LKIT In house	Actual	\$3,023
	Plan	\$1,864
5256 Yield Improvement	Actual	\$19,189
	Plan	\$15,000
IMP01 Adhesive Material Replacement (5256)	Actual	\$19,683
	Plan	\$15,000
Mondi SC03 replacing HP228	Actual	\$5,828
	Plan	\$8,720
Amber Liner Savings	Actual	\$0
	Plan	\$1,495
Avery Denison Adhesive vs. Pafra ( Water Base Adhesive)	Actual	\$920
	Plan	\$3,000
Switch from Q liner to BB liner NS	Actual	\$1,182
	Plan	\$1,000
Switch from Voltek to JSP (only black)	Actual	\$0
	Plan	\$600
New Trash Vendor	Actual	\$802
	Plan	\$1,000
ZZI006, ZZI007, ZZI008, from Rogers Corp vs. ElastaPro	Actual	\$0
	Plan	\$1,600
ZZL012_Mylar_Pricing Matrix	Actual	February
	Plan	February
Freight Saving-LTL-Sutton	Actual	\$6,211
	Plan	\$2,000
Freight Saving-LTL-AAA	Actual	\$1,422
	Plan	\$2,000
Freight Saving-LTL-Fusion	Actual	\$0
	Plan	\$2,000
5256 line Speed improvements	Actual	\$0
	Plan	\$300
TOTAL P&L Savings 2020	Actual Savings(all)	\$59,102
	Plan	\$57,079
	Budget	\$57,079
	Actual Savings(W/O SV)	\$51,469
	Plan w/o SmartVentures	\$51,079

# SmartVentures – Logistics

# Supply Chain Project Update

- Reviewing LTL Carrier’s for the Northeast Inbound and Outbound Markets
- Establishing intra California Pricing for LTL and Same day shipments out of the new 3PL facility in Los Angeles, CA
- Reviewing quote for 3PL Services in Los Angeles to take over Service center activities

**To Do Project Actions:**

- Finalize LTL Carrier for Northeast. Expect to be complete by mid March

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

# Financial Review



# Summary P&L – January 2020

\$'000	MTD		Var (Bud)		PY MTD		Var (PY)		TTM
	Act	Bud	\$	%	Act	\$	%	\$	
Gross Revenue	\$ 3,451	\$ 3,290	\$ 161	4.9%	\$ 3,449	\$ 2	0.1%	\$ 41,858	
Net Revenue	3,444	3,280	164	5.0%	3,404	40	1.2%	41,768	
Material	1,149	1,073	(77)	(7.1%)	1,182	33	2.8%	14,369	
DM %	33.4%	32.7%	(0)	(2.0%)	34.7%			34.4%	
Labor	454	469	15	3.2%	458	4	0.9%	4,818	
DL %	13.2%	14.3%	0	7.8%	13.5%			11.5%	
Other COGS	505	486	(19)	(4.0%)	420	(85)	(20.2%)	5,441	
Total COGS	2,109	2,028	(81)	(4.0%)	2,061	(48)	(2.3%)	24,628	
Gross Margin	1,335	1,252	83	6.7%	1,343	(8)	(0.6%)	17,140	
Gross Margin %	38.8%	38.2%			39.5%			490.9%	
R&D	27	37	10	27.7%	32	(6)	(17.6%)	307	
Sales & Marketing	334	394	60	15.2%	427	(93)	(21.7%)	3,986	
Administrative	336	397	61	15.4%	170	167	98.2%	4,706	
Other Opex	—	—	—	0	—	—	0	31	
Total Opex	697	828	131	15.9%	629	68	10.8%	9,029	
EBITDA	638	424	215	50.6%	714	(76)	(10.6%)	8,111	
EBITDA %	18.5%	12.9%			21.0%			19.4%	
Bank allowable EBITDA add-backs	7	28	(21)	(75.0%)	(193)	200		1,961	
Bank EBITDA	645	451	194	42.9%	521	124	23.9%	10,071	
	18.7%	13.8%			15.3%			24.1%	
(Standalone Costs)	(127)	(34)	(93)	(0)	—	(127)	(0)	(1,508)	
PF Adjusted EBITDA	518	417	101	24.2%	521	(3)	-0.5%	8,563	
Indicative %	15.0%	12.7%			15.3%			20.5%	
Net Income (Loss)	\$ (450)	\$ (609)	\$ 159	(26.1%)	\$ 300	\$ (751)	249.9%	\$ (1,079)	

\$'000	MTD		Variance (Fcst)		PY MTD		Variance		TTM
	Act	Fcst	\$	%	Act	\$	%	\$	
Opex Overview:									
Payroll (Payroll, OT, SS & Taxes, Ter	\$ 300	\$ 350	49	14.1%	\$ 264	\$ 36	13.6%	3,068	
Benefits (Medical, Dental, Life, ADI	43	51	7	14.3%	42	1	3.0%	489	
Bonus	86	86	0	0.0%	45	41	92.1%	589	
Marketing	79	79	0	0.0%	116	(37)	(31.8%)	838	
Commissions	2	2	(0)	(0.0%)	11	(9)	(79.2%)	88	
Travel and Entertainment	22	30	8	26.4%	17	5	31.2%	227	
Rent and Facilities	1	4	3	77.5%	15	(14)	(94.2%)	92	
Insurance	17	17	0	0.0%	4	14	388.7%	127	
Professional Fees	21	44	24	53.6%	6	15	260.9%	256	
Utilities, Repairs, Maint. & Security	3	3	1	17.7%	6	(4)	(58.9%)	38	
Office Supplies	4	1	(3)	(200.2%)	9	(5)	(57.6%)	65	
IT	40	92	52	56.9%	19	21	109.6%	339	
Bad Debt	12	4	(7)	(175.3%)	10	2	15.2%	53	
Real Estate Taxes	16	16	0	0.0%	16	1	4.4%	164	
Other Expenses	51	48	(3)	(5.4%)	49	2	4.3%	2,598	
Total Opex	\$ 697	\$ 828	\$ 131	15.9%	\$ 629	\$ 68	10.8%	\$ 9,029	

## Management Discussion:

### COGS

- Excluding a \$22k inventory reserve expense due to some aging inventory, DM % was in line with plan
- Direct labor costs were favorable to budget due to lower payroll tax and employee benefits than anticipated for January.
- A reduction of capitalized O/H in inventory and higher spending on supplies resulted in a slightly higher Other COGS than what was budgeted.

### OPEX

- OPEX is favorable to plan due largely to timing of headcount additions, IT expenses, and recruitment fees.

### ADD-BACKS

- Add-backs relate to some acquisition related travel, and the LBC bank admin fees.

### Pro Forma Adjusted EBITDA

- PF Adj EBITDA moves in line with bank EBITDA and is favorable to forecast for the same reasons.

# PF Adj EBITDA Bridge – January 2019 to January 2020 - Actual

## Management Discussion:

- January PF adj 2019 results are adjusted for standalone costs identified in the QOE as well as:
  - Known SC adjustments such as service center costs, freight costs, benefits costs, etc.
  - Headcount not included in SC costs (CFO, EA)
  - Open headcount from Jan 19 that is filled in 2020 (materials manager, shipping clerk, quality engineer)
- Top and bottom 10 customer revenue and GVA impact are listed to the left of the bridge (\$20k higher revenue and \$28k lower GVA).
- Net Volume/Sales Price/Mix impact nets to fav impact of \$5k
- \$59k of cost savings includes \$8k of freight savings from new SmartVentures savings program.
- January 2020 had two fewer days in the month which reduced payroll by \$74k
- Insurance and medical (included in insurance) 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 2019 at the express sites.
- EBITDA Addbacks:
  - LBC Admin Fee – Normal monthly expense related to annual charge from LBC
  - Acquisition travel related to Infinity
- PF EBITDA adjustments:
  - \$48k of headcount costs not yet incurred (VP, HR Generalist, RSM, Lab assistant)
  - \$79k of standalone costs not yet incurred including IT and Finance department costs

Customer	Volume	GVA
Circle Graphics	100	72
Ampac	82	45
Siffron	67	43
TMS	65	28
Essentra	41	22
La France Corporation	31	22
Lauren Plastics	29	16
Gulf Atlantic Packaging	23	17
Stumps Shindigz	23	17
Serigraph Inc	21	16
Whirlpool	(36)	(17)
Mixtiles	(38)	(30)
PlanetArt	(31)	(28)
Innomark	(26)	(20)
Ad Art Company	(23)	(16)
Airstream	(23)	(16)
Imagine Print	(17)	(13)
Weber Display	(17)	(15)
Menasha	(18)	(12)
Idl	(16)	(13)
All Others	(217)	(147)
<b>Total</b>	<b>20</b>	<b>(28)</b>

	Revenue	GM	EBITDA
<b>January 2019 PF Results</b>	<b>3,404</b>	<b>1,367</b>	<b>432</b>
\$310k of 2019 PF EBITDA Adjustments	Jan 2019 PF EBITDA adjustments		90
	Jan 2019 Standalone Cost Adjustments (QOE)		220
<b>January 2019 Reported Results</b>	<b>3,404</b>	<b>1,367</b>	<b>741</b>
Net Volume/Price/Mix Impact = \$5k	Total Volume Impact	20	(28)
	Total Price Impact	19	19
	Other Volume/Mix Impact		14
	Cost Savings		59
	Production Labor - Headcount	(14)	(14)
	Net Inventory Reserve	(13)	(13)
	Fewer Days in Month	51	74
	Insurance	(34)	(55)
	Wage Inflation	(18)	(26)
	R&M and Supplies	(7)	(7)
	Inventory Movement	(47)	(47)
	Travel	(3)	(10)
	SG&A Headcount		(57)
	Bonus Expense		(43)
	Professional Fees		(16)
	IT Costs		(17)
	Bad Debt		(2)
	Advertising Spend		37
	Rent (Service Centers)		14
	Commission Expense		9
	Bank Fees		10
	Other	(11)	(6)
	<b>Jan 2020 Reported EBITDA</b>		<b>638</b>
\$7k of Add-backs	Acquisition Travel		2
	LBC Admin Fees		5
	<b>Jan 2020 Bank EBITDA</b>		<b>645</b>
\$127k of PF EBITDA adjustments	2019 PF Headcount Adj		(48)
	Addl Standalone Costs		(79)
<b>Jan 2020 ProForma</b>	<b>3,444</b>	<b>1,335</b>	<b>518</b>

# PF Adj EBITDA Bridge – January 2019 to January 2020 - PLAN

## Management Discussion:

- January PF adj 2020 PLAN is increased by for \$6k net for:
  - \$28k of planned EBITDA addbacks
  - \$34k of planned headcount additions that are not in the PLAN in January
- The change in revenue and GVA by market relative to PLAN are listed to the left of the bridge (\$164k higher revenue and \$83k lower GVA).
- Net Volume/Sales Price/Mix impact nets to fav impact of \$105k
- Other key variances to Plan include:
  - \$19k lower payroll taxes partially due to lower headcount and partially due to timing.
  - \$22k unfav due to higher inventory reserve due to the timing of when inventory is aging
  - \$22k unfav finished goods and WIP inventory depletion
  - \$43k fav due to lower headcount than plan (timing)
  - \$52k fav IT costs due to delays in the network separation
- EBITDA Addbacks (same as actual):
  - LBC Admin Fee – Normal monthly expense related to annual charge from LBC
  - Acquisition travel related to Infinity
- PF EBITDA adjustments (same as actual):
  - \$48k of headcount costs not yet incurred (VP, HR Generalist, RSM, Lab assistant)
  - \$79k of standalone costs not yet incurred including IT and Finance department costs

Customer	Volume	GVA
Appliance	(8)	(4)
Distribution	94	57
Industrial	(110)	(72)
POP	174	111
Transit Packaging	88	48
Wall Hangings	(48)	(39)
Unknown Market	(29)	(20)
All Others	3	2
<b>Total</b>	<b>164</b>	<b>83</b>

	January 2020 PF Plan	Revenue 3,280	GM 1,252	EBITDA 417
\$6k of 2020 PLAN PF EBITDA Adjustments	Jan 2020 PLAN EBITDA addbacks			(28)
	Jan 2020 Headcount Adjustment			34
	<b>January 2020 Reported Plan</b>	<b>3,280</b>	<b>1,252</b>	<b>424</b>
Net Volume/Price/Mix Impact = \$105k	Total Volume Impact	164	83	83
	Price	-		
	Other Volume/Mix Impact		22	22
	Cost Savings		2	2
	Payroll Taxes		13	19
	Net Inventory Reserve		(22)	(22)
	Insurance		8	16
	Inventory Movement		(22)	(22)
	Travel			8
	SG&A Headcount			43
	IT Costs			52
	Recruitment Expense			17
	Other		(1)	(5)
	<b>Jan 2020 Reported EBITDA</b>			<b>638</b>
\$7k of Add-backs	Acquisition Travel			2
	LBC Admin Fees			5
	<b>Jan 2020 Bank EBITDA</b>			<b>645</b>
\$127k of PF EBITDA adjustments	2019 PF Headcount Adj			(48)
	Addl Standalone Costs			(79)
	<b>Jan 2020 ProForma</b>	<b>3,444</b>	<b>1,335</b>	<b>518</b>

