Monthly Operating Review

August 2019

DURACO

Agenda

1. Executive summary
2. Operational review
    a) Commercial review
    b) Operational review
    c) Smart Ventures
3. Financial review
4. Information systems & Technology
5. Acquisitions and other transactions
6. Management and governance report
7. Appendix

Executive Summary

Executive Summary

Good news / positives to business and plan

- EBITDA below plan but ahead of forecast due to higher revenue than expected based on strong bookings in the final week of August
- White Goods shows positive results with growth in the month from GE, Alliance Laundry, and Plastic Products
- Ampac volume beginning to ramp and they are communicating that they are planning for additional growth in 2020
- Wall Hanging segment is increasing and expect to meet expectation for Q4; Mixtiles, Circle Graphics, PlanetArt

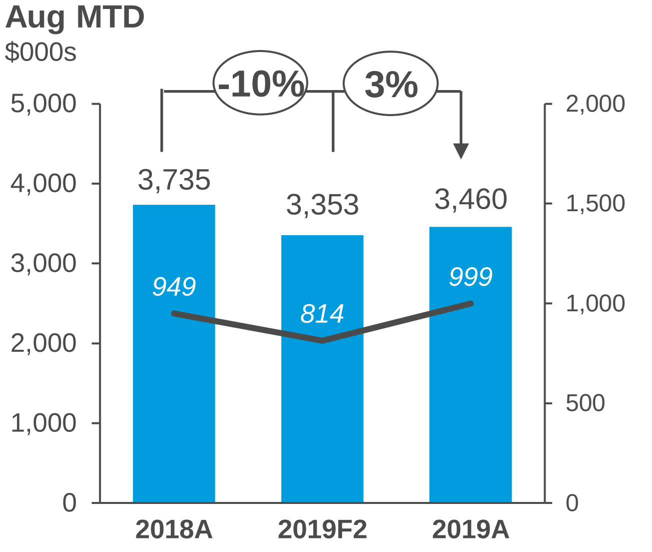
Risks / challenges to business and plan

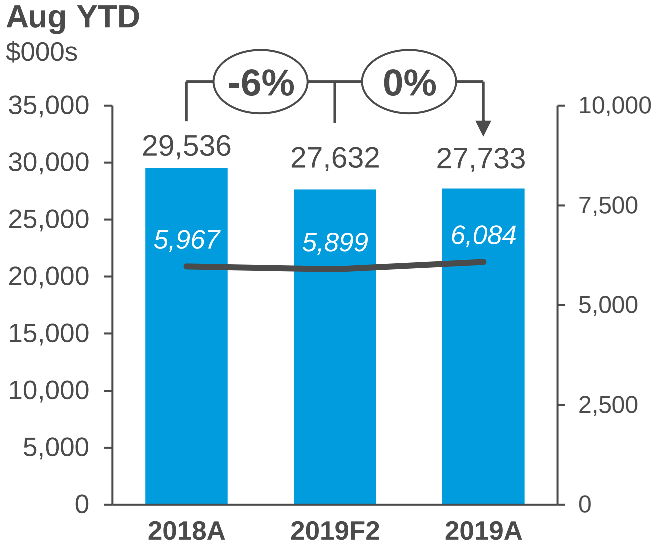
- Sales revenue and orders behind plan and behind last year primarily due to lack of growth at Whirlpool, continued softness with key POP accounts, and Industrial
- Industrial segments not growing at the expected rate; focus on increasing f2f calls and shortening length of time opportunities are in pipeline

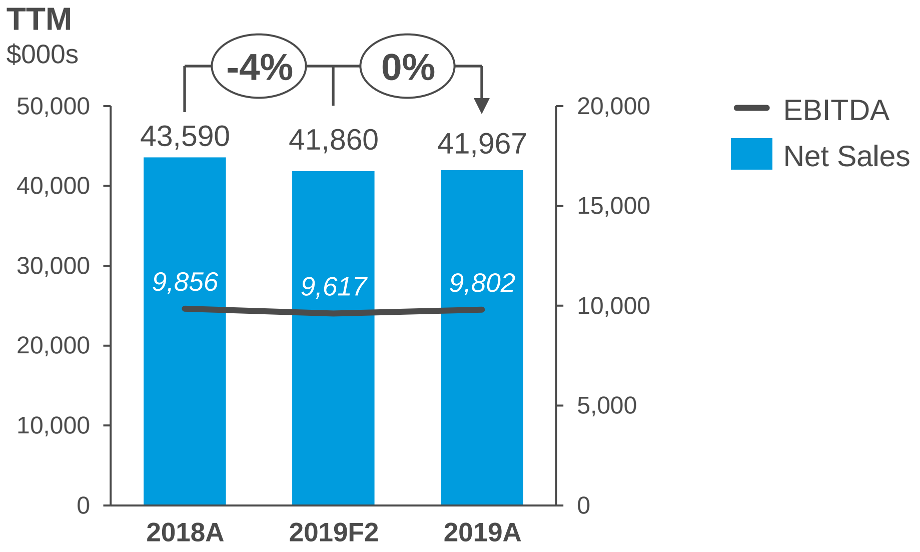
Other material items

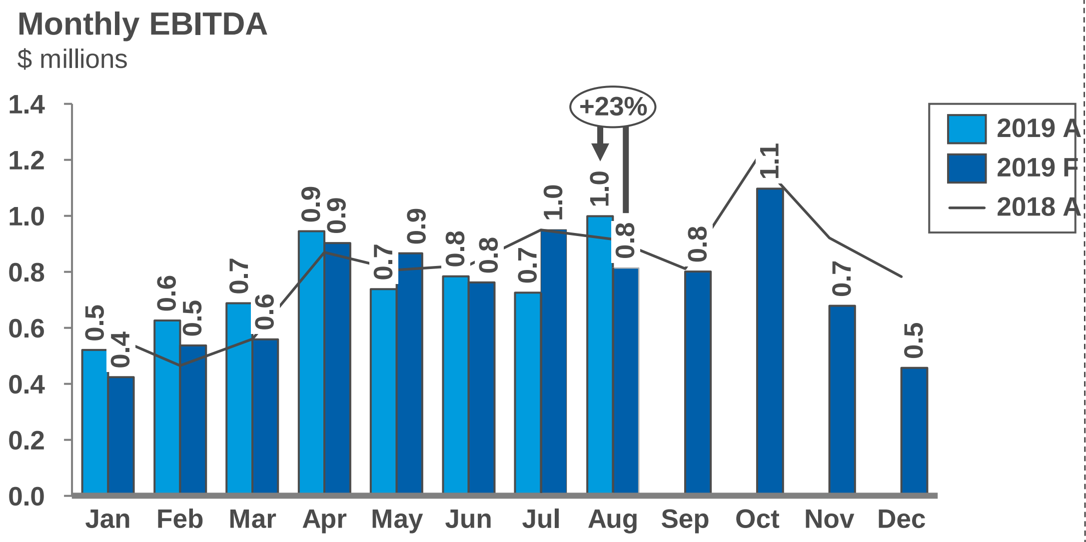
- 1 Accident in the month – Puts the TRIR at 0.83, end of August