# Balance Sheet

	Jan-20	Jan-20	Variance		Dec-19	Variance		PY	Variance	
\$'000	Act	Bud	\$	%	Act	\$	%	Act	\$	%
<b>Current Assets</b>										
Cash and cash equivalents	\$ 2,078	\$ 1,339	\$ 740	55.3%	\$ 1,528	\$ 551	36.0%	\$ 1,528	\$ 551	36.0%
Short term investments	—	—	—	0	—	—	0	—	—	0
<i>Accounts receivable, gross</i>	5,343	5,386	(43)	(0.8%)	6,231	(887)	(14.2%)	6,231	(887)	(14.2%)
<i>Accounts receivable, reserves</i>	(121)	(108)	(13)	11.7%	(96)	(24)	25.1%	(96)	(24)	25.1%
Accounts receivable, net	5,223	5,278	(56)	(1.1%)	6,134	(911)	(14.9%)	6,134	(911)	(14.9%)
<i>Inventory, gross</i>	6,377	6,249	128	2.1%	6,094	283	4.6%	6,094	283	4.6%
<i>Inventory, reserves</i>	(1,017)	(998)	(20)	2.0%	(1,074)	57	(5.3%)	(1,074)	57	(5.3%)
Inventory, net	5,360	5,251	109	2.1%	5,020	340	6.8%	5,020	340	6.8%
Prepaid expenses and other current assets	425	418	8	1.9%	324	101	31.1%	324	101	31.1%
Current portion of deferred taxes	—	—	—	0	—	—	0	—	—	0
Other current assets	—	—	—	0	—	—	0	—	—	0
<b>Total Current Assets</b>	<b>13,086</b>	<b>12,286</b>	<b>800</b>	<b>6.5%</b>	<b>13,006</b>	<b>80</b>	<b>0.6%</b>	<b>13,006</b>	<b>80</b>	<b>0.6%</b>
<b>Non-Current Assets</b>										
<i>Property, plant &amp; equipment, gross</i>	12,251	12,298	(46)	(0.4%)	12,180	71	0.6%	12,180	71	0.6%
<i>Accumulated depreciation</i>	(516)	(517)	1	(0.2%)	(367)	(149)	40.5%	(367)	(149)	40.5%
Property, plant & equipment, net	11,736	11,781	(45)	(0.4%)	11,813	(77)	(0.7%)	11,813	(77)	(0.7%)
<i>Identifiable intangible assets, gross</i>	—	—	—	0	—	—	0	—	—	0
<i>Accumulated amortization</i>	(3,352)	(3,352)	—	0.0%	(2,395)	(958)	40.0%	(2,395)	(958)	40.0%
Identifiable intangible assets, net	54,118	54,118	—	0.0%	55,075	(958)	(1.7%)	55,075	(958)	(1.7%)
Deferred financing cost	—	—	—	0	—	—	0	—	—	0
Other non-current assets	—	—	—	0	—	—	0	—	—	0
<b>Total Non-Current Assets</b>	<b>65,853</b>	<b>65,899</b>	<b>(45)</b>	<b>(0.1%)</b>	<b>66,889</b>	<b>(1,035)</b>	<b>(1.5%)</b>	<b>66,889</b>	<b>(1,035)</b>	<b>(1.5%)</b>
<b>Total Assets</b>	<b>\$ 78,939</b>	<b>\$ 78,184</b>	<b>\$ 755</b>	<b>1.0%</b>	<b>\$ 79,895</b>	<b>\$ (955)</b>	<b>(1.2%)</b>	<b>\$ 79,895</b>	<b>\$ (955)</b>	<b>(1.2%)</b>
<b>Current Liabilities</b>										
Current portion of long-term debt	1,039	\$ 1,039	\$ —	0.0%	\$ 1,039	\$ —	0.0%	\$ 1,039	\$ —	0.0%
Notes Payable	261	274	(13)	(4.6%)	545	(283)	(52.0%)	545	(283)	(52.0%)
Accounts payable	2,254	2,059	195	9.5%	1,831	423	23.1%	1,831	423	23.1%
Accrued liabilities	2,291	2,057	233	11.3%	1,955	335	17.2%	1,955	335	17.2%
Accrued compensation	—	—	—	0	—	—	0	—	—	0
Income taxes payable	331	152	179	117.7%	331	—	0.0%	331	—	0.0%
Other current liabilities	(233)	(233)	—	0.0%	(233)	—	0.0%	(233)	—	0.0%
<b>Total Current Liabilities</b>	<b>5,943</b>	<b>5,349</b>	<b>594</b>	<b>11.1%</b>	<b>5,468</b>	<b>475</b>	<b>8.7%</b>	<b>5,468</b>	<b>475</b>	<b>8.7%</b>
<b>Long-term liabilities</b>										
Long-term debt less current maturities	40,061	40,061	—	0.0%	40,320	(260)	(0.6%)	40,320	(260)	(0.6%)
Deferred income taxes	—	—	—	0	—	—	0	—	—	0
Other non-current liabilities	(795)	(795)	(0)	0.0%	(834)	39	(4.7%)	(834)	39	(4.7%)
<b>Total Long-Term Liabilities</b>	<b>39,266</b>	<b>39,266</b>	<b>(0)</b>	<b>(0.0%)</b>	<b>39,487</b>	<b>(221)</b>	<b>(0.6%)</b>	<b>39,487</b>	<b>(221)</b>	<b>(0.6%)</b>
<b>Total Liabilities</b>	<b>45,209</b>	<b>44,615</b>	<b>594</b>	<b>1.3%</b>	<b>44,955</b>	<b>254</b>	<b>0.6%</b>	<b>44,955</b>	<b>254</b>	<b>0.6%</b>
<b>Shareholders' Equity</b>										
Common stock	39,001	39,001	—	0.0%	39,001	—	0.0%	39,001	—	0.0%
Capital in excess of stated value	—	—	—	0	—	—	0	—	—	0
Retained earnings	(5,271)	(5,432)	161	(3.0%)	(4,062)	(1,209)	29.8%	(4,062)	(1,209)	29.8%
Accumulated other comprehensive income	—	—	—	0	—	—	0	—	—	0
Other equity transactions	—	—	—	0	—	—	0	—	—	0
<b>Total Shareholders' Equity</b>	<b>33,730</b>	<b>33,570</b>	<b>161</b>	<b>0.5%</b>	<b>34,940</b>	<b>(1,209)</b>	<b>(3.5%)</b>	<b>34,940</b>	<b>(1,209)</b>	<b>(3.5%)</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 78,939</b>	<b>\$ 78,184</b>	<b>\$ 755</b>	<b>1.0%</b>	<b>\$ 79,895</b>	<b>\$ (955)</b>	<b>(1.2%)</b>	<b>\$ 79,895</b>	<b>\$ (955)</b>	<b>(1.2%)</b>

## Management Discussion:

- Cash is higher than budget due to higher EBITDA in and lower restructuring costs (timing).
- A/R is slightly better than plan due to improved collections activities partially offset by higher revenue.
- Inventory is higher than plan, but will decline in the coming months as higher inventory positions taken in December and January due to supplier shutdowns unwind.
- Accounts payable is higher due largely to a delay at the shared service center approving our check run. This should return to normal in February.
- Depreciation and Amortization are both higher than plan due to some last minute valuation changes with purchase accounting that were not reflected in the plan.

# OPEX Detail

\$'000

	YTD			Explanation of Variance				Variance Impact		
	Act	Bud	Variance B / (W)	One-Time / Non-recurring	Timing	Change in Run-rate	Other	Total Variance B / (W)	YoY Impact B / (W)	Annualized Impact B / (W)
Payroll (Payroll, OT, SS & Taxes, Temp Labor, Share Options)	300	350	49		49			49	-	-
Benefits (Medical, Dental, Life, AD&D & 401K)	43	54	10					-	-	-
Bonus	86	86	0					-	-	-
Marketing	79	79	0					-	-	-
Commissions	2	2	(0)					-	-	-
Travel and Entertainment	22	30	8					-	-	-
Rent and Facilities	1	4	3					-	-	-
Insurance	17	17	0					-	-	-
Professional Fees	21	44	24		24			24	24	142
Utilities, Repairs, Maint. & Security	3	3	1					-	-	-
Office Supplies	4	1	(3)					-	-	-
IT	40	92	52		52			52	52	313
Bad Debt	12	4	(7)					-	-	-
Real Estate Taxes	16	16	0					-	-	-
Other Expenses	51	48	(2)					-	-	-
<b>Total Opex</b>	<b>697</b>	<b>832</b>	<b>135</b>	-	125	-	-	<b>125</b>	<b>76</b>	<b>455</b>

## Management Discussion:

- Payroll: Have not hired VP of Sales and other open positions.
- Professional Fees: Recruiting fees for positions that have not been hired; these costs will hit in a future period.
- IT: most IT costs are delayed due to the delayed network separation. This will begin to ramp in March.

# One – time costs

\$'000

				Explanation of Variance							
	Act (06/19 - 01/20)	Fcst (06/19-12/19)	Variance F/(U)	One-Time / Non-recurring	Timing	Change in Run-rate	Other	Original Fcst (06/19 - 06/20)	Updated Fcst (06/19 - 06/20)	Total Variance F/(U)	Annualized Impact F/(U)
Transaction Services Agreement (TSA)	\$ 675	\$ 621	\$ (54)		\$ (54)		\$ –	\$ 791	\$ 973	\$ (182)	\$ (1,092.00)
Opening Balance Sheet audit	4	5	1		\$ 1	–	–	12	8	4	24
Asset Valuation Report	10	40	30		\$ 30	–	–	40	30	10	60
ERP Implementation	16	270	254		\$ 254	–	–	550	490	60	360
Website Build	170	140	(30)		\$ (30)	–	–	350	350	–	–
Data Analytics Platform	86	160	74		\$ 74			160	106	54	
IT System Upgrade	14	200	186		\$ 186	–	–	300	352	(52)	(312)
Supply Chain Specialist	60	60	–		\$ –	–	–	60	60	–	(60)
Pricing Specialist	–		–		\$ –	–	–			–	–
Sales Force Efficiency Specialist	109	120	12		\$ 12	–	–	134	119	15	90
MOR Setup	37	65	28		\$ 28	–	–	40	37	3	18
HR Specialist	117	190	73		\$ 73	–	–	147	122	25	150
Interim CFO Support Services	171	187	15		\$ 15			171	171	–	
IT Specialist	77	60	(17)		\$ (17)	–	–	126	156	(30)	(180)
Recruitment of new personnel	–	243	243			243	–	–		–	–
Marketing/product roadmap study	–	–	–		\$ –	–	–	–	70	(70)	(420)
Rebranding	33	100	67		\$ 67	–	–	75	50	25	150
Ceridian Implementation	1		(1)		\$ (1)	–	–		25	(25)	
Mercer	20		(20)		\$ (20)	–	–			–	
Other	5	–	(5)		\$ (5)	–	–	5		5	30
<b>Total 1x Costs</b>	<b>\$ 1,607</b>	<b>\$ 2,461</b>	<b>\$ 854</b>	<b>\$ –</b>	<b>\$ 611</b>	<b>\$ 243</b>	<b>\$ –</b>	<b>\$ 2,961</b>	<b>\$ 3,119</b>	<b>\$ (158)</b>	<b>\$ (1,182)</b>

## Management Discussion:

- 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.

# Cashflow Statement

\$'000	MTD		Variance		PY-MTD		Variance	
	Act	Bud	\$	%	Act	\$	%	
<b>Cash flow from operations</b>								
Net Income (Loss)	\$ (450)	\$ (611)	161	(26.3%)	\$ —	\$ (450)	0	
Depreciation, amortization and other	553	554	(1)	(0.2%)	—	553	0	
Capitalized fees & expenses	19	19	—	0.0%	—	19	0	
Gain (loss) on sale of fixed assets	—	—	—	—	—	—	0	
Non-cash interest expense	261	274	(13)	(4.6%)	1	260	20329.9%	
Non-cash dividends	—	—	—	—	14	(14)	(100.0%)	
Deferred income tax	—	—	—	—	—	—	—	
<b>Change in operating assets and liabilities:</b>								
Accounts receivable	106	50	56	111.4%	(286)	392	(137.0%)	
Inventory	(15)	94	(109)	(115.6%)	(81)	66	(81.7%)	
Prepaid expenses and other current assets	(188)	(180)	(8)	4.3%	(468)	279	(59.8%)	
Accounts payable	(66)	(261)	195	(74.8%)	442	(508)	(114.8%)	
Accrued expenses	273	40	233	584.7%	(42)	316	(742.8%)	
Accrued income taxes	—	(179)	179	(100.0%)	64	(64)	(100.0%)	
Other changes in operating assets and liabilities	—	—	—	—	—	—	—	
Other cash flow from operations	—	—	—	—	—	—	—	
<b>Total Cash Flow from Operations</b>	<b>\$ 494</b>	<b>\$ (199)</b>	<b>\$ 693</b>	<b>(347.6%)</b>	<b>\$ 424</b>	<b>\$ 69</b>	<b>16.4%</b>	
<b>Cash flow from investing</b>								
Additions to property, plant and equipment	\$ (25)	\$ (71)	\$ 46	(64.9%)	\$ (20)	\$ (4)	21.6%	
Acquisitions of companies, net of cash acquired	—	—	—	—	—	—	—	
Investment in intangibles	—	—	—	—	—	—	—	
Earnout payments	—	—	—	—	—	—	—	
Other cash flow from investing (goodwill)	—	—	—	—	—	—	—	
<b>Total Cash Flow from Investing</b>	<b>\$ (25)</b>	<b>\$ (71)</b>	<b>\$ 46</b>		<b>\$ (20)</b>	<b>\$ (4)</b>	<b>21.6%</b>	
<b>Cash flow from financing</b>								
Proceeds from the issuance (repayment) of ST	\$ —	\$ —	\$ —	—	\$ —	\$ —	—	
Proceeds from the issuance of debt	0	0	—	0.0%	—	0	—	
Repayment of debt	0	—	0	—	—	0	—	
Capital lease	—	—	—	—	—	—	—	
Common stock issued (repurchased)	—	—	—	—	—	—	—	
Common stock cash dividends paid	—	—	—	—	—	—	—	
Preferred stock issued (repurchased)	—	—	—	—	—	—	—	
Other cash flow from financing costs	—	—	—	—	—	—	—	
<b>Total Cash Flow from Financing</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>100.0%</b>	<b>\$ —</b>	<b>\$ 0</b>		
<b>Effect of FX rates on cash and cash equivalents</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>		<b>\$ —</b>	<b>\$ —</b>		
<b>Net change in cash</b>	<b>\$ 469</b>	<b>\$ (271)</b>	<b>\$ 740</b>	<b>(273.2%)</b>	<b>\$ 404</b>	<b>\$ 65</b>	<b>16.1%</b>	
Beginning cash	1,609	1,609	—	0.0%	2,444	(835)	(34.2%)	
Change in cash	469	(271)	740	(273.2%)	404	65	16.1%	
<b>Ending cash</b>	<b>\$ 2,078</b>	<b>\$ 1,339</b>	<b>\$ 740</b>	<b>55.3%</b>	<b>\$ 2,848</b>	<b>\$ (770)</b>	<b>(27.0%)</b>	

## Management Discussion:

- Higher net income, and higher A/P and accruals lead to higher cash flow in the month.
- Receivables declined due to better collections than forecast partially offset by higher revenue.
- A/P increased largely due to the timing of the final January A/R run and inventory purchases.
- .