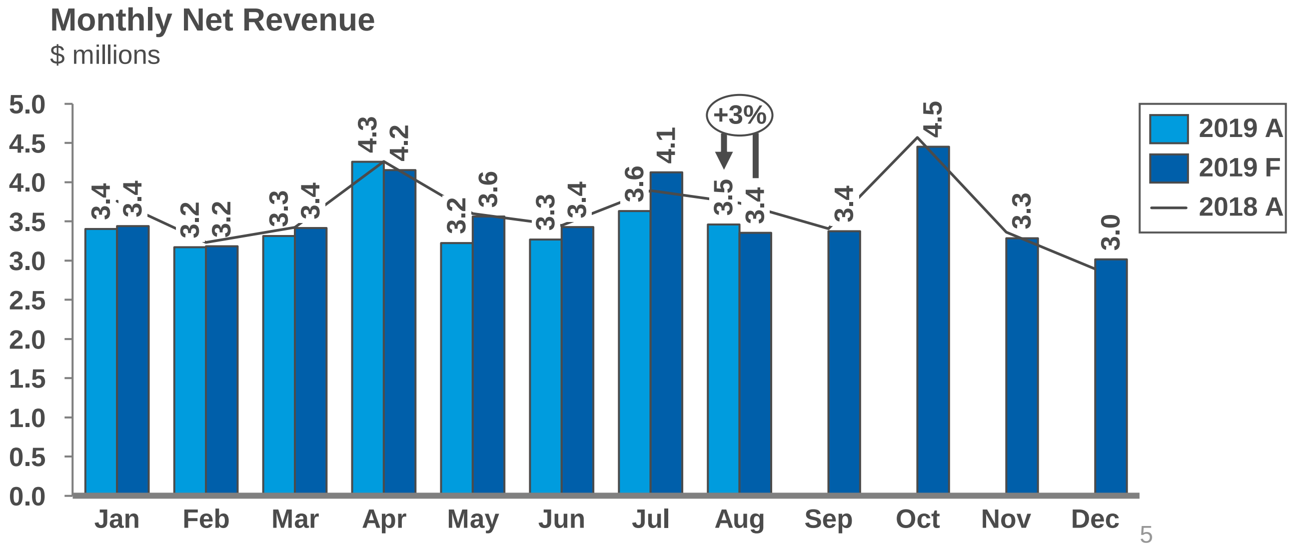
Monthly Financial Metrics





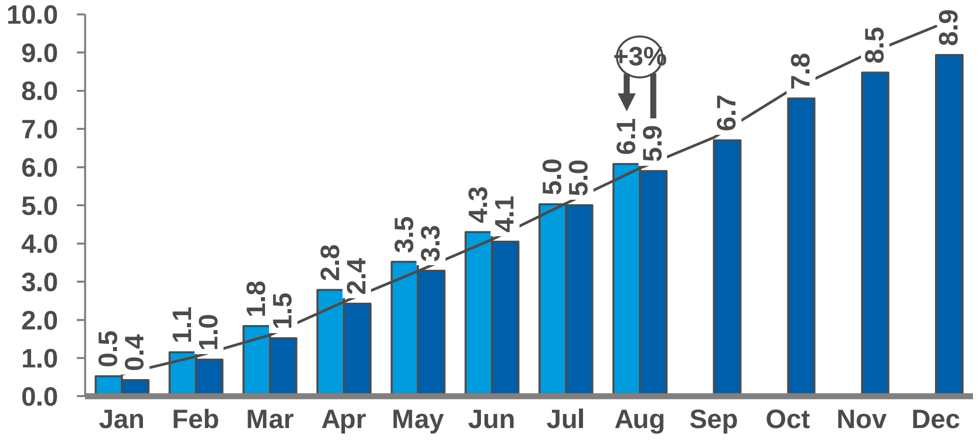




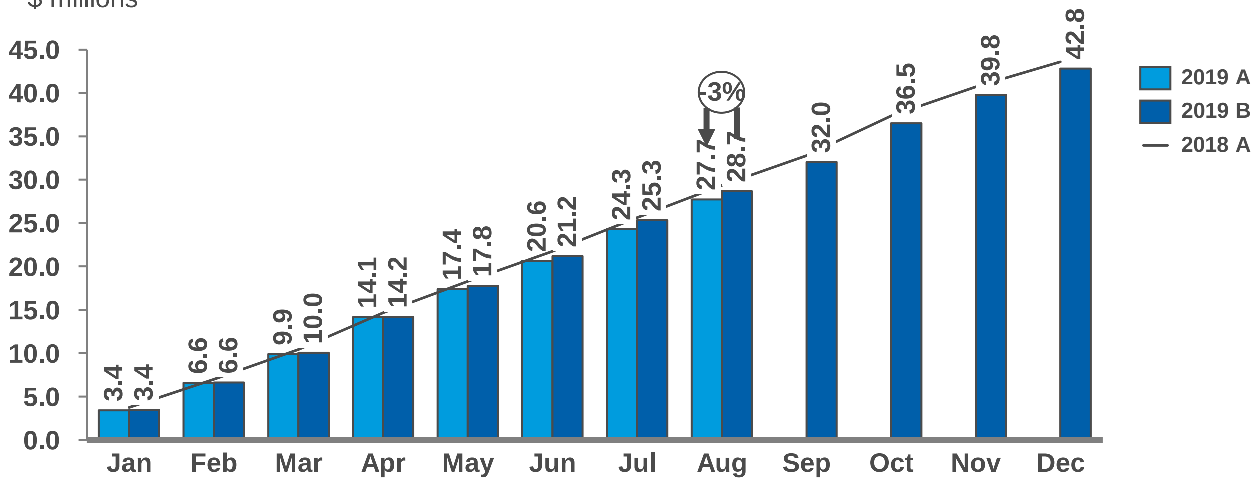


Monthly Financial Metrics – con't

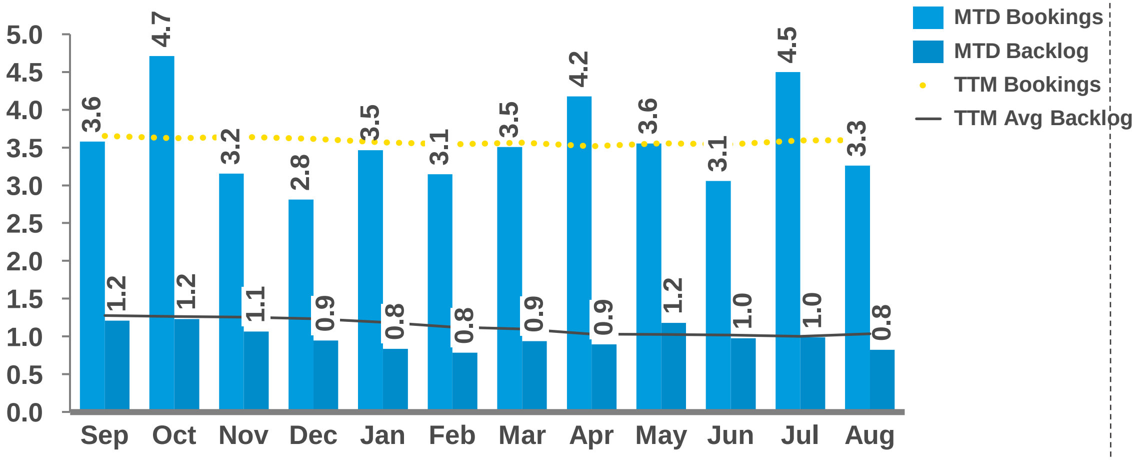
YTD EBITDA
$ millions



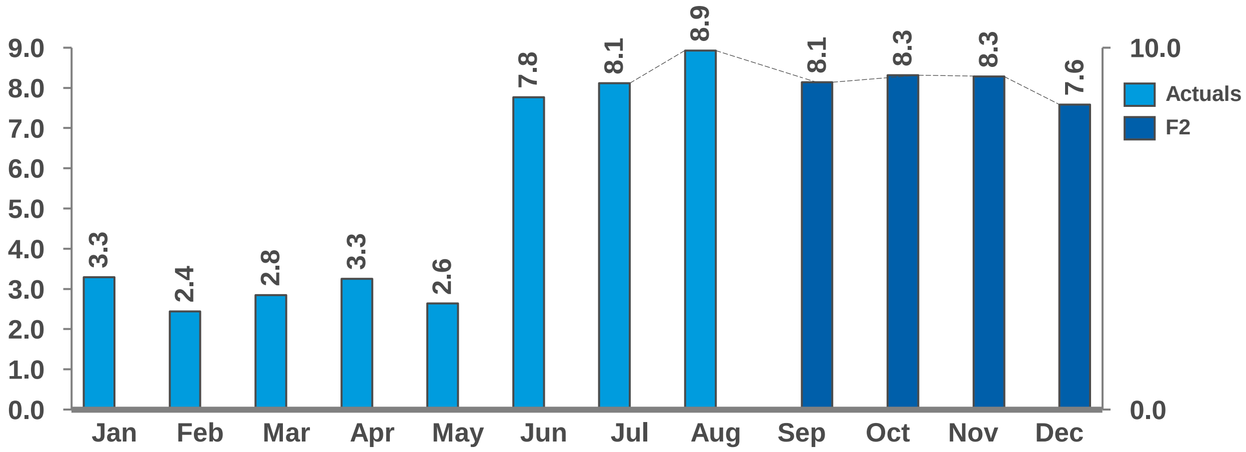
YTD Revenue
$ millions



Orders and Backlog
$ millions



Liquidity
$ millions



Status of Key Initiatives

Status Update: Project Details

Status	Project	Current Status & Next Steps	Timing	Annualized EBITDA Impact ($MM)	
				Projected	Actual
	Hire, train, implement sales team *(Wolak)*	• Weekly status meetings with Beckway Group; see next slide for key positions	• Q1 2020	TBD	TBD
	Sales organization design *(Danelz)*	• Engage Smart Ventures to start assessment and recommendation • Commercial Kick off meeting held September 10th & 11th	• Dec 2019	TBD	TBD
	Define needs and begin implementation on new ERP Platform *(Gray, Schechtman)*	• ERP software selection is underway • Provisional schedule has Go-Live around May 1, though will look to pull in wherever possible • Web and e-commerce sites are not part of the ERP effort, but will be included in integration requirements	• Q2 2020	TBD	TBD
	Define needs and begin implementation on new website platform *(Lang)*	• Initiated project kickoff with core project team to align on website goals, strategies and necessary functionality • Developed RFP document and submitted to preferred agency partners • Received first round of proposals from preferred agency partners and scheduling follow ups • Selecting an agency by the end of September	• Q1 2020	TBD	TBD
	Develop and initiate plan to support regional sales efforts *(Danelz)*	• Kick off hiring process for incremental HC, Inside Sales & CSR's • Smart Ventures conducting logistics review and freight optimization related to changing regional sales/warehousing footprint	• Jan 2020	TBD	TBD
	Deliver $627k in Cost Saving *(McCarney)*	• Continue the purchasing of 5256 adhesive • Complete the Mondi liner transfer, possibly delayed for Sept. launch due to quality issues • 9/25 Holding a cost savings meeting to review new potential cost savings targets • New Material Manager to focus on additional cost savings for 2020.	• Dec 2019	$584K	YTD-$388K
	Complete 5-year STRAT plan *(Lang)*	• Initiated commercial scope of work with Smart Ventures, completed by Dec 2019 *(Danelz)* • Strategic Planning session scheduled for October 8th & 9th with OGC and Duraco Team *(Danelz)*	• Dec/Jan	TBD	TBD

Complete Just started On Track At Risk Behind Schedule

Key Positions to be Filled

Position	Function	Status and Next Steps
Chief Financial Officer	**Finance**	• Hired Brad Schechtman – start date 8/19
VP, Sales	**Commercial**	• Beckway engaged for search • In-person interview: Brian Kady 10/11 • Phone interview: Jay Richardson
Regional Sales Manager (2) – SE and SW	**Commercial**	• Beckway engaged for search • In-person interviews: Ruben Torres (SW) and Edwin Soto (SE) • Phone interviews: 5 candidates in process
Inside Sales Manager	**Commercial**	• In-person interviews: 3 candidates in process
IT Manager	**IT**	• Beckway engaged for search • Offer in process for Robert Beatty

Risks and Challenges

	Description	Potential Impact	Plan to address