# Debt Leverage Ratios – December 2019

	Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	Jan 20
<b>Bank EBITDA Calculation</b>							
Bank EBITDA	\$906	\$1,008	\$901	\$1,445	\$819	\$561	\$645
TTM Bank EBITDA	\$9,848	\$9,939	\$10,029	\$10,270	\$10,169	\$9,946	\$10,071
<b>Fixed Charge Coverage Ratio (Section 6.1)</b>							
Bank EBITDA	\$906	\$1,008	\$901	\$1,445	\$819	\$561	\$645
i - Unfinanced Capital Expenditures	\$ -	\$ -	\$ 49	\$ 66	\$ 228	\$ 46	\$ 25
ii - Management Fees paid or incurred	\$ 83	\$ 83	\$ 83	\$ 83	\$ 83	\$ 83	\$ 83
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)	\$822	\$925	\$769	\$1,296	\$508	\$431	\$537
Interest Expense	\$ 273	\$ 273	\$ 273	\$ 273	\$ 273	\$ 273	\$ 273
Less: Interest Received	-	-	-	-	-	-	-
a Net Cash Interest	\$ 273	\$ 273	\$ 273	\$ 273	\$ 273	\$ 273	\$ 273
b Regularly scheduled principal payments	\$ -	\$ -	\$ -	\$ 265	\$ -	\$ 265	\$ -
Fixed Charges (Denominator)	\$ 273	\$ 273	\$ 273	\$ 538	\$ 273	\$ 538	\$ 273
TTM Numerator	\$ 8,246	\$ 8,380	\$ 8,464	\$ 8,682	\$ 8,396	\$ 8,170	\$ 8,357
TTM Denominator	\$ 4,075	\$ 4,075	\$ 4,075	\$ 4,340	\$ 4,340	\$ 4,340	\$ 4,340
Fixed Charge Coverage Ratio	N/A	N/A	2.08	2.00	1.93	1.88	1.93
Covenant Status	1.10 Pass			1.10 Pass			1.10 Pass
<b>Total Debt to EBITDA Ratio (Section 6.2)</b>							
+ Outstanding amount of Revolving Loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
+ Outstanding Principal Balance - Term Loan	\$42,474	\$42,474	\$42,474	\$41,359	\$41,359	\$41,099	\$41,099
+ Outstanding Principal Balance - Other Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
- Qualified Cash	(1,366)	(1,922)	(2,353)	(1,165)	(1,528)	(1,609)	(2,078)
Bank Debt	\$41,108	\$40,552	\$40,121	\$40,194	\$39,831	\$39,490	\$39,021
TTM Bank EBITDA	\$9,848	\$9,939	\$10,029	\$10,270	\$10,169	\$9,946	\$10,071
Leverage Ratio	4.17	4.08	4.00	3.91	3.92	3.97	3.87
Maximum Permitted Total Debt to EBITDA Ratio for the defined period.	6.25			6.25			6.25
Status	Pass			Pass			Pass

## Management Discussion:

- 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



# 13 Week Cash Forecast



## 13 Week Cash Flow Forecast

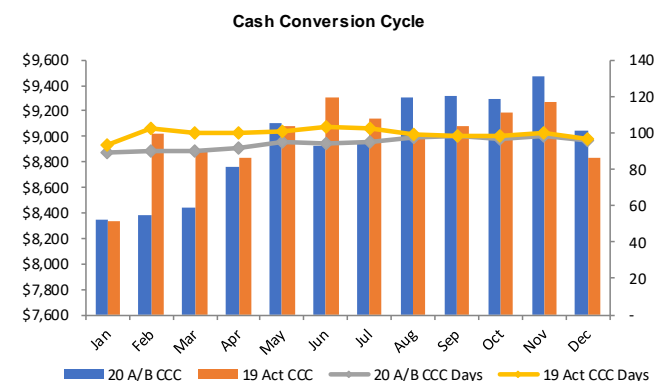
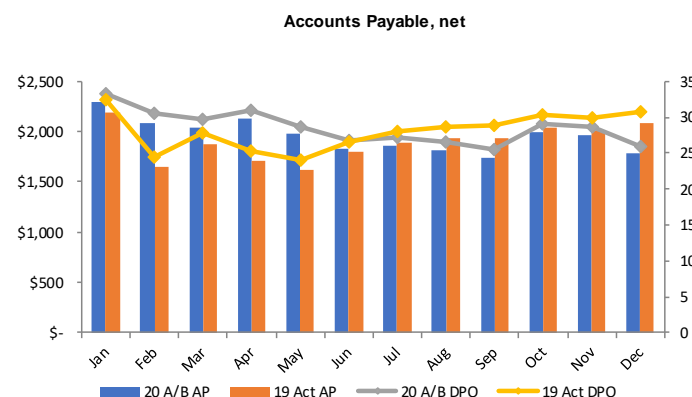
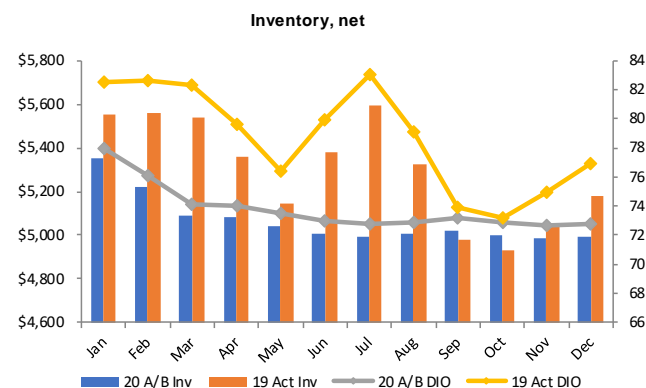
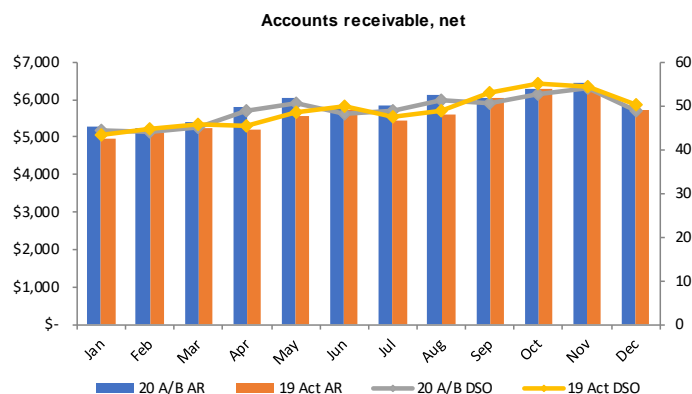
W/E	2/8/20	Act 2/8/20	2/15/20	2/22/20	2/29/20	3/7/20	3/14/20	3/21/20	3/28/20	4/4/20	4/11/20	4/18/20	4/25/20	5/2/20	5/9/20
<b>Beginning Cash Balance</b>	2,215,187	2,215,187	2,531,928	2,524,679	2,150,624	2,006,805	1,662,000	1,346,132	1,317,413	177,634	(90,831)	157,992	212,278	490,663	389,514
<b>Total Cash Inflow</b>	925,846	955,506	763,954	692,162	533,165	456,698	850,882	764,530	576,134	746,485	739,574	806,135	806,135	806,135	841,541
<b>Cash Outflow</b>															
Accounts Payable	357,000	248,633	337,000	339,500	337,000	395,200	362,000	362,000	364,500	370,200	362,000	337,000	337,000	345,200	345,200
Payroll	310,000	265,852	70,000	310,000	70,000	310,000	620,000	310,000	70,000	310,000	70,000	310,000	70,000	310,000	70,000
Union Benefits	-	24,465	-	-	62,000	-	-	-	62,000	-	-	-	62,000	-	-
Non-Union Benefits	12,553	74,713	-	12,553	-	12,553	66,000	-	-	-	-	-	-	65,000	-
401k	25,000	-	-	25,000	-	25,000	-	26,000	-	26,000	-	26,000	-	26,000	-
Taxes	-	-	170,000	-	-	-	-	-	-	-	-	-	-	-	-
CAPEX	-	-	-	320,414	46,900	-	60,000	36,500	-	-	-	20,100	-	-	-
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	-	-	-	-	-
One Time Costs	58,750	25,102	194,203	58,750	161,084	58,750	58,750	58,750	161,084	58,750	58,750	58,750	58,750	161,084	58,750
<b>Total Cash Outflow</b>	763,303	638,765	771,203	1,066,217	676,984	801,503	1,166,750	793,250	1,715,913	1,014,950	490,750	751,850	527,750	907,284	473,950
<b>Weekly Cash Inflow/(Outflow)</b>	162,543	316,741	(7,249)	(374,055)	(143,819)	(344,805)	(315,868)	(28,720)	(1,139,779)	(268,465)	248,824	54,285	278,385	(101,149)	367,591
<b>Ending Cash Balance</b>	2,377,730	2,531,928	2,524,679	2,150,624	2,006,805	1,662,000	1,346,132	1,317,413	177,634	(90,831)	157,992	212,278	490,663	389,514	757,105
<b>Outstanding Checks</b>	(460,000)	(433,048)	(460,000)	(460,000)	(460,000)	(460,000)	(460,000)	(460,000)	(460,000)	(460,000)	(460,000)	(460,000)	(460,000)	(460,000)	(460,000)
<b>Net Available Cash</b>	1,917,730	2,098,880	2,064,679	1,690,624	1,546,805	1,202,000	886,132	857,413	(282,366)	(550,831)	(302,008)	(247,722)	30,663	(70,486)	297,105

## MANAGEMENT DISCUSSION

- (w/e 2/15) TSA payment \$137K.
- (w/e 2/15) Real Estate Tax Payment \$170K.
- (w/e 2/22) Capex - Second payment, \$308K, for the Duplex Slitter machine.
- (w/e 2/22) Capex - Final payment, \$11.5K, for the C7 Converter Modification.
- (w/e 3/14) Bonus payments.
- (w/e 3/14) Capex - Butt Splicer #1 Spooler - Initial payment .
- (w/e 3/21) Capex - Razor Shear Cart - Initial Payment.



# Working Capital and Cash Conversion Cycle



## Management Discussion:

- 20 CCC days have improved compared to PY due largely to lower inventory balances and higher A/P partially offset by higher A/R.
- 20 A/P is higher than 19 resulted by increased invoices from Marketing and other consulting activities.
- Inventory has outperformed 2019 due to improvements in the stock model and an increased focus on reducing inventory.
- A/R was slightly higher for Jan-2020 for higher sales than PY.