Risks	• Large POP Accounts finish H2 2019 with negative growth (5%)	• September - December ($300k)	• POP exceeded August F2 forecast by $81k • Increase number of projects and close pipeline on POP accounts • Focus on seeding/winning new products; 4581 & Remo One Plus • Grow New Canadian accounts; increase share of wallet
	• Whirlpool business continues to decline (5%)	• September - December ($44k)	• Whirlpool exceeded August F2 forecast by $25k • Working to sign 2.5 year supply agreement giving Duraco more access to new projects and convert competitive business
	• Paroc quality of roll concerns: gaposis & liner separation from adhesive	• Potential Rejected Material ($78k) • Shipping Cost ($4k)	• This risk is reducing and Paroc is making adjustments to machines and it seems to be working • Going forward to prevent from happening again; we increased our tension on converter and the rolls seem to be tighter • Paroc sampled and potentially moving to a 3:1 liner
	• Supplier quality issues: poor release on Liner supplied	• Customer has issues with release and returned the product ($28k)	• Quarantined suspect product, Raw, WIP & FG • Working with vendor on 8D and credit
	• Utilization for Converters and Spooler exceeding 90%	• Missed shipments	• Lean initiatives – 5S+, SMED , Kaizen completed or scheduled • Working to identify toll spooler • CAPEX is being evaluated with a vendor.

Opportunities

	Description	Potential Impact	Plan to address
Opportunities	• Continuous Improvement Specialist added	• Gained Efficiencies in troubled work centers • Currently running at 50% efficiency • Profitability Improvements	• Identified an individual to focus on areas with low efficiencies • Focus on operation optimization and lean strategies to eliminate wastes • 5S+ 3rd event ran in August, 4th ran in Sept. Plan is 7 by year end
	• Overdrive 4581 new products	• H2 - $100k	• 4581 underperformed to August F2 forecast by $8k • Established H2 quota for Outside and Inside Sales Teams • Focus on increased activity in pipeline • Marketing to support with H2 digital marketing campaigns
	• Win Webcor / USPS box closure business	• Q4 - $200k	• Webcor has sent sample to 3rd party testing lab vs incumbent • Schedule plant visit and review test results in September • Production lot sample in October
	• Investigate sourcing opportunities	• Cost Savings • Risk Mitigation • Second Sourcing	• Steven Spayer now on board as Mat'ls Mgr • Identify opportunities and use our volume to leverage cost reduction Several identified already-Also looking to RFQ liner vendors • Working with SmartVentures on transit CS • Identify single source vendors (complete) and look at possible second sources. i.e. Silicone

Wins and Loses

Key Wins

- Siffron – $70k win custom Remo Two for anti-theft devices used at major retailer Ulta
- Metalcraft awarded business – $18k annual value
- KD Services – awarded 4581 FingerLift tape for Pharm Tubes
- WestRock Toledo – Pipeline closed won $40k annual with approval of 4181 FingerLift
- Serigraph – $47k win for Remo One film and foam tape used on Holiday promotions

Key Losses

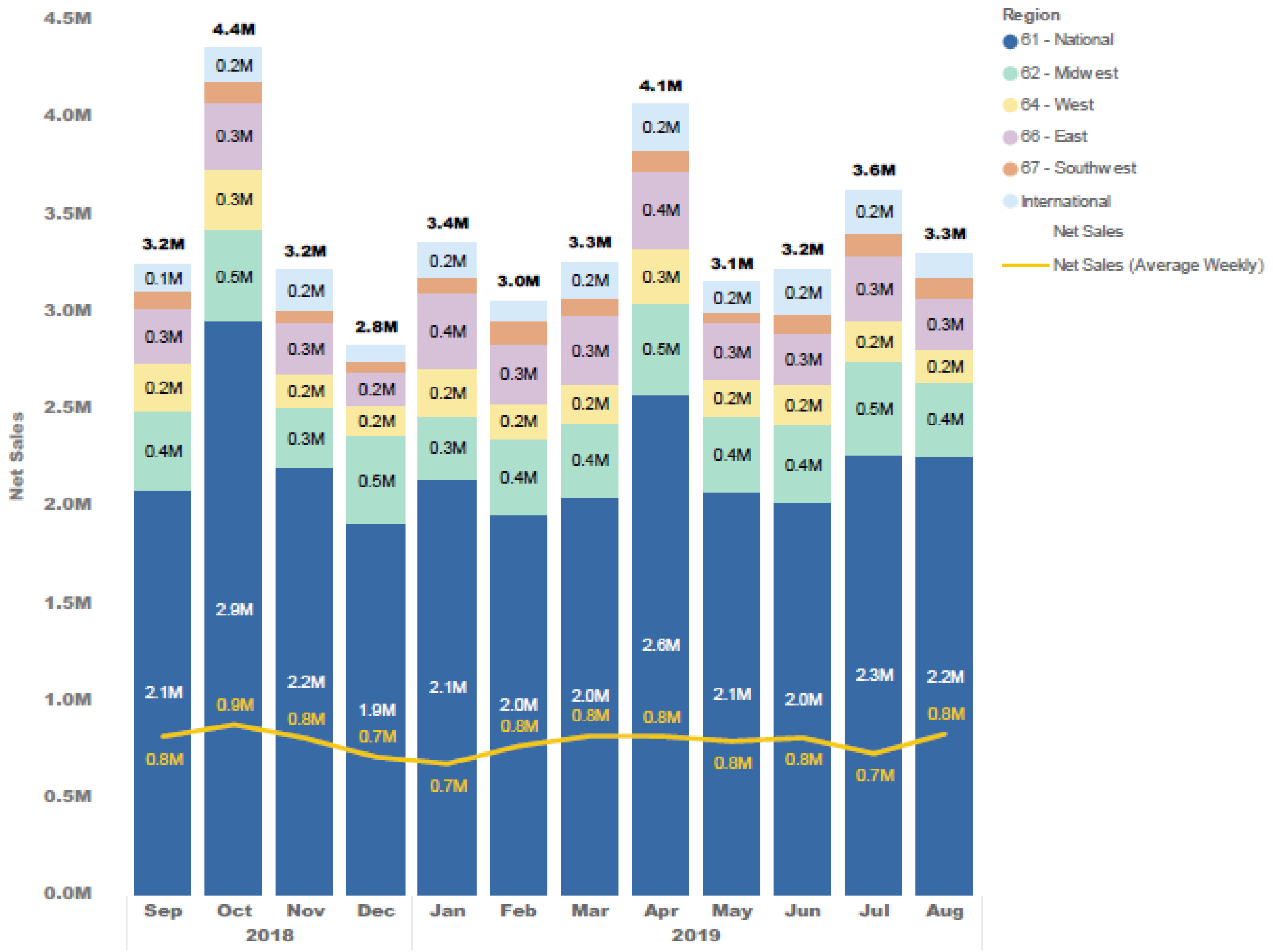
- GE – Duraco High Bond passed destructive test
  - Initial production pilot failed for the Oven Door
  - Expecting to rerun production run early October
- Menasha business continues to be soft
  - Meet with Hana Holodiak, Director of Purchasing – business is flat to down slightly
  - Menasha is focusing on larger customers and cancelling business with small customer – mix shift is potentially hurting Duraco