# Working Capital

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

## Management Discussion:

### Working Capital

- In December additional raw material was brought in from 2 key vendors. This was in anticipation of their upcoming 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

PROJECT	STATUS	CURRENT STATUS & NEXT STEPS	TIMING	Annualized EBITDA Impact (\$MM)	
				Projected	Actual
Infrastructure	●	<ul style="list-style-type: none"> <li>Discussed lack of progress by Essentra with their CIO. Essentra's responsiveness has now picked up. Now believe mid-March likely.</li> </ul>	Q1 20120	N/A	N/A
ERP	●	<ul style="list-style-type: none"> <li>Project in process. Design workshops are underway, training is progressing, initial data migration extractions have been completed. Next milestone is initial Conference Room Pilot in late February.</li> </ul>	Q2 2020	N/A	N/A
Enterprise applications (other than ERP)	●	<ul style="list-style-type: none"> <li>Still awaiting BarTender access to download installations . CRM on hold until ERP further along.</li> </ul>	Q2 2020	N/A	N/A
Telephony	●	<ul style="list-style-type: none"> <li>Brought on Doug Renner to act as Project Manager. Addressing a murky environment on Essentra's side to decipher our segmentations. Early April is now likely for go-live.</li> </ul>	Q1 2020	N/A	N/A
End-points	●	<ul style="list-style-type: none"> <li>Initial wave of computers will be ordered shortly. Deployment testing to commence upon arrival.</li> </ul>	Q1 2020	N/A	N/A

● Complete 
 ● Just started 
 ● On Track 
 ● At Risk 
 ● Behind Schedule

# Acquisitions and Other Transactions

# M&A Pipeline Update

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

Name	Geography	Primary Products	Est. Revenue	Est. EBITDA	Status
<b>Near Term Opportunities</b>					
Infinity Tapes	US	Double Coated, Transfer, Tamper Evident Tapes	\$10M	\$1m	Working towards a Feb 14 <sup>th</sup> close.
<b>Early Stage Opportunities</b>					
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.
<b>Declined or Deferred Opportunities</b>					
Can-Do Tapes	US	Converter /Distributor	\$22M	\$3M	Declined: Duraco management passed due to lack of synergies
Zone Enterprises	US	Converter	\$25M	\$3M	Deferred: Owner wants to complete an acquisition prior to selling
Diga	Mexico	Foam Gaskets, Molded Polyethylene	\$22M	\$2M	Duraco deferred: Not pursuing at this time
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 business.
- 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, IL
- Converter with manufacturing in St. Louis, MO & Monterrey, MX
- Distribution locations throughout USA, Mexico, and Canada
- Owner interested in rolling stake and gaining scale beyond what he can do organically

### Diga

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

# Management and Governance



# Governance Organization

## Board of 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](https://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
B)	Any conflicts of interest or the appearance of any such conflict or potential conflict:	None
C)	Any actual or apparent weakness or inadequacy in the Company's policies of internal controls and financial reporting:	None
D)	Any reports or complaints regarding accounting, internal accounting controls or auditing matters.	None

# Legal, Governance, and Compliance

## Legal Counsel

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

## NAVEX

- Duraco.ethicspoint.com is live for anonymous ethics violations reporting
- 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

# Sales Breakdown by Industry

## Sales by Industry

sales_tier	Appliance	Distribution	Industrial	Other	POP	Transit Packaging	Unknown Market	Wall Hangings	Total
1: >\$250,000	315.91K	160.47K	45.28K	63.67K	797.65K	103.98K	4.32K	23.32K	1,514.60K
2: \$100,000 - \$250,000	29.97K	9.15K	66.30K	5.56K	251.40K			17.89K	380.27K
3: \$50,000 - \$100,000	9.31K	6.12K	87.91K	24.37K	276.00K				403.72K
4: \$15,000 - \$50,000	13.20K	9.75K	88.80K	2.17K	337.99K				451.92K
5: <\$1,000 - \$15,000	0.30K	23.11K	60.61K	16.37K	344.17K	0.35K	10.02K		454.93K
6: <\$1,000		1.24K	9.86K	7.97K	61.40K		15.65K		96.13K
7: New Customer Last Year	1.46K	1.31K	5.85K		7.49K	70.17K	50.82K		137.11K
8: New Customer This Year							37.29K		37.29K
<b>Total</b>	<b>370.15K</b>	<b>211.15K</b>	<b>364.62K</b>	<b>120.12K</b>	<b>2,076.11K</b>	<b>174.50K</b>	<b>118.10K</b>	<b>41.21K</b>	<b>3,475.96K</b>

## % of Sales by Industry

sales_tier	Appliance	Distribution	Industrial	Other	POP	Transit Packaging	Unknown Market	Wall Hangings	Total
1: >\$250,000	9.1%	4.6%	1.3%	1.8%	22.9%	3.0%	0.1%	0.7%	43.6%
2: \$100,000 - \$250,000	0.9%	0.3%	1.9%	0.2%	7.2%			0.5%	10.9%
3: \$50,000 - \$100,000	0.3%	0.2%	2.5%	0.7%	7.9%				11.6%
4: \$15,000 - \$50,000	0.4%	0.3%	2.6%	0.1%	9.7%				13.0%
5: <\$1,000 - \$15,000	0.0%	0.7%	1.7%	0.5%	9.9%	0.0%	0.3%		13.1%
6: <\$1,000		0.0%	0.3%	0.2%	1.8%		0.5%		2.8%
7: New Customer Last Year	0.0%	0.0%	0.2%		0.2%	2.0%	1.5%		3.9%
8: New Customer This Year							1.1%		1.1%
<b>Total</b>	<b>10.6%</b>	<b>6.1%</b>	<b>10.5%</b>	<b>3.5%</b>	<b>59.7%</b>	<b>5.0%</b>	<b>3.4%</b>	<b>1.2%</b>	<b>100.0%</b>



## Management Discussion:

# YTD Growth by Tier and Industry

## YoY Change in Net Sales

sales_tier	Appliance	Distribution	Industrial	Other	POP	Transit Packaging	Unknown Market	Wall Hangings	Total
1: >\$250,000	-15K	35K	-2K	9K	161K	82K	2K	-38K	235K
2: \$100,000 - \$250,000	-8K	-8K	-33K	-10K	-30K			-31K	-120K
3: \$50,000 - \$100,000	3K	-1K	1K	4K	-34K				-27K
4: \$15,000 - \$50,000	-25K	7K	-23K	-7K	-47K				-95K
5: <\$1,000 - \$15,000	-6K	9K	-23K	8K	-80K	0K	-20K		-111K
6: <\$1,000		1K	3K	-1K	23K		-1K		25K
7: New Customer Last Year	1K	1K	6K		7K	70K	22K		108K
8: New Customer This Year							37K		37K
<b>Total</b>	<b>-49K</b>	<b>45K</b>	<b>-71K</b>	<b>4K</b>	<b>0K</b>	<b>152K</b>	<b>40K</b>	<b>-69K</b>	<b>52K</b>

## YoY % Growth

sales_tier	Appliance	Distribution	Industrial	Other	POP	Transit Packaging	Unknown Market	Wall Hangings	Total
1: >\$250,000	-5 %	33 %	-3 %	17 %	25 %	377 %	102 %	-62 %	19 %
2: \$100,000 - \$250,000	-22 %	-45 %	-33 %	-63 %	-11 %			-64 %	-24 %
3: \$50,000 - \$100,000	50 %	-17 %	1 %	21 %	-11 %				-6 %
4: \$15,000 - \$50,000	-65 %	255 %	-21 %	-76 %	-12 %				-18 %
5: <\$1,000 - \$15,000	-95 %	62 %	-27 %	92 %	-19 %	19 %	-67 %		-20 %
6: <\$1,000		Infinity	49 %	-12 %	58 %		-6 %		35 %
7: New Customer Last Year	Infinity	Infinity	Infinity		9502 %	Infinity	76 %		373 %
8: New Customer This Year							Infinity		Infinity
<b>Total</b>	<b>-12 %</b>	<b>30 %</b>	<b>-16 %</b>	<b>3 %</b>	<b>-0 %</b>	<b>690 %</b>	<b>52 %</b>	<b>-63 %</b>	<b>2 %</b>

## Management Discussion:

# GVA Growth by Tier and Industry

YoY Change in GVA

sales_tier	Appliance	Distribution	Industrial	Other	POP	Transit Packaging	Unknown Market	Wall Hangings	Total
1: >\$250,000	31K	8K	1K	6K	132K	46K	-2K	-32K	192K
2: \$100,000 - \$250,000	-5K		-20K	-6K	-21K			-28K	-82K
3: \$50,000 - \$100,000	2K	-1K	1K	4K	-24K	2K			-15K
4: \$15,000 - \$50,000	-20K	5K	-14K	-4K	-34K				-68K
5: <\$1,000 - \$15,000	-4K	5K	-19K	7K	-56K	0K	-20K		-87K
6: <\$1,000		1K	3K	-1K	19K		-2K		20K
7: New Customer Last Year	1K	9K	8K	1K	8K	34K	-8K		52K
8: New Customer This Year				5K	11K		16K		32K
Total	5K	28K	-40K	11K	35K	83K	-16K	-60K	45K

YoY % Growth by GVA

sales_tier	Appliance	Distribution	Industrial	Other	POP	Transit Packaging	Unknown Market	Wall Hangings	Total
1: >\$250,000	23 %	14 %	5 %	18 %	28 %	393 %	-100 %	-63 %	24 %
2: \$100,000 - \$250,000	-26 %		-32 %	-62 %	-10 %			-64 %	-23 %
3: \$50,000 - \$100,000	56 %	-13 %	2 %	24 %	-11 %	Infinity			-5 %
4: \$15,000 - \$50,000	-68 %	241 %	-18 %	-66 %	-12 %				-16 %
5: <\$1,000 - \$15,000	-95 %	44 %	-29 %	103 %	-17 %	83 %	-82 %		-19 %
6: <\$1,000		Infinity	47 %	-12 %	59 %		-14 %		33 %
7: New Customer Last Year	Infinity	Infinity	Infinity	Infinity	469 %	Infinity	-37 %		213 %
8: New Customer This Year				Infinity	Infinity		Infinity		Infinity
Total	3 %	36 %	-14 %	13 %	2 %	688 %	-26 %	-63 %	2 %

Management Discussion:

# 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
<b>Summary of Claim received</b>					
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	\$ -
<b>Total</b>	€	<b>805,538</b>	\$	<b>902,203</b>	<b>\$ 244,424</b>

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\*\***



# Full year outlook and consolidated P&L

\$'000	YTD		Variance		FY		PY		Variance		TTM	
	Act	Bud	\$	%	Bud	Act	\$	%	\$	%	\$	%
Gross Revenue	\$ 3,451	\$ 3,290	\$ 161	4.9%	\$ 43,473	\$ 41,856	\$ 1,618	3.9%	\$ 41,858		\$ 41,858	
Net Revenue	3,444	3,280	164	5.0%	43,358	41,728	1,631	3.9%	41,768		41,768	
Material	1,149	1,073	(77)	(7.1%)	14,021	14,403	(382)	(2.7%)	14,369		14,369	
	33.4%	32.7%	(0)	(2.0%)	32.3%	34.5%			34.4%		34.4%	
Labor	454	469	15	3.2%	5,005	4,822	183	3.8%	4,818		4,818	
	13.2%	14.3%	0	7.8%	11.5%	11.6%			11.5%		11.5%	
Other COGS	505	485	(19)	(4.0%)	5,937	5,356	581	10.8%	5,441		5,441	
Total COGS	2,109	2,027	(81)	(4.0%)	24,962	24,581	382	1.6%	24,628		24,628	
Gross Margin	1,335	1,252	83	6.6%	18,396	17,147	1,249	7.3%	17,140		17,140	
Gross Margin %	38.8%	38.2%			42.4%	41.1%			41.0%		41.0%	
R&D	27	38	11	29.9%	407	313	95	30.3%	307		307	
Sales & Marketing	334	396	62	15.7%	4,979	4,078	901	22.1%	3,986		3,986	
Administrative	336	397	61	15.4%	4,214	4,539	(326)	(7.2%)	4,706		4,706	
Other Opex	—	—	—	0	—	31	(31)	(100.0%)	31		31	
Total Opex	697	832	135	16.2%	9,600	8,961	639	7.1%	9,029		9,029	
EBITDA	638	421	218	51.8%	8,796	8,186	610	7.4%	8,111		8,111	
EBITDA %	18.5%	12.8%			20.3%	19.6%			19.4%		19.4%	
Bank allowable EBITDA add-back	7	28	(21)	(75.0%)	87	1,761	(1,674)	(95.1%)	1,961		1,961	
Bank EBITDA	645	448	197	44.0%	8,883	9,947	(1,064)	(10.7%)	10,071		10,071	
(Standalone Costs)	(127)	(31)	(96)	(19.8%)	(13)	(1,471)	1,458	(99.1%)	1,508		1,508	
PF Adjusted EBITDA	518	417	101	24%	8,870	8,476	393	4.6%	8,563		8,563	
Indicative %												
Net Income (Loss)	\$ (450)	\$ (611)	\$ 161	(26.3%)	\$ (3,588)	\$ (328)	\$ (3,260)	994.1%	\$ (1,079)		\$ (1,079)	

\$'000	YTD		Variance		PY		Variance		TTM	
	Act	Bud	\$	%	Bud	Act	\$	%	\$	%
<b>Opex Overview:</b>										
Payroll (Payroll, OT, SS & Taxes, \$	300	350	49	14.1%	4,368	3,032	1,336	44.1%	3,068	
Benefits (Medical, Dental, Life, ,	43	54	10	19.3%	684	487	196	40.3%	489	
Bonus	86	86	0	0.0%	1,031	548	484	88.3%	589	
Marketing	79	79	0	0.0%	953	875	77	8.8%	838	
Commissions	2	2	(0)	(0.0%)	59	97	(38)	(38.9%)	88	
Travel and Entertainment	22	4	(18)	(469.4%)	112	221	(110)	(49.6%)	227	
Rent and Facilities	1	30	29	97.1%	376	106	270	254.7%	92	
Insurance	17	17	0	0.0%	183	114	69	61.1%	127	
Professional Fees	21	44	24	53.6%	260	241	19	8.1%	256	
Utilities, Repairs, Maint. & Secu	3	3	1	17.7%	33	42	(9)	(20.5%)	38	
Office Supplies	4	1	(3)	(200.2%)	14	70	(57)	(80.6%)	65	
IT	40	92	52	56.9%	801	318	483	151.9%	339	
Bad Debt	12	4	(7)	(175.3%)	44	51	(7)	(14.2%)	53	
Real Estate Taxes	16	16	0	0.0%	170	163	7	4.4%	164	
Other Expenses	51	48	(2)	(4.8%)	513	2,595	(2,082)	(80.2%)	2,598	
Total Opex	\$ 697	\$ 832	\$ 135	16.2%	\$ 9,600	\$ 8,961	\$ 639	7.1%	\$ 9,029	