Operational Review

Commercial and Sales

Sales Trend Overview

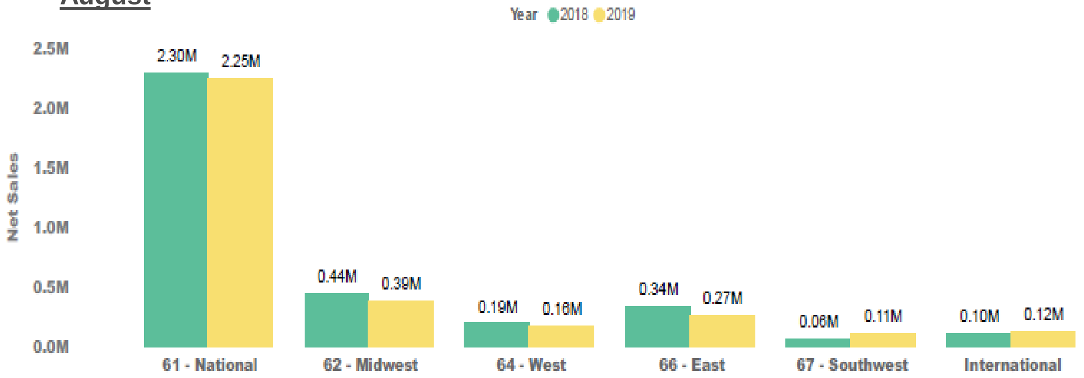
Monthly Net Sales by Fiscal Month[1]



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

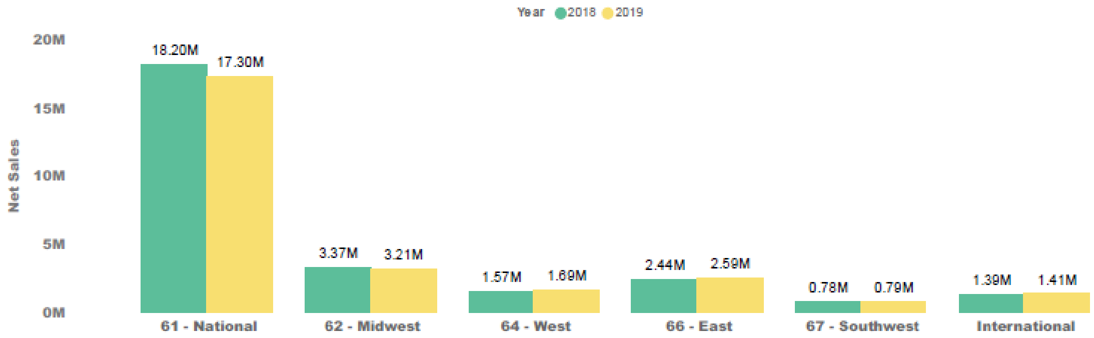
Net Sales CY vs. PY

August



	61 - National		62 - Midwest		64 - West		66 - East		67 - Southwest		International	
Product Gross Margin (%)	49	45.8	59.2	59.6	51.2	54.5	55.9	57.2	61.5	60.9	54.6	50.1

January - August

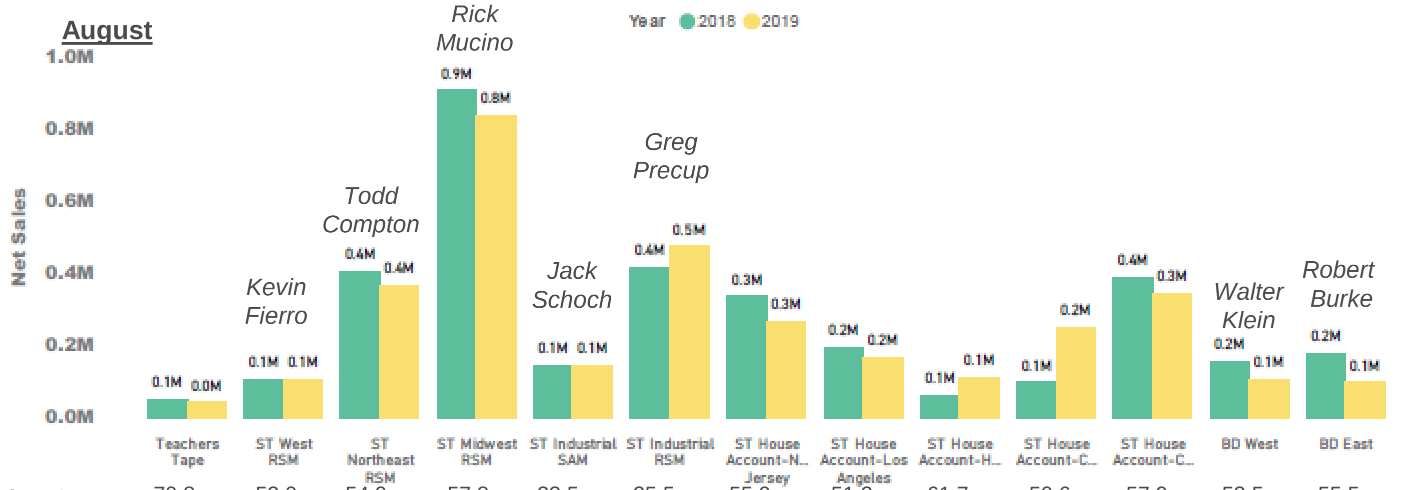


	61 - National		62 - Midwest		64 - West		66 - East		67 - Southwest		International	
Product Gross Margin (%)	45.1	44.7	59.2	58.4	51.3	51.4	55.4	55.9	57.9	58.5	52.7	46.7

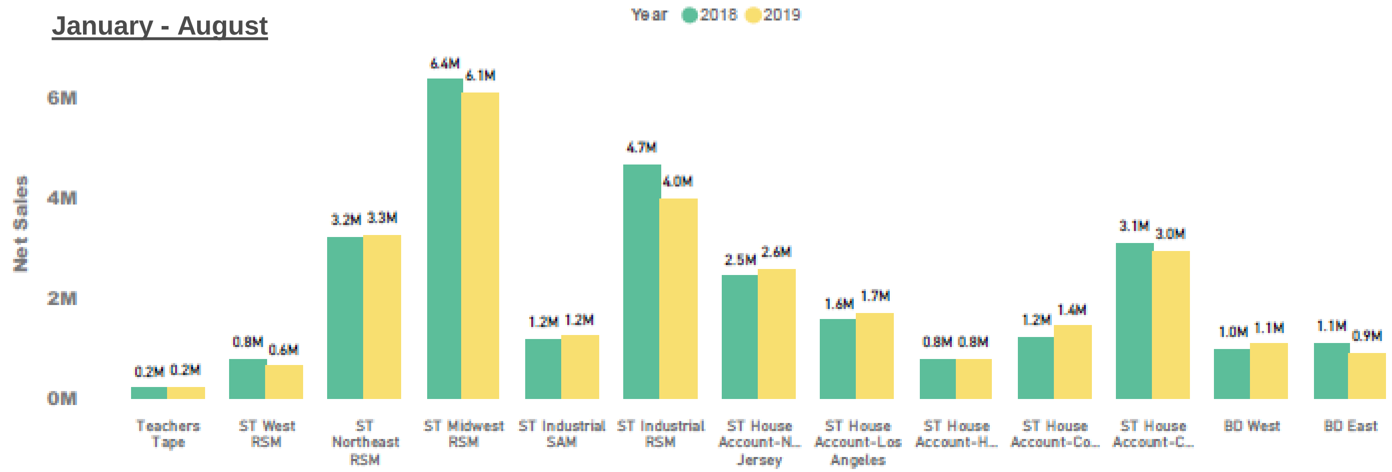
Sales Trend Overview

Sales by territory

Express Site Sales are tied to a territory rather than salesperson



Product Gross Margin (%)	Teachers Tape	ST West RSM	ST Northeast RSM	ST Midwest RSM	ST Industrial SAM	ST Industrial RSM	ST House Account-N.. Jersey	ST House Account-Los Angeles	ST House Account-H..	ST House Account-C..	ST House Account-C..	BD West	BD East
2018	70.8	52.0	54.9	57.8	33.5	25.5	55.9	51.2	61.7	50.6	57.9	53.5	55.5
2019	69.3	48.5	50.2	56.9	23.8	26.0	57.2	53.7	60.9	49.8	58.6	51.6	51.4