# Monthly P&L

\$'000	20-Jan	20-Feb	20-Mar	20-Apr	20-May	20-Jun	20-Jul	20-Aug	20-Sep	20-Oct	20-Nov	20-Dec	FY (11+1)	FY	Var	
	Act	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Act	Bud	\$	%
Gross Revenue	\$ 3,451	\$ 3,231	\$ 3,374	\$ 4,332	\$ 3,298	\$ 3,496	\$ 3,784	\$ 3,614	\$ 3,637	\$ 4,654	\$ 3,461	\$ 3,302	\$ 43,635	\$ 43,473	\$ 161	0.4%
Net Revenue	3,444	3,222	3,365	4,321	3,289	3,487	3,774	3,605	3,627	4,643	3,452	3,293	43,523	43,358	164	0.4%
Material	1,149	1,024	1,063	1,412	1,086	1,125	1,260	1,161	1,165	1,479	1,114	1,059	14,097	14,021	77	0.5%
	33.4%	31.8%	31.6%	32.7%	33.0%	32.3%	33.4%	32.2%	32.1%	31.8%	32.3%	32.2%	32.4%	32.3%	46.7%	
Labor	454	409	376	471	379	409	442	379	379	473	380	439	4,990	5,005	(15)	(0.3%)
	13.2%	12.7%	11.2%	10.9%	11.5%	11.7%	11.7%	10.5%	10.5%	10.2%	11.0%	13.3%	11.5%	11.5%	(9.1%)	
Other COGS	505	461	479	567	475	487	525	454	477	595	436	496	5,956	5,937	19	0.3%
Total COGS	2,109	1,894	1,919	2,450	1,940	2,021	2,228	1,995	2,022	2,547	1,930	1,994	25,049	24,962	86	0.3%
Gross Margin	1,335	1,328	1,446	1,871	1,348	1,466	1,546	1,610	1,606	2,097	1,522	1,299	18,474	18,396	78	0.4%
Gross Margin %	38.8%	41.2%	43.0%	43.3%	41.0%	42.0%	41.0%	44.7%	44.3%	45.2%	44.1%	39.4%	42.4%	42.4%		
R&D	27	34	33	37	35	32	35	30	31	37	30	35	396	407	(11)	(2.8%)
Sales & Marketing	334	370	388	477	396	420	440	397	398	465	398	434	4,917	4,979	(62)	(1.2%)
Administrative	336	341	328	375	324	339	372	330	328	390	333	355	4,152	4,214	(61)	(1.5%)
Other Opex	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Total Opex	697	745	750	889	755	791	847	756	757	892	761	824	9,466	9,600	(135)	(1.4%)
EBITDA	638	583	697	982	594	675	698	854	849	1,204	761	475	9,008	8,796	212	2.4%
EBITDA %	18.5%	18.1%	20.7%	22.7%	18.1%	19.3%	18.5%	23.7%	23.4%	25.9%	22.0%	14.4%	20.7%	20.3%	0.4%	
Bank allowable EBITDA add-backs	7	23	23	14	—	—	—	—	—	—	—	—	66	87	(21)	(23.8%)
Bank EBITDA	645	606	720	996	594	675	699	854	849	1,205	762	475	9,080	8,883	197	2.2%
(Standalone Costs)	(127)	(27)	0	0	0	(0)	0	0	45	(0)	0	0	(109)	(13)	(96)	744.1%
PF Adjusted EBITDA	518	579	720	996	594	675	699	854	894	1,205	762	475	8,971	8,870	101	1.1%
Indicative %															0	
Net Income (Loss)	\$ (450)	\$ (555)	\$ (489)	\$ (246)	\$ (350)	\$ (279)	\$ (549)	\$ (127)	\$ (83)	\$ 192	\$ (136)	\$ (354)	\$ (3,427)	\$ (3,588)	\$ 161	(4.5%)

\$ '000													FY (11+1)	FY	Var	
	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Act	Bud	\$	%
Opex Overview:																
Payroll (Payroll, OT, SS & Taxes, Temp	300	315	323	425	340	377	391	339	339	425	339	405	4,319	\$ 4,368	\$ (49)	(1.1%)
Benefits (Medical, Dental, Life, AD&D	43	46	51	65	52	55	64	56	56	70	56	59	673	684	(10)	(1.5%)
Bonus	86	86	86	86	86	86	86	86	86	86	86	86	1,031	1,031	(0)	(0.0%)
Marketing	79	79	79	79	79	79	79	79	79	79	79	79	953	953	(0)	(0.0%)
Commissions	2	2	2	7	5	5	7	5	5	7	5	5	59	59	0	0.0%
Travel and Entertainment	22	24	30	37	32	29	37	28	29	39	32	28	368	112	256	229.8%
Rent and Facilities	1	6	8	9	9	11	11	11	11	11	11	11	108	376	(267)	(71.1%)
Insurance	17	14	14	17	14	14	18	14	14	18	14	14	183	183	(0)	(0.0%)
Professional Fees	21	36	36	31	13	13	17	13	13	17	13	13	237	260	(24)	(9.1%)
Utilities, Repairs, Maint. & Security	3	3	3	3	3	3	3	3	3	3	3	3	33	33	(1)	(1.7%)
Office Supplies	4	1	1	1	1	1	1	1	1	1	1	1	16	14	3	19.3%
IT	40	78	60	60	63	63	64	63	63	67	64	64	749	801	(52)	(6.5%)
Bad Debt	12	3	3	4	3	3	4	3	3	4	3	3	51	44	7	16.9%
Real Estate Taxes	16	13	13	16	13	13	16	13	13	16	13	13	170	170	(0)	(0.0%)
Other Expenses	51	40	40	48	41	39	48	41	39	48	40	39	516	513	2	0.5%
Total Opex	\$ 697	\$ 745	\$ 750	\$ 889	\$ 755	\$ 791	\$ 847	\$ 756	\$ 757	\$ 892	\$ 761	\$ 824	\$ 9,466	\$ 9,600	\$ (135)	(1.4%)



# Monthly EBITDA to Net Income (Loss) Bridge

\$'000	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY	FY	Var		PY	Var	
	Actual	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	1 m Act + 11 Bud	Bud	\$	%	Act	\$	%
<b>EBITDA - as reported</b>	<b>\$ 638</b>	<b>\$ 583</b>	<b>\$ 697</b>	<b>\$ 982</b>	<b>\$ 594</b>	<b>\$ 675</b>	<b>\$ 699</b>	<b>\$ 854</b>	<b>\$ 849</b>	<b>\$ 1,205</b>	<b>\$ 762</b>	<b>\$ 475</b>	<b>\$ 9,014</b>	<b>\$ 8,799</b>	<b>\$ 215</b>	<b>2.4%</b>	<b>\$ 8,186</b>	<b>\$ 827</b>	<b>10.1%</b>
Depreciation and amortization	(553)	(554)	(554)	(554)	(554)	(554)	(554)	(554)	(554)	(554)	(554)	(554)	(6,646)	(6,647)	1	(0.0%)	(4,493)	(2,153)	47.9%
Interest and amortization	(281)	(276)	(282)	(288)	(294)	(285)	(294)	(291)	(279)	(286)	(277)	(286)	(3,418)	(3,431)	13	(0.4%)	(1,784)	(1,634)	91.5%
Other financial income/expense	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	31	(31)	(100.0%)
Non-financial income/expense	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	15	(15)	(100.0%)
Monitoring fees (including expenses)	(83)	(83)	(83)	(83)	(83)	(83)	(83)	(83)	(83)	(83)	(83)	(83)	(1,000)	(1,000)	0	(0.0%)	(500)	(500)	100.0%
Restructuring costs	(171)	(385)	(405)	(361)	(105)	(100)	(474)	(71)	(19)	(1)	(4)	1	(2,094)	(2,203)	109	(4.9%)	(1,452)	(642)	44.2%
Non-recurring items	(0)	—	—	—	—	—	—	—	—	—	—	—	(0)	(2,203)	2,202	(100.0%)	(0)	(0)	67.8%
Taxes	—	160	138	57	92	68	158	17	3	(89)	20	93	718	—	718	N/A	(330)	1,048	(317.2%)
<b>GAAP Net Income (Loss)</b>	<b>\$ (450)</b>	<b>\$ (555)</b>	<b>\$ (489)</b>	<b>\$ (246)</b>	<b>\$ (350)</b>	<b>\$ (279)</b>	<b>\$ (549)</b>	<b>\$ (127)</b>	<b>\$ (83)</b>	<b>\$ 192</b>	<b>\$ (136)</b>	<b>\$ (354)</b>	<b>\$ (3,427)</b>	<b>\$ (6,684)</b>	<b>\$ 3,257</b>	<b>(48.7%)</b>	<b>\$ (328)</b>	<b>\$ (3,099)</b>	<b>945.0%</b>

## Management Discussion

# Monthly Balance Sheet

	20-Jan	20-Feb	20-Mar	20-Apr	20-May	20-Jun	20-Jul	20-Aug	20-Sep	20-Oct	20-Nov	20-Dec	FY	PY
\$'000	Act	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Act
<b>Current Assets</b>														
Cash and cash equivalents	2,078	1,031	442	90	209	92	87	94	710	412	1,050	1,736	1,736	1,528
Short term investments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Accounts receivable, gross	5,343	5,394	5,579	6,250	6,025	5,686	6,207	6,235	6,062	6,708	6,407	5,472	5,472	6,231
Accounts receivable, reserves	(121)	(108)	(108)	(108)	(108)	(108)	(108)	(108)	(108)	(108)	(108)	(108)	(108)	(96)
Accounts receivable, net	5,223	5,286	5,471	6,142	5,917	5,578	6,099	6,127	5,954	6,600	6,299	5,364	5,364	6,134
Inventory, gross	6,377	6,079	6,079	6,079	6,039	6,039	6,039	5,999	5,999	5,999	5,999	6,049	6,049	6,094
Inventory, reserves	(1,017)	(993)	(988)	(1,008)	(1,023)	(1,038)	(1,058)	(973)	(988)	(1,008)	(1,023)	(1,033)	(1,033)	(1,074)
Inventory, net	5,360	5,086	5,091	5,071	5,016	5,001	4,981	5,026	5,011	4,991	4,976	5,016	5,016	5,020
Prepaid expenses and other current assets	425	325	211	378	263	133	402	312	210	388	327	225	225	324
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	—	—	—	—	—	—	—	—	—	—	—
<b>Total Current Assets</b>	<b>13,086</b>	<b>11,729</b>	<b>11,214</b>	<b>11,681</b>	<b>11,405</b>	<b>10,804</b>	<b>11,568</b>	<b>11,560</b>	<b>11,884</b>	<b>12,392</b>	<b>12,652</b>	<b>12,341</b>	<b>12,341</b>	<b>13,006</b>
<b>Non-Current Assets</b>														
Property, plant & equipment, gross	12,251	12,783	12,854	12,875	13,029	13,164	13,241	13,301	13,355	13,355	13,355	13,374	13,374	12,180
Accumulated depreciation	(516)	(592)	(667)	(742)	(817)	(892)	(967)	(1,042)	(1,117)	(1,192)	(1,267)	(1,342)	(1,342)	(367)
Property, plant & equipment, net	11,736	12,192	12,188	12,133	12,212	12,273	12,275	12,260	12,238	12,163	12,088	12,032	12,032	11,813
Identifiable intangible assets, gross	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Accumulated amortization	(3,352)	(3,831)	(4,310)	(4,789)	(5,268)	(5,747)	(6,226)	(6,705)	(7,184)	(7,663)	(8,142)	(8,621)	(8,621)	(2,395)
Identifiable intangible assets, net	54,118	53,639	53,160	52,681	52,202	51,723	51,244	50,765	50,286	49,807	49,328	48,850	48,850	55,075
Deferred financing cost	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other non-current assets	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Non-Current Assets</b>	<b>65,853</b>	<b>65,831</b>	<b>65,348</b>	<b>64,814</b>	<b>64,414</b>	<b>63,996</b>	<b>63,519</b>	<b>63,025</b>	<b>62,525</b>	<b>61,971</b>	<b>61,417</b>	<b>60,882</b>	<b>60,882</b>	<b>66,889</b>
<b>Total Assets</b>	<b>\$ 78,939</b>	<b>\$ 77,559</b>	<b>\$ 76,562</b>	<b>\$ 76,495</b>	<b>\$ 75,819</b>	<b>\$ 74,800</b>	<b>\$ 75,087</b>	<b>\$ 74,585</b>	<b>\$ 74,409</b>	<b>\$ 74,363</b>	<b>\$ 74,069</b>	<b>\$ 73,223</b>	<b>\$ 73,223</b>	<b>\$ 79,895</b>
<b>Current Liabilities</b>														
Current portion of long-term debt	1,039	1,039	1,039	2,139	1,739	1,739	2,089	1,589	1,039	1,039	1,039	1,039	1,039	1,039
Notes Payable	261	531	794	268	542	(0)	275	547	806	266	524	—	—	545
Accounts payable	2,254	1,926	2,136	2,112	1,830	1,838	1,889	1,740	1,747	2,231	1,688	1,872	1,872	1,831
Accrued liabilities	2,291	2,004	1,563	1,489	1,644	1,747	2,046	2,046	2,220	2,188	2,317	2,498	2,498	1,955
Accrued compensation	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Income taxes payable	331	(8)	(146)	(203)	(295)	(363)	(521)	(538)	(541)	(452)	(473)	(566)	(566)	331
Other current liabilities	(233)	(233)	(233)	(233)	(233)	(233)	(233)	(233)	(233)	(233)	(233)	(233)	(233)	(233)
<b>Total Current Liabilities</b>	<b>5,943</b>	<b>5,260</b>	<b>5,153</b>	<b>5,572</b>	<b>5,228</b>	<b>4,728</b>	<b>5,545</b>	<b>5,150</b>	<b>5,038</b>	<b>5,040</b>	<b>4,863</b>	<b>4,611</b>	<b>4,611</b>	<b>5,468</b>
<b>Long-term liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Long-term debt less current maturities	40,061	40,061	39,640	39,380	39,380	39,120	39,120	39,120	39,120	38,861	38,861	38,601	38,601	40,320
Deferred income taxes	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other non-current liabilities	(795)	(775)	(756)	(737)	(717)	(698)	(678)	(659)	(640)	(620)	(601)	(582)	(582)	(834)
<b>Total Long-Term Liabilities</b>	<b>39,266</b>	<b>39,285</b>	<b>38,884</b>	<b>38,643</b>	<b>38,663</b>	<b>38,423</b>	<b>38,442</b>	<b>38,461</b>	<b>38,481</b>	<b>38,240</b>	<b>38,260</b>	<b>38,020</b>	<b>38,020</b>	<b>39,487</b>
<b>Total Liabilities</b>	<b>45,209</b>	<b>44,545</b>	<b>44,036</b>	<b>44,215</b>	<b>43,890</b>	<b>43,151</b>	<b>43,987</b>	<b>43,611</b>	<b>43,519</b>	<b>43,280</b>	<b>43,123</b>	<b>42,630</b>	<b>42,630</b>	<b>44,955</b>
<b>Shareholders' Equity</b>														
Common stock	39,001	39,001	39,001	39,001	39,001	39,001	39,001	39,001	39,001	39,001	39,001	39,001	39,001	39,001
Capital in excess of stated value	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Retained earnings	(5,271)	(5,987)	(6,476)	(6,722)	(7,072)	(7,352)	(7,901)	(8,028)	(8,111)	(7,919)	(8,055)	(8,409)	(8,409)	(4,062)
Accumulated other comprehensive income	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other equity transactions	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Shareholders' Equity</b>	<b>33,730</b>	<b>33,014</b>	<b>32,525</b>	<b>32,279</b>	<b>31,929</b>	<b>31,649</b>	<b>31,101</b>	<b>30,973</b>	<b>30,890</b>	<b>31,082</b>	<b>30,946</b>	<b>30,593</b>	<b>30,593</b>	<b>34,940</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 78,939</b>	<b>\$ 77,559</b>	<b>\$ 76,562</b>	<b>\$ 76,495</b>	<b>\$ 75,819</b>	<b>\$ 74,800</b>	<b>\$ 75,087</b>	<b>\$ 74,585</b>	<b>\$ 74,409</b>	<b>\$ 74,363</b>	<b>\$ 74,069</b>	<b>\$ 73,223</b>	<b>\$ 73,223</b>	<b>\$ 79,895</b>

# Balance Sheet – Year on Year Comparison

\$'000	YTD		Variance	
	CY	Dec-19	\$	%
<b>Current Assets</b>				
Cash and cash equivalents	\$ 2,078	\$ 1,528	\$ 551	36.0%
Short term investments	–	–	–	–
<i>Accounts receivable, gross</i>	5,343	6,231	(887)	(14.2%)
<i>Accounts receivable, reserves</i>	(121)	(96)	(24)	25.1%
Accounts receivable, net	5,223	6,134	(911)	(14.9%)
<i>Inventory, gross</i>	6,377	6,094	283	4.6%
<i>Inventory, reserves</i>	(1,017)	(1,074)	57	(5.3%)
Inventory, net	5,360	5,020	340	6.8%
Prepaid expenses and other current assets	425	324	101	31.1%
Current portion of deferred taxes	–	–	–	–
Other current assets	–	–	–	–
<b>Total Current Assets</b>	<b>13,086</b>	<b>13,006</b>	<b>80</b>	<b>0.6%</b>
<b>Non-Current Assets</b>				
<i>Property, plant &amp; equipment, gross</i>	12,251	12,180	71	0.6%
<i>Accumulated depreciation</i>	(516)	(367)	(149)	40.5%
Property, plant & equipment, net	11,736	11,813	(77)	(0.7%)
<i>Identifiable intangible assets, gross</i>	–	–	–	–
<i>Accumulated amortization</i>	(3,352)	(2,395)	(958)	40.0%
Identifiable intangible assets, net	54,118	55,075	(958)	(1.7%)
Deferred financing cost	–	–	–	–
Other non-current assets	–	–	–	–
<b>Total Non-Current Assets</b>	<b>65,853</b>	<b>66,889</b>	<b>(1,035)</b>	<b>(1.5%)</b>
<b>Total Assets</b>	<b>\$ 78,939</b>	<b>\$ 79,895</b>	<b>\$ (955)</b>	<b>(1.2%)</b>
<b>Current Liabilities</b>				
Current portion of long-term debt	\$ 1,039	\$ 1,039	\$ –	0.0%
Notes Payable	261	545	(283)	(52.0%)
Accounts payable	2,254	1,831	423	23.1%
Accrued liabilities	2,291	1,955	335	17.2%
Accrued compensation	–	–	–	–
Income taxes payable	331	331	–	0.0%
Other current liabilities	(233)	(233)	–	0.0%
<b>Total Current Liabilities</b>	<b>5,943</b>	<b>5,468</b>	<b>475</b>	<b>8.7%</b>
<b>Long-term liabilities</b>				
Long-term debt less current maturities	40,061	40,320	(260)	(0.6%)
Deferred income taxes	–	–	–	–
Other non-current liabilities	(795)	(834)	39	(4.7%)
<b>Total Long-Term Liabilities</b>	<b>39,266</b>	<b>39,487</b>	<b>(221)</b>	<b>(0.6%)</b>
<b>Total Liabilities</b>	<b>45,209</b>	<b>44,955</b>	<b>254</b>	<b>0.6%</b>
<b>Shareholders' Equity</b>				
Common stock	39,001	39,001	–	0.0%
Capital in excess of stated value	–	–	–	–
Retained earnings	(5,271)	(4,062)	(1,209)	29.8%
Accumulated other comprehensive income	–	–	–	–
Other equity transactions	–	–	–	–
<b>Total Shareholders' Equity</b>	<b>33,730</b>	<b>34,940</b>	<b>(1,209)</b>	<b>(3.5%)</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 78,939</b>	<b>\$ 79,895</b>	<b>\$ (955)</b>	<b>(1.2%)</b>

# Monthly Cash Flow

\$'000	20-Jan	20-Feb	20-Mar	20-Apr	20-May	20-Jun	20-Jul	20-Aug	20-Sep	20-Oct	20-Nov	20-Dec	FY (11+1)	FY	Variance	
	Act	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Act	Bud	\$	%
<b>Cash flow from operations</b>																
Net Income (Loss)	\$ (450)	\$ (555)	\$ (489)	\$ (246)	\$ (350)	\$ (279)	\$ (549)	\$ (127)	\$ (83)	\$ 192	\$ (136)	\$ (354)	\$ (3,427)	\$ (3,588)	\$ 161	(4.5%)
Depreciation, amortization and other	553	554	554	554	554	554	554	554	554	554	554	554	6,646	6,647	(1)	(0.0%)
Capitalized fees & expenses	19	19	19	19	19	19	19	19	19	19	19	19	233	233	(0)	(0.0%)
Gain (loss) on sale of fixed assets	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Non-cash interest expense	261	257	263	268	274	266	275	272	259	266	258	266	3,185	3,198	(13)	(0.4%)
Non-cash dividends	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Deferred income tax	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Change in operating assets and liabilities:</b>																
Accounts receivable	106	(64)	(184)	(672)	225	339	(520)	(29)	174	(647)	302	934	(36)	(36)	—	0.0%
Inventory	(15)	274	(5)	20	55	15	20	(45)	15	20	15	(40)	329	329	—	0.0%
Prepaid expenses and other current assets	(188)	100	115	(167)	115	130	(269)	90	103	(179)	61	103	13	13	—	0.0%
Accounts payable	(66)	(328)	210	(24)	(282)	7	51	(149)	8	484	(543)	184	(448)	(448)	—	0.0%
Accrued expenses	273	(286)	(441)	(74)	155	104	299	0	173	(31)	129	181	481	481	—	0.0%
Accrued income taxes	—	(339)	(138)	(57)	(92)	(68)	(158)	(17)	(3)	89	(20)	(93)	(897)	(897)	—	0.0%
Other changes in operating assets and liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other cash flow from operations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Cash Flow from Operations</b>	<b>\$ 494</b>	<b>\$ (368)</b>	<b>\$ (97)</b>	<b>\$ (379)</b>	<b>\$ 673</b>	<b>\$ 1,086</b>	<b>\$ (278)</b>	<b>\$ 567</b>	<b>\$ 1,220</b>	<b>\$ 768</b>	<b>\$ 638</b>	<b>\$ 1,755</b>	<b>\$ 6,079</b>	<b>\$ 5,932</b>	<b>\$ 147</b>	<b>2.5%</b>
<b>Cash flow from investing</b>																
Additions to property, plant and equipment	\$ (25)	\$ (532)	\$ (71)	\$ (20)	\$ (154)	\$ (135)	\$ (77)	\$ (60)	\$ (54)	\$ —	\$ —	\$ (19)	\$ (1,147)	\$ (1,147)	\$ —	0.0%
Acquisitions of companies, net of cash acquired	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Investment in intangibles	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Earnout payments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other cash flow from investing (goodwill)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Cash Flow from Investing</b>	<b>\$ (25)</b>	<b>\$ (532)</b>	<b>\$ (71)</b>	<b>\$ (20)</b>	<b>\$ (154)</b>	<b>\$ (135)</b>	<b>\$ (77)</b>	<b>\$ (60)</b>	<b>\$ (54)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (19)</b>	<b>\$ (1,147)</b>	<b>\$ (1,147)</b>	<b>\$ —</b>	<b>0.0%</b>
<b>Cash flow from financing</b>																
Proceeds from the issuance (repayment) of ST	\$ —	\$ —	\$ —	\$ 1,100	\$ (400)	\$ —	\$ 350	\$ (500)	\$ (550)	\$ —	\$ —	\$ —	\$ 0	\$ 0	\$ —	0.0%
Proceeds from the issuance of debt	0	—	—	—	—	—	—	—	—	—	—	—	0	—	0	—
Repayment of debt	0	—	(421)	(1,053)	—	(1,068)	—	—	—	(1,066)	—	(1,050)	(4,658)	(4,658)	0	(0.0%)
Capital lease	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Common stock issued (repurchased)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Common stock cash dividends paid	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Preferred stock issued (repurchased)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other cash flow from financing costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Cash Flow from Financing</b>	<b>\$ 0</b>	<b>\$ —</b>	<b>\$ (421)</b>	<b>\$ 47</b>	<b>\$ (400)</b>	<b>\$ (1,068)</b>	<b>\$ 350</b>	<b>\$ (500)</b>	<b>\$ (550)</b>	<b>\$ (1,066)</b>	<b>\$ —</b>	<b>\$ (1,050)</b>	<b>\$ (4,658)</b>	<b>\$ (4,658)</b>	<b>\$ 0</b>	<b>(0.0%)</b>
<b>Effect of FX rates on cash and cash equivalents</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>—</b>
<b>Net change in cash</b>	<b>\$ 469</b>	<b>\$ (900)</b>	<b>\$ (589)</b>	<b>\$ (352)</b>	<b>\$ 119</b>	<b>\$ (117)</b>	<b>\$ (6)</b>	<b>\$ 7</b>	<b>\$ 616</b>	<b>\$ (298)</b>	<b>\$ 638</b>	<b>\$ 686</b>	<b>\$ 274</b>	<b>\$ 127</b>	<b>\$ 147</b>	<b>116.0%</b>
Beginning cash	1,609	2,078	1,178	589	237	356	239	234	241	857	559	1,198	1,609	7,164	(5,555)	(77.5%)
Change in cash	469	(900)	(589)	(352)	119	(117)	(6)	7	616	(298)	638	686	274	127	147	116.0%
<b>Ending cash</b>	<b>\$ 2,078</b>	<b>\$ 1,178</b>	<b>\$ 589</b>	<b>\$ 237</b>	<b>\$ 356</b>	<b>\$ 239</b>	<b>\$ 234</b>	<b>\$ 241</b>	<b>\$ 857</b>	<b>\$ 559</b>	<b>\$ 1,198</b>	<b>\$ 1,883</b>	<b>\$ 1,883</b>	<b>\$ 7,291</b>	<b>\$ (5,408)</b>	<b>(74.2%)</b>

# 2019 Standalone Costs and Indicative EBITDA Adjustments

	A	B	C=A+B	D	E	F	G=D+F	H=G+E	
	Fav/(Unfav)			SC Amount			SC Amount		
	Incremental	Amount in	Total SC	in 2019	Indicative	SC Amount	SC Amount	SC Amount	2019
	SC amount	2019 Plan	P&L Costs	Bank	EBITDA	Incurred in	Incurred in	Incurred in	Indicative
	(per deal	(excluding	in Plan	EBITDA	Adjustment	2019	2019 Bank	2019	EBITDA
	model)	incremental	(Deal	(through	(2019)	Reported	EBITDA	EBTIDA	variance to
		SC)	Model)	June)		EBITDA			Deal Model
<b>**2019/2020 Standalone Cost (SC) Details**</b>									
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)	20
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)	57
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 O365	(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)	(143)	(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

Compare these

## 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 costs.
- P&L was burdened by ~\$200k of headcount that was not in the plan or SC costs. (not shown).