Product Gross Margin (%)	Teachers Tape	ST West RSM	ST Northeast RSM	ST Midwest RSM	ST Industrial SAM	ST Industrial RSM	ST House Account-N.. Jersey	ST House Account-Los Angeles	ST House Account-H..	ST House Account-Co..	ST House Account-C..	BD West	BD East
2018	70.2	47.9	52.4	56.3	25.0	29.6	55.5	51.3	57.9	42.2	58.5	50.4	55.6
2019	69.3	47.4	50.9	56.5	20.3	27.3	55.9	51.4	58.6	43.3	57.6	48.2	54.4

Management Discussion:

Service Centers are growing marginally and significant resources needed to support individual locations

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

Industrial SSM down $664k YTD primarily Whirlpool down $535k

- Positive growth in August due to MoM growth at 2 WP locations, Plastic Products, Hennessy Bada, Alliance Laundry
- Won specification on new GE Appliance parts - $200k / year

Midwest RSM responsible for all large POP customers; August MoM down $71k, YTD down $260k

- Key meeting with Menasha, business is changing and mix hurting Duraco sales, down $307k
- Adding a sales person to the Southeast to give MW RSM more time to focus on developing new MW accounts

Northeast RSM started with Duraco in February 2019, up 1.1% YTD

- Ampac working with two additional customers, adding $1m in sales
- KDM Displays, meeting with Director of Purchase to convert $300k of spend in Foam Tape & HNL

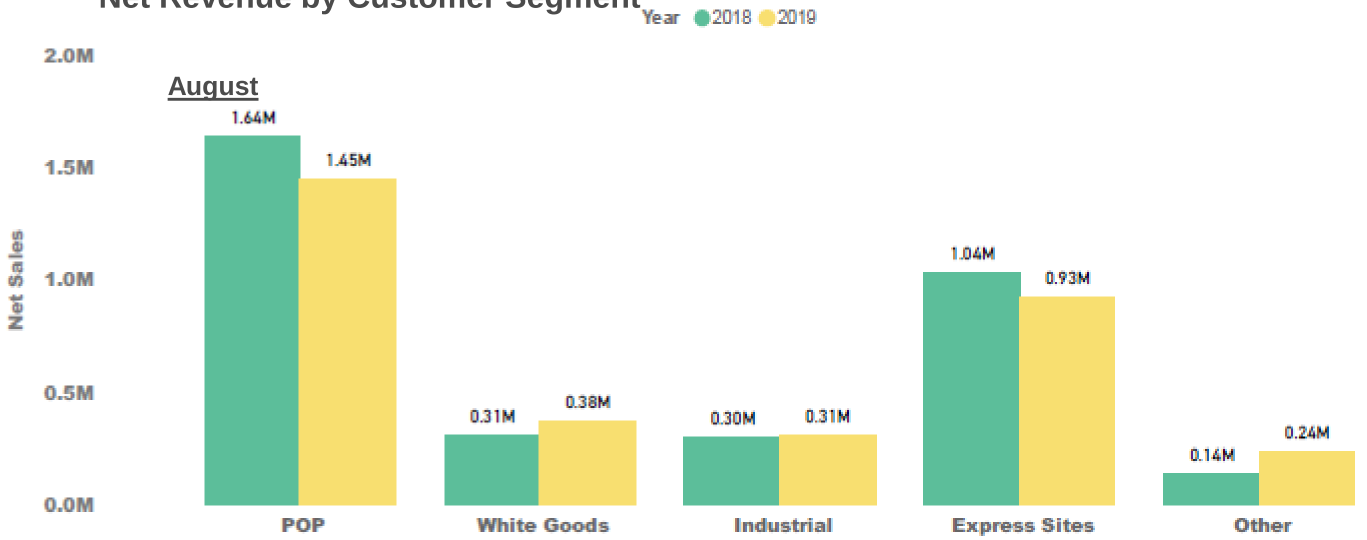
Currently supporting Southeast and Southwest territories from other regional sales people – Limits time for customer facing call

Outside Sales Team must work closer with Inside Sales Team to prospect for new opportunities

Comparable Sale by Customer Segment

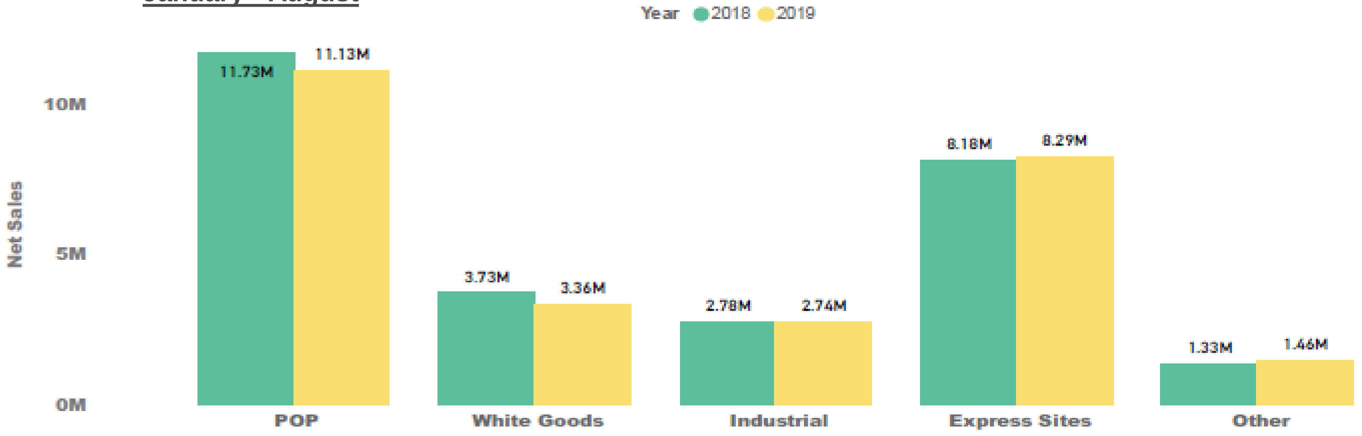
Net Revenue by Customer Segment

August



Product Gross Margin (%)	POP		White Goods		Industrial		Express Sites		Other	
	57.4	55.4	21.3	22.9	37.7	26.8	56.8	58.1	41.4	51.0

January - August



Product Gross Margin (%)	POP		White Goods		Industrial		Express Sites		Other	
	54.9	54.6	28	26	30.9	25.3	56.4	56.2	45.4	51.6

Management Discussion:

POP segment continues to show instability

- Large POP accounts down 5.8% YTD
- WestRock up $132k, or 31% YTD, meet with Rob Kincad, VP of Purchasing, “our business is soft”
- Menasha down $300k, or -30% YTD, meet with Hana Holodniak, Director of Purchasing, lack of sales may be due to display mix
- Increase geographic sales coverage model will support medium size POP accounts and reduce churn

Overall White Goods segment is down 10.0%, August up $65k, or 20.1%

- Whirlpool struggling in the market and Duraco MoM sales decline slowing
    - Whirlpool agreed to sign 2.5 year agreement
    - Duraco awarded $18k part; working to convert additional request
- GE Appliance delayed in awarding new business, initial production run failed, planning retest early October
- Alliance Laundry had a positive month, up 69% MoM

Industrial YTD slightly down; not gaining traction

- Paroc transition from Europe to Duraco is going well; some quality concerns
- Duraco has won new business at Bradford Company, Ki Kruger, & Airstream
- Halstead not repeating in 2019 because lack of retail programs
- Donaldson Company – filters EOL program ($105k)