# 2020 Standalone Costs

New columns not on previous slide

	C=A+B	F	G=D+F	H=G+E	I	J=I-F	K=I-G	L=I-H	M=I-C
<b>**2019/2020 Standalone Cost (SC) Details**</b>	<b>Fav/(Unfav) Total SC P&amp;L Costs in Plan (Deal Model)</b>	<b>SC Amount Incurred in 2019 Reported EBITDA</b>	<b>SC Amount Incurred in 2019 Bank EBITDA</b>	<b>SC Amount Incurred in 2019 Indicative EBITDA</b>	<b>2019 Indicative EBITDA variance to Deal Model</b>	<b>2020 Incremental SC (Compared to reported EBITDA)</b>	<b>2020 Incremental SC (Compared to Bank EBITDA)</b>	<b>2020 Incremental SC (Compared to 2019 Indicative EBITDA)</b>	<b>2020 SC Variance to Deal Model</b>
<b>Additional Freight Costs</b>	<b>(125)</b>	-	<b>(63)</b>	<b>(63)</b>	<b>63</b>	-	<b>63</b>	<b>63</b>	<b>125</b>
<b>Additional Headcount</b>	<b>(587)</b>	<b>(100)</b>	<b>(389)</b>	<b>(614)</b>	<b>(27)</b>	<b>(483)</b>	<b>(94)</b>	<b>132</b>	<b>104</b>
Inside Sales Manager	(111)	(15)	(70)	(113)	(2)	(116)	(102)	(46)	(5)
Marketing Manager	(111)	(81)	(132)	(132)	(21)	(131)	(50)	1	(20)
Staff Accountant	(94)	(5)	(52)	(99)	(5)	(69)	(65)	(18)	25
Sr Accountant (HR Generalist)	(102)		(51)	(102)	-	(61)	(61)	(10)	41
A/R Clerk	(111)		(56)	(111)	-	(53)	(53)	3	58
A/P Clerk	(58)		(29)	(58)	-	(53)	(53)	(24)	5
<b>Audit Costs</b>	<b>(90)</b>	<b>(38)</b>	<b>(70)</b>	<b>(70)</b>	<b>20</b>	<b>(37)</b>	<b>(5)</b>	<b>(5)</b>	<b>15</b>
<b>Non Union Benefits/Payroll</b>	<b>(913)</b>	<b>(626)</b>	<b>(792)</b>	<b>(824)</b>	<b>89</b>	<b>(846)</b>	<b>(54)</b>	<b>(22)</b>	<b>67</b>
Benefits Costs	(877)	(626)	(789)	(789)	88	(810)	(184)	(21)	67
Payroll Costs	(36)	-	(3)	(35)	1	(36)	(33)	(1)	-
<b>General Insurance</b>	<b>(508)</b>	<b>(243)</b>	<b>(450)</b>	<b>(450)</b>	<b>57</b>	<b>(390)</b>	<b>60</b>	<b>60</b>	<b>118</b>
<b>IT Costs</b>	<b>(1,104)</b>	<b>(410)</b>	<b>(795)</b>	<b>(1,111)</b>	<b>(8)</b>	<b>(1,061)</b>	<b>(265)</b>	<b>51</b>	<b>43</b>
Network (ISP Charges)	(36)		(18)	(18)	18	(12)	6	6	24
Telephone	(241)	(222)	(202)	(202)	39	(91)	131	111	150
MS O365	(97)	(9)	(58)	(58)	40	(36)	(27)	22	61
Cell Phone	(38)		(19)	(19)	19	(26)	(7)	(7)	12
Printers	(14)		(7)	(7)	7	(36)	(29)	(29)	(22)
Security Software	(6)		(3)	(3)	3	(26)	(23)	(23)	(20)
Support Services	(317)		(158)	(158)	158	(73)	(73)	85	243
ERP/CRM	(200)	(25)	(125)	(125)	75	(209)	(84)	(84)	(9)
E-Commerce	(20)		(10)	(10)	10	(29)	(19)	(19)	(9)
Site Based Support	(84)	(92)	(134)	(134)	(50)	(285)	(193)	(151)	(201)
Not Specified/Other	(51)	(62)	(62)	(378)	(327)	(239)	(177)	(177)	(188)
<b>Service Centers</b>	<b>(557)</b>	<b>(129)</b>	<b>(278)</b>	<b>(421)</b>	<b>135</b>	<b>(101)</b>	<b>177</b>	<b>320</b>	<b>456</b>
<b>Tax Support</b>	<b>(50)</b>	-	<b>(25)</b>	<b>(25)</b>	<b>25</b>	<b>(50)</b>	<b>(25)</b>	<b>(25)</b>	-
<b>Total</b>	<b>(3,933)</b>	<b>(1,545)</b>	<b>(2,862)</b>	<b>(3,578)</b>	<b>354</b>	<b>(3,005)</b>	<b>(1,460)</b>	<b>573</b>	<b>928</b>

Compare these

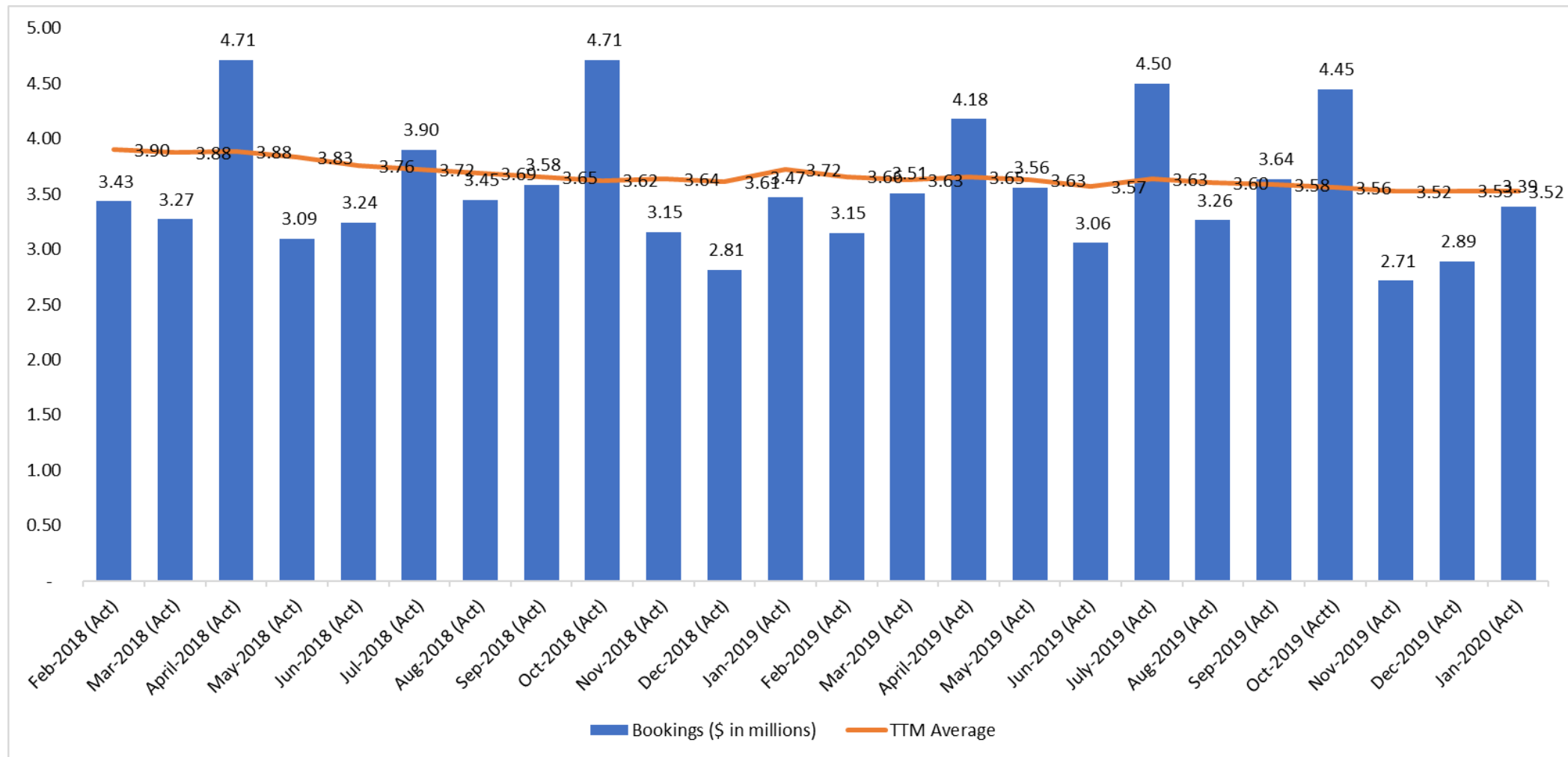
## Management Discussion:

- The purpose of this chart is to compare 2020 AOP P&L costs to the deal model 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.



# Trended Monthly Bookings (24 month act)

\$ in millions

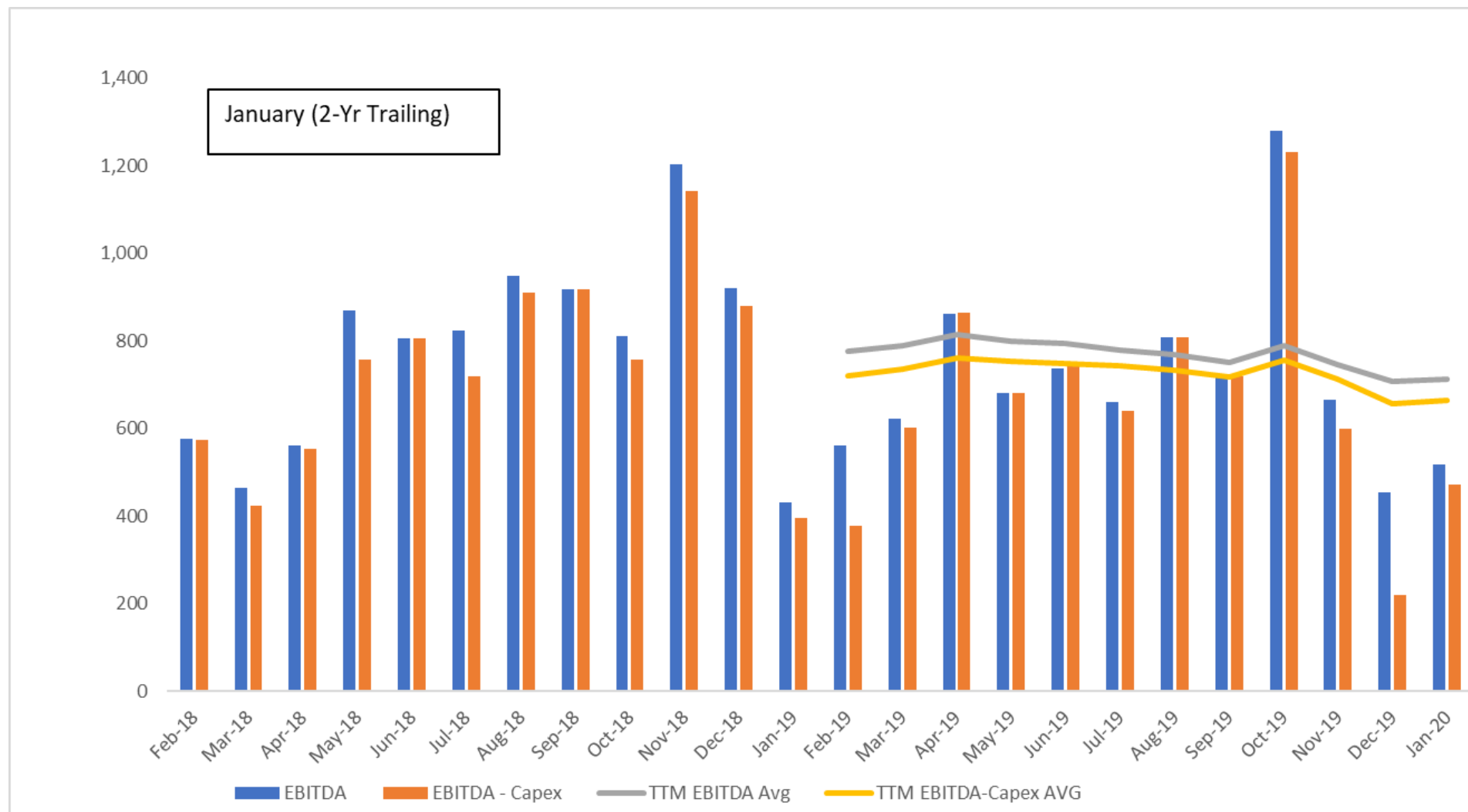


# Trended Monthly Backlog (24 month actual)



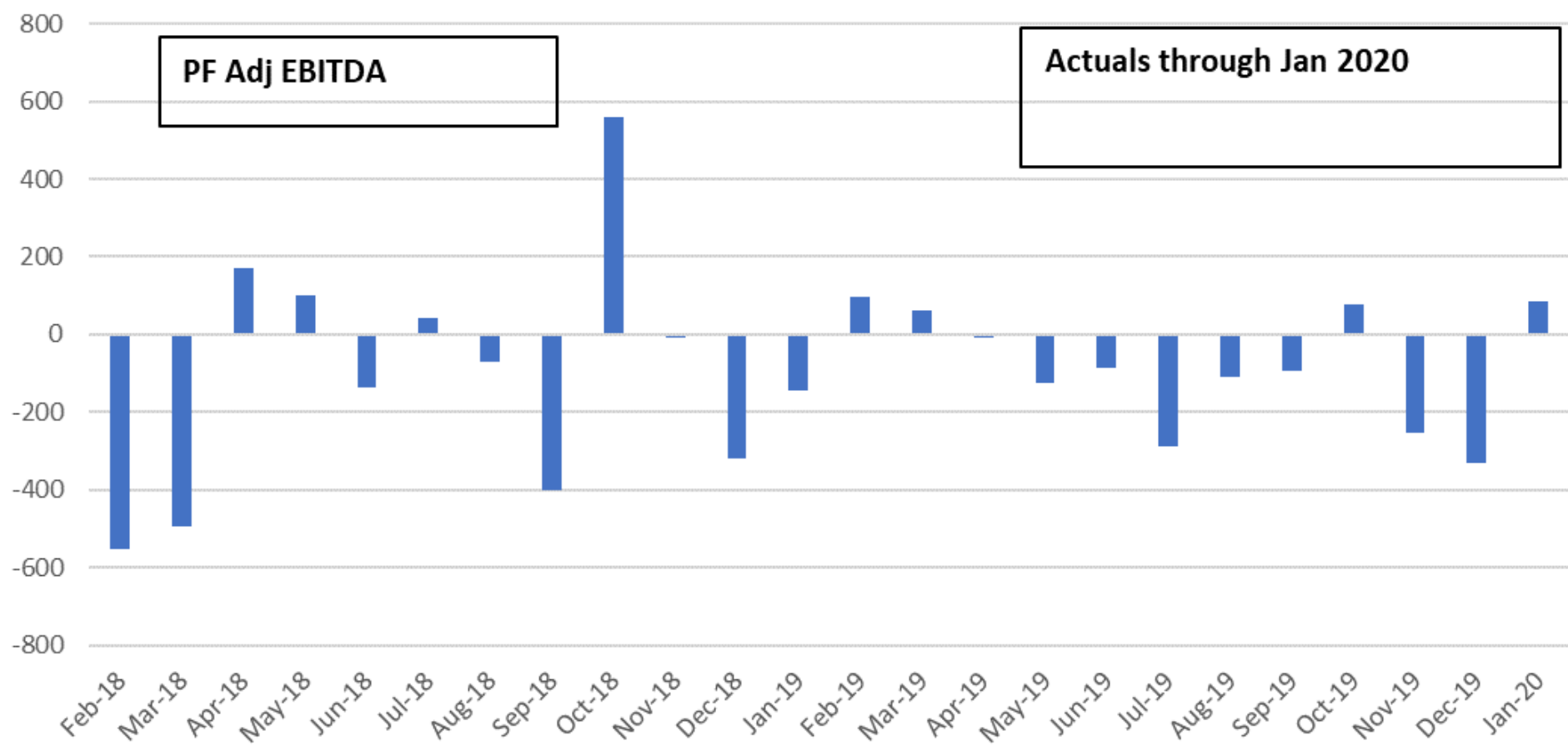
# EBITDA and EBITDA – CapEx

\$ in millions



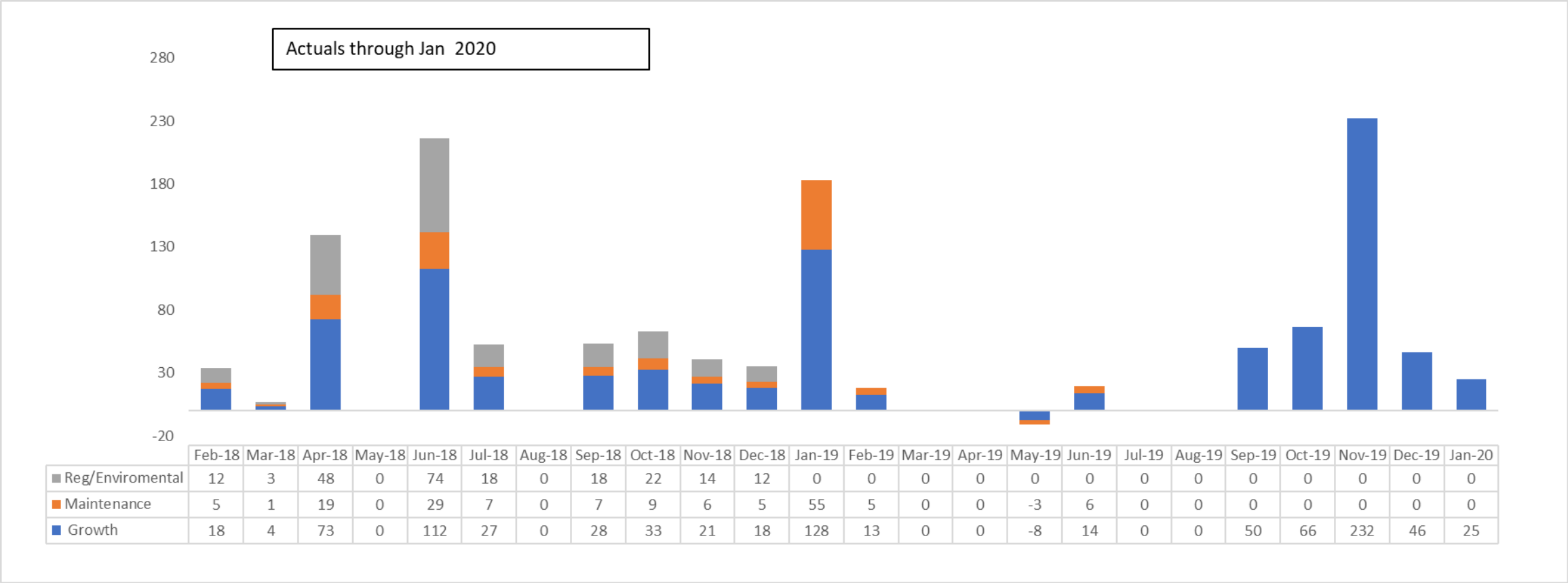
# Y-o-Y \$ EBITDA Change

\$ in thousands



# Capital Expenditures

\$ in thousands

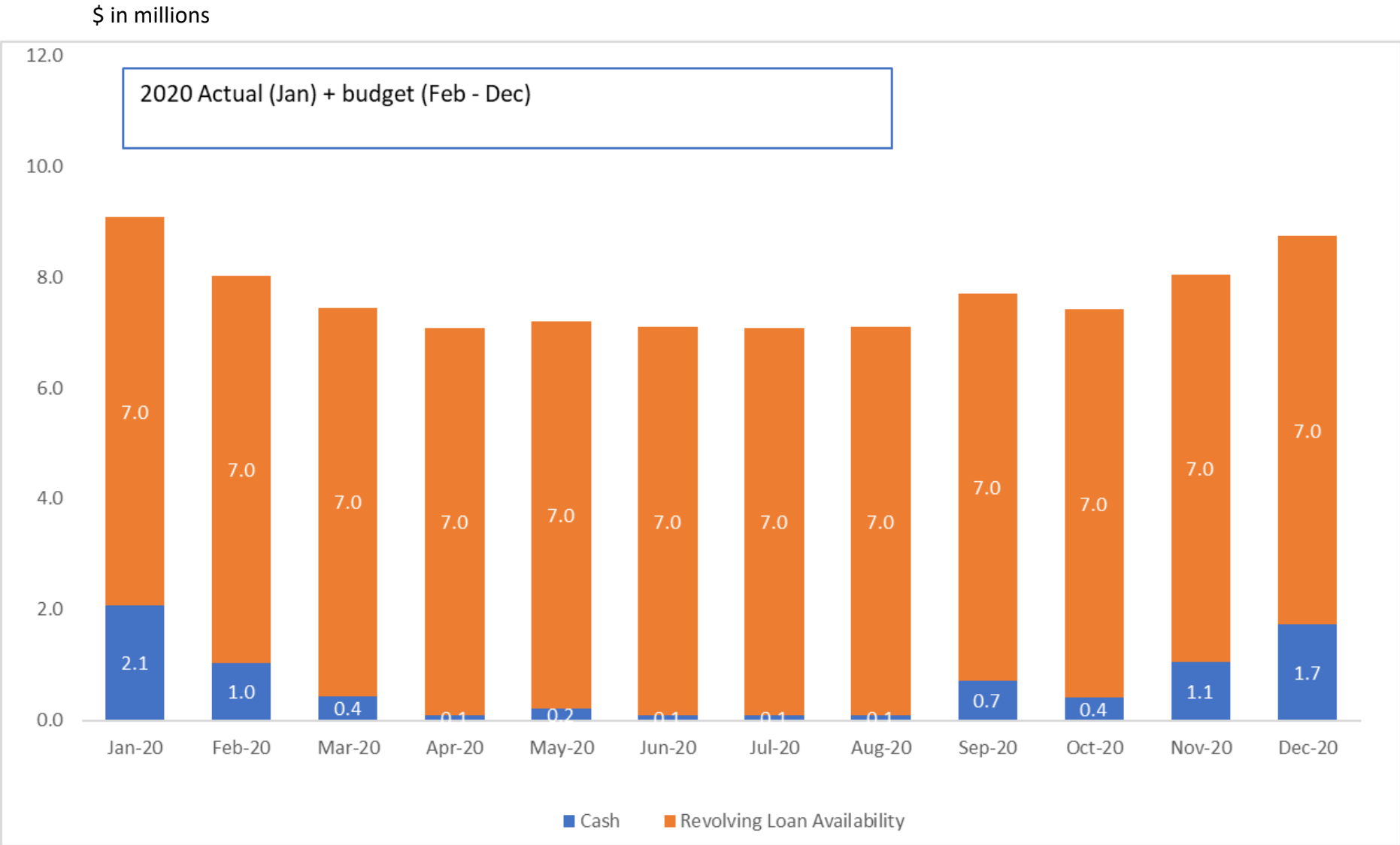


# Headcount Hires & Attrition

FUNCTIONAL AREA	START OF MONTH	HIRES	INVOLUNTARY TERM	VOLUNTARY TERM	END OF MONTH
Direct Labor	77	1	-	2	75
Operations - Hourly	7	-	-	-	7
Operations - Salary	20	-	-	-	20
Research & Development	2	-	-	-	2
Sales & Marketing	23	-	-	-	23
Administrative	10	1	-	-	11
Other	-	-	-	-	-
Agency FTE & Temps	-	-	-	-	-
<b>Total Headcount</b>	<b>139</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>138</b>

*NOTE:* Turnover trend remains below monthly target of 1%

# Liquidity Forecast



# Headcount Trending by Month

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20
Direct Labor	78	78	77	77	78	78	78	78	77	78	77	76	75
Operations - Hourly	6	6	6	7	7	7	7	7	7	7	7	7	7
Operations - Salary	18	18	18	18	19	19	20	20	20	20	20	20	20
Research & Development	2	2	2	2	2	2	2	2	2	2	2	2	2
Sales & Marketing	23	22	23	23	24	23	24	24	26	27	23	23	23
Administrative	7	7	7	7	7	7	7	8	10	10	10	11	11
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency FTE & Temps	-	-	-	1	1	1	1	-	-	-	-	-	-
<b>Total Headcount</b>	<b>134</b>	<b>133</b>	<b>133</b>	<b>135</b>	<b>138</b>	<b>137</b>	<b>139</b>	<b>139</b>	<b>142</b>	<b>144</b>	<b>139</b>	<b>139</b>	<b>138</b>

## Management Discussion

### *Current Open Roles:*

- Sales: Customer Service Supervisor, Customer Service Rep, Regional Sales Manager
- Administrative: AR Specialist



# 2020 Sales Restructuring

# 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
<b>TOTAL</b>	<b>24</b>	<b>29</b>	<b>5</b>

## 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 on-boarding 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

Placeholder  
To be added for January MOR

# Customer Classification

CLASS	CRITERIA	SALES EXPECTATIONS	MARKETING EXPECTATIONS
A	<ul style="list-style-type: none"> <li>\$100k+ EAU actual or potential</li> </ul>	<ul style="list-style-type: none"> <li>Business Development Manager own senior level relationship</li> <li>RSM primary owner of the local relationship                             <ul style="list-style-type: none"> <li>F2F visits per year – 4</li> <li>Monthly contact</li> <li>Inside Sales support as needed</li> </ul> </li> <li>Customer Service – “Just say Yes”</li> </ul>	<ul style="list-style-type: none"> <li>Customer Council Involvement (gathering feedback to discuss price, product, user experience, customer experience) the main reasons for customer churn</li> <li>ABM + Customer Marketing Campaigns</li> <li>Customer Newsletter + Increased Email Blasts</li> <li>Customer Heartbeat Emails (NPS Surveys)</li> </ul>
B	<ul style="list-style-type: none"> <li>\$50k – \$100k EAU actual or potential</li> <li>Outside influencer/driver of significant business</li> <li>Significant competitor pressure</li> </ul>	<ul style="list-style-type: none"> <li>RSM primary owner of the local relationship                             <ul style="list-style-type: none"> <li>F2F visits per year – 2</li> <li>Monthly contact as need to support customer needs</li> <li>Inside Sales support as needed</li> </ul> </li> <li>Customer Service – focus on meeting customers needs</li> </ul>	<ul style="list-style-type: none"> <li>Same as CLASS A classification</li> </ul>
C	<ul style="list-style-type: none"> <li>\$15k – \$50k EAU actual or potential</li> <li>Significant POP or Print segments</li> </ul>	<ul style="list-style-type: none"> <li>Inside Sales primary owner of the relationship                             <ul style="list-style-type: none"> <li>Quarterly contacts or as needed to support current customer needs</li> </ul> </li> <li>RSM involvement as need by Inside Sales – F2F visit</li> <li>If POP / Print ensure Design contact</li> <li>Customer Service – support per standard T&amp;C</li> </ul>	<ul style="list-style-type: none"> <li>Customer Newsletter + Increased Email Blasts</li> <li>Customer Heartbeat Emails</li> </ul>
D	<ul style="list-style-type: none"> <li>\$1k – \$15k EAU</li> <li>No known potential to achieve above \$15k EAU</li> <li>Not POP or Print segments</li> </ul>	<ul style="list-style-type: none"> <li>Inside Sales primary owner of the relationship                             <ul style="list-style-type: none"> <li>Annual or bi-Annual contact</li> </ul> </li> <li>Customer Service – support per standard T&amp;C</li> </ul>	<ul style="list-style-type: none"> <li>Customer Newsletter + Increased Email Blasts</li> <li>Website redesign – make it easy to do business</li> </ul>
E	<ul style="list-style-type: none"> <li>&lt;\$1k</li> <li>No potential</li> <li>Not POP or Print segments</li> </ul>	<ul style="list-style-type: none"> <li>Communication is through Marketing</li> <li>No active pursuit</li> <li>Customer Service – support per standard T&amp;C</li> </ul>	<ul style="list-style-type: none"> <li>Same as CLASS D classification</li> </ul>



Thank You