Other Accounts

- Mixtiles showing significant growth, up $315k YTD

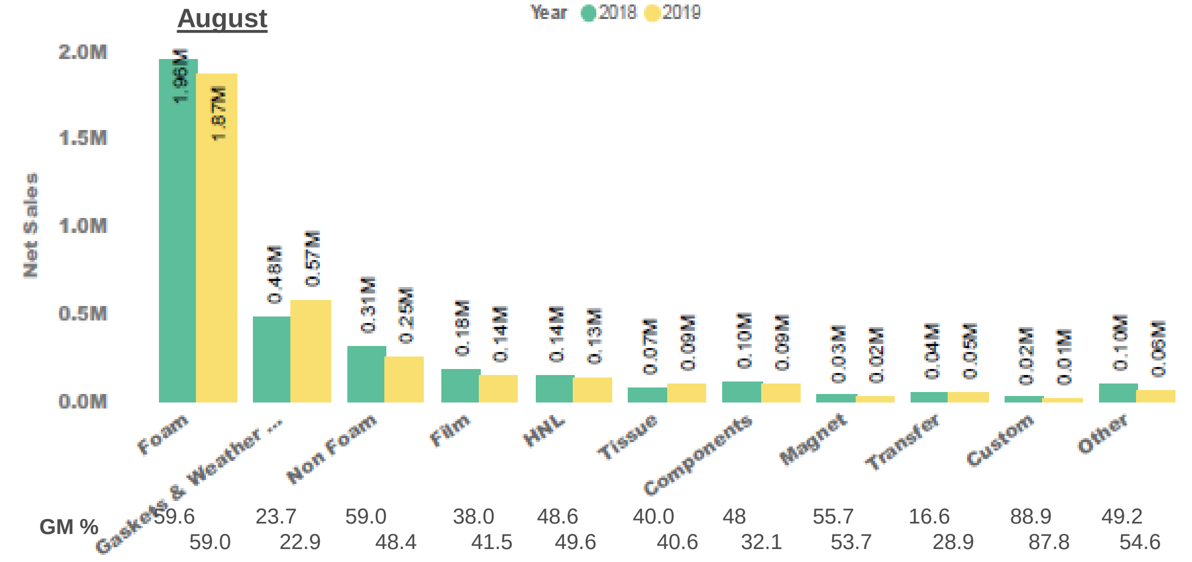
Express Sites – YTD up 1.4%, August down 7.8%

- Overarching concerns about fundamentally weak Inside Sales Teams
- Working with SmartVentures on logistics model to support new geographic coverage model

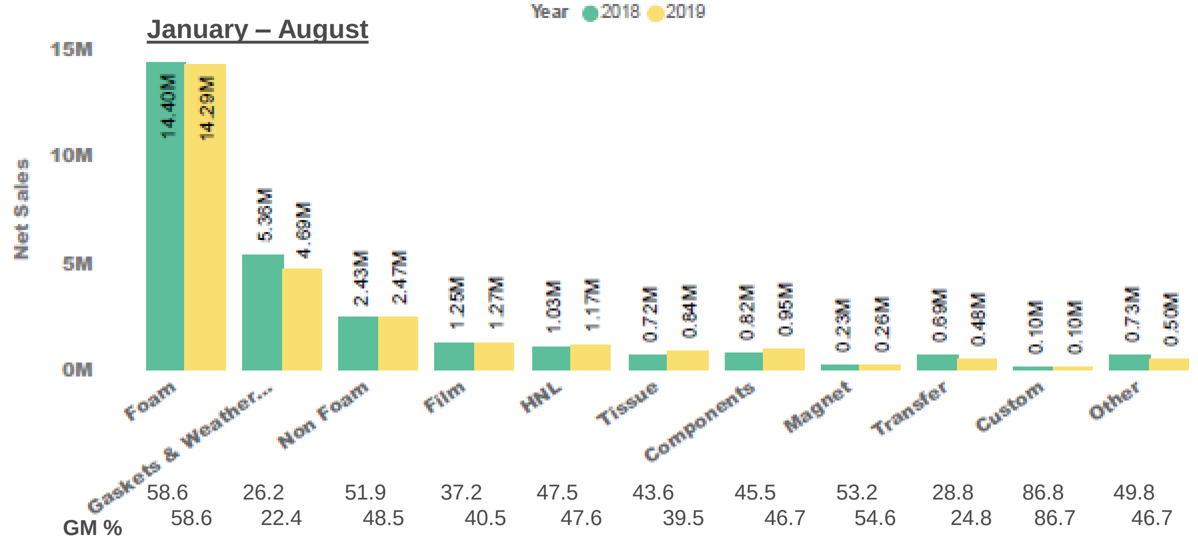
Comparable Sales by Product Category

Net Sales CY vs. PY

August



January – August



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

Management Discussion:

Gaskets & Weather Stripping had a nice rebound going up approximately $70k (14%). This growth was fueled by:

- Plastic Products – Up $36k
- Advance Insulation – Up $19k
- Alliance Laundry – Up $11k

Tissue Tape also saw nice growth, going up $19k (23%), led by:

- Design Manufacturing – Up $6k
- Holpack – Up $5k (New win in August!)
- Pressure Sensitive Network – Up $4k

Film Tapes saw a decline by $63k (-14%). This was attributed to:

- Color Ink – Down $30k
- Central Packaging & Display – Down $19k
- Tags & Label Printing – Down $17k

Foam Tapes also saw a bit of a decline being down $54k (-3%), which is attributed to softness in POP and lose of Undercover;

- Plastic Power – Down $46k
- Hatteras Press – Down $43k
- Undercover – Down $31k

New Products not growing at the forecasted rate. Quotes are increasing each month:

- 4581 - $11k
- Remo One Plus - $5k

Sales Breakdown by Company and Segment

YTD Net Sales vs. Prior Year
$ thousands

Company	POP	White Goods	Industrial	Other	Total
61 - National	-350K	-357K	-162K	-32K	-901K
62 - Midwest	-260K		67K	37K	-156K
64 - West	42K		80K	0K	122K
66 - East	30K		-25K	144K	149K
67 - Southwest	-33K		-6K	46K	8K
International	-254K	-5K	121K	159K	21K
Total	-824K	-362K	75K	354K	-757K

YTD Gross Margin vs. Prior Year
$ thousands

Company	POP	White Goods	Industrial	Other	Total
61 - National	-255K	-129K	-116K	44K	-457K
62 - Midwest	-157K		15K	25K	-118K
64 - West	14K		48K	6K	68K
66 - East	24K		-21K	98K	101K
67 - Southwest	-8K		-3K	24K	14K
International	-127K	-3K	-32K	109K	-54K
Total	-510K	-133K	-109K	307K	-445K

YTD Net Sales vs. Prior Year
% increase/decrease

Company	POP	White Goods	Industrial	Other	Total
61 - National	-3%	-10%	-7%	-2%	-5%
62 - Midwest	-11%		14%	6%	-5%
64 - West	3%		44%	-0%	8%
66 - East	1%		-17%	51%	6%
67 - Southwest	-5%		-10%	58%	1%
International	-33%	-2%	40%	251%	2%
Total	-5%	-10%	2%	15%	-3%

YTD Gross Margin vs. Prior Year
% increase/decrease

Company	POP	White Goods	Industrial	Other	Total
61 - National	-4%	-15%	-15%	8%	-5%
62 - Midwest	-11%		6%	7%	-6%
64 - West	2%		61%	8%	8%
66 - East	2%		-22%	60%	7%
67 - Southwest	-2%		-8%	48%	3%
International	-31%	-2%	-28%	248%	-7%
Total	-5%	-13%	-8%	24%	-3%

Management Discussion:

POP segment makes up 63% of sales and 72% of profits

- Geographic sales coverage important to maintain customer support as market changes continue
- Sales and GM% down 5%, both East and West growing
- International down due to Chung Lam

Other growth and GM% driven by Wall Hanging customers

- Mixtiles, PlanetArt, and Circle Graphics all on strong growth path
- Automotive segment hurting by the lose of Undercover

Operations must continue to deliver cost savings while commercial expands customer counts in Industrial and White Goods

- Industrial sales up 2% while gross margin down 8%; looking at negative margin customers for pricing action

West and Southwest combined makes up less than 10% of sales

- Geographic sales coverage allows for more focus on each territory
- Working with SmartVentures to build plan supporting greater “go-to-market” strategy; web, distribution, converters

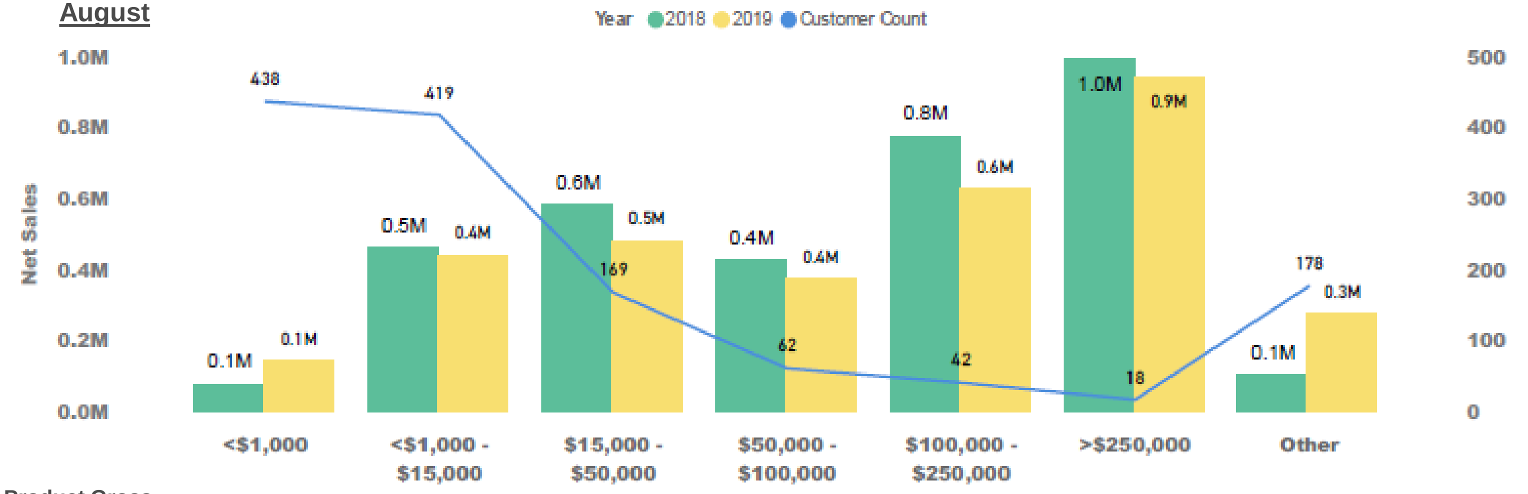
Top 25 Customers

parent_name	TTM_Sales	Trailing_3_Month_Sales	TTM_Gross_Margin	Trailing_3_Month_GM	TTM_GM%	Trailing_3_Month_GM%
Whirlpool	$3,324,494	$784,662	$866,032	$187,776	26%	24%
MIDNIGHT OIL	$1,066,611	$235,192	$734,968	$164,676	69%	70%
MENASHA	$1,015,918	$265,338	$550,630	$136,969	54%	52%
RR DONNELLEY	$892,723	$228,546	$511,256	$129,131	57%	57%
WESTROCK	$842,683	$223,215	$457,780	$122,488	54%	55%
FREEMAN	$688,403	$140,741	$336,567	$69,627	49%	49%
Circle Graphics	$687,172	$182,859	$263,276	$70,451	38%	39%
PCA	$626,671	$150,949	$432,853	$107,285	69%	71%
La France Corporation	$519,341	$164,598	$343,675	$113,673	66%	69%
Concept Imaging Group	$453,952	$83,384	$295,813	$54,258	65%	65%
SIFFRON FLORENCE	$444,984	$150,489	$204,850	$57,373	46%	38%
Hennessy Industries - Bada	$420,927	$98,128	$175,976	$42,354	42%	43%
Rapid Displays - Ca	$360,810	$64,175	$218,740	$40,309	61%	63%
DONALDSON SA DE CV	$359,172	$91,737	$76,379	$14,043	21%	15%
Alliance Laundry Systems LLC	$349,109	$83,800	$82,249	$17,735	24%	21%
ATLANTIC PACKAGING	$318,363	$27,736	$170,879	$15,334	54%	55%
Plastic Power Extrusions Corporation	$315,850	$1,492	$115,858	$775	37%	52%
Flower City Printing Company	$312,359	$87,131	$181,916	$54,468	58%	63%
Serigraph Incorporated	$308,500	$117,431	$191,899	$73,732	62%	63%
Ampac	$304,238	$121,794	$2,331	$22,756	1%	19%
MixTiles	$303,090	$76,329	$217,881	$55,776	72%	73%
Bay Cities Container Corporation	$263,071	$51,098	$186,922	$37,612	71%	74%
Plastic Products Company Incorporated	$262,865	$102,533	$9,958	$3,695	4%	4%
QUAD GRAPHICS NEW BERLIN	$257,079	$87,793	$169,827	$56,160	66%	64%
Stoughton Trailers Incorporated	$246,836	$66,010	($23,717)	($6,910)	-10%	-10%

Comparable Sales by Customer Size

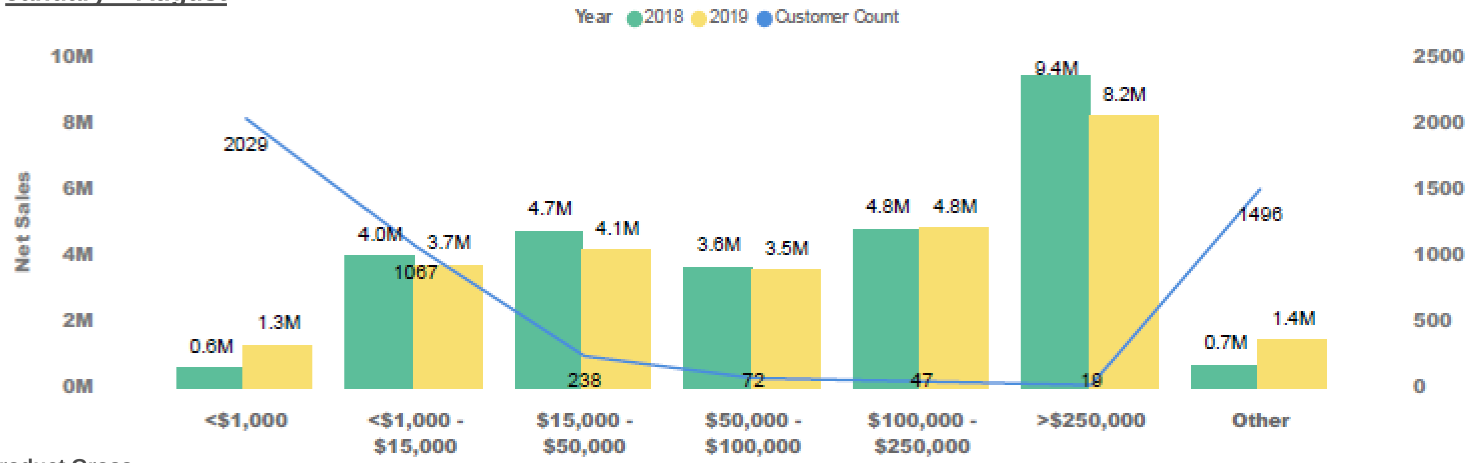
Sales by Customer Size[1]

August



Product Gross Margin (%)	<$1,000	<$1,000 - $15,000	$15,000 - $50,000	$50,000 - $100,000	$100,000 - $250,000	>$250,000	Other
2018	67.0	59.0	56.8	54.5	47.8	46.0	66.5
2019	57.4	62.2	53.0	54.0	44.8	43.4	53.2

January – August



Product Gross Margin (%)	<$1,000	<$1,000 - $15,000	$15,000 - $50,000	$50,000 - $100,000	$100,000 - $250,000	>$250,000	Other
2018	66.7	60.6	54.2	45.5	41.7	44.5	57.1
2019	49.5	60.0	52.7	43.9	40.3	45.2	61.2

1. "Other" customers are those that joined in the current or prior fiscal year

Management Discussion:

$250k+ (20 accounts)
- Whirlpool represents the biggest decline, down $534k YTD or (20%)
- Chung Lam is project-based business that is not repeating, down $334k
- Menasha is down $307k (30%) YTD and WestRock is up $142k (32%) YTD

$100k - $250k (47 accounts)
- This Tier is growing despite Undercover moving business before year started, down $212k YTD
- Major growth drivers are POP accounts Plastic Products, GNC, Serigraph, Bay City Containers, and GE Appliances has also grown 81% YTD and new projects are still being won.

$50 - $100k (74 accounts)
- Decreased business at Halstead and end of life at Wilbert account for a deficit of $109k YTD.

$15k - $50k (245 accounts)
- This tier is down $580k YTD. The decline is a combination of projects not repeating and business lost. These customers would likely benefit from additional outside salespeople.

$1k to $15k
- Tier is down $307k YTD. These accounts will be a focus when we rebuild and align the inside sales team.

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

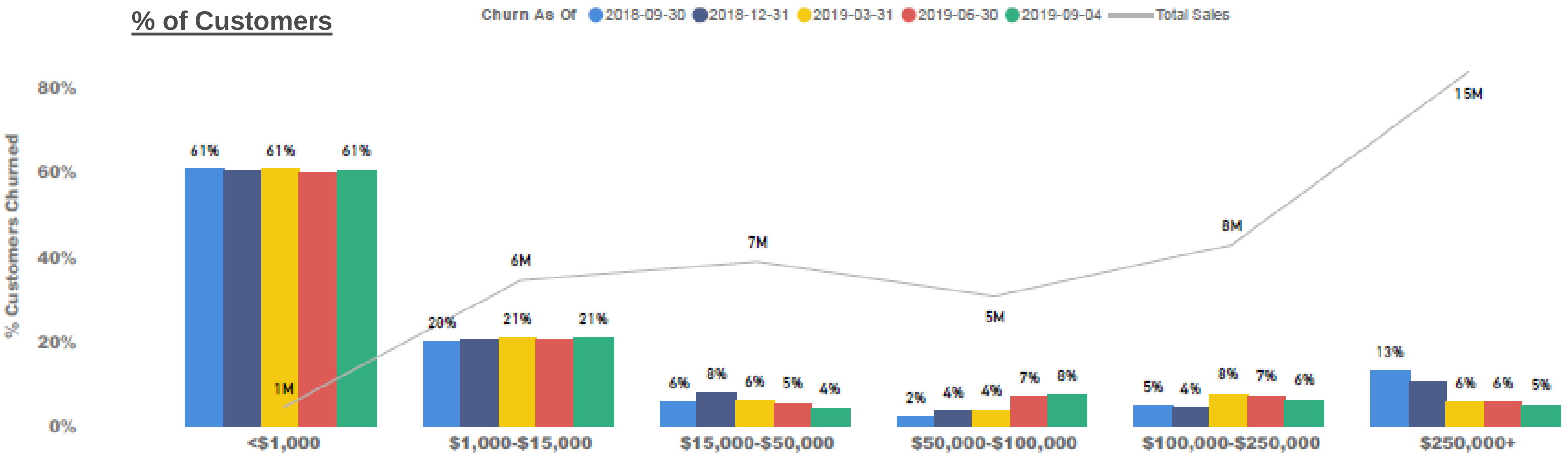
DURACO

Sales Trend Overview

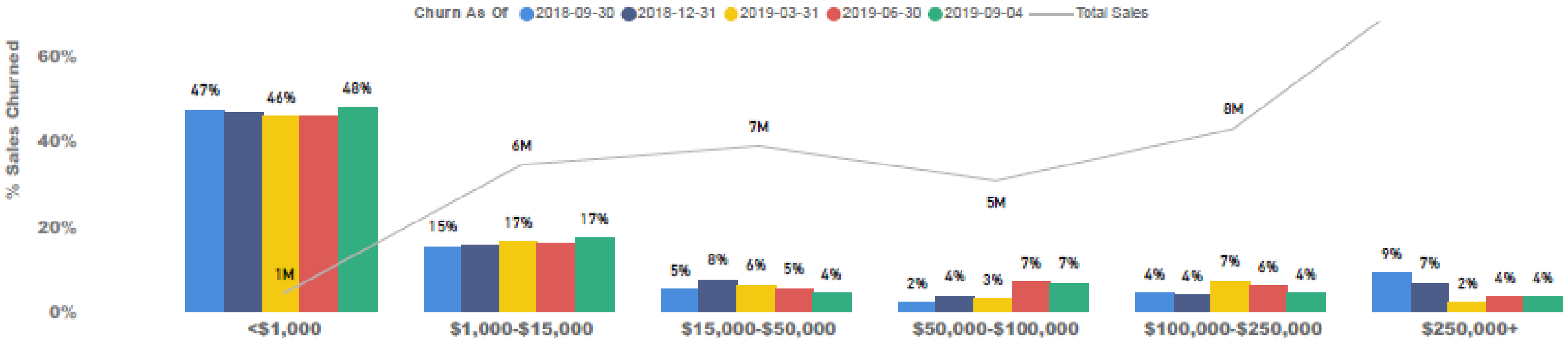
Customer churn

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

% of Customers



% of Sales



Customer spend (12-24 months ago)

Management Discussion:

Churn rate for >$50k made up by 9 accounts

- Duraco understands the churn for each account

Between $15k - $50k, improved to 10 accounts totaling $294k of churn; churn dropped $131k

Working to improve churn rate for <$15k accounts

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

Details:

Customers $250k+ (one account)

- Chung Lam: End of life part for Target Stores

Customers $100k - $250k (2 accounts)

- Wilbert Plastics: End of life part, and no longer a tier 1 for Whirlpool
- Halstead: Lack of programs and low demand for their decorative wall planks

Customers $50k - $100k (6 accounts)

- Adam's Magnetic: large project not repeat
- Adam's Mc Clure: we believe this is project based. Sales to explore.
- Specialty Print Communications: Their customer either changed the spec or moved the business to a new printer
- Quality Associates: Out of business
- Kinro: Account was at a negative profit margin. Left after price increase
- Baesman Group: 2018 project has not repeated. Duraco has quoted new projects that Baesman has not won

Customers $15k - $50k (10 accounts)

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

Customers $1k - $15k (299 accounts)

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

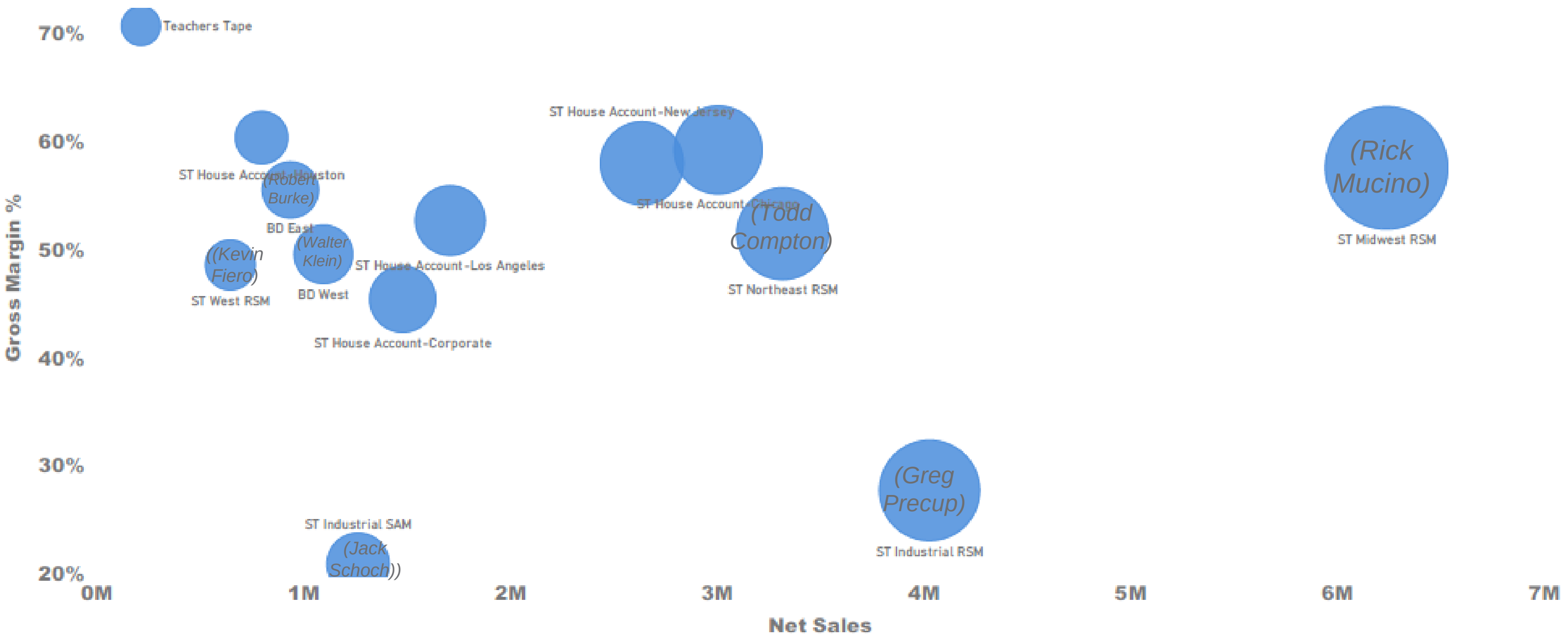
Customers under $1k (2972 accounts)

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

Sales Rep Efficiency

Sales rep trailing three months

Net revenue contribution vs. Gross Margin



Management Discussion:

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

- Plan to address Sales group performance, go-to-market strategy, distribution channels, markets served, territory alignment, data metrics, pricing and discounting review, Sales group compensation, CRM, Sales operations, and Sales training program
- Action Plan and Road Map for implementation starting 2020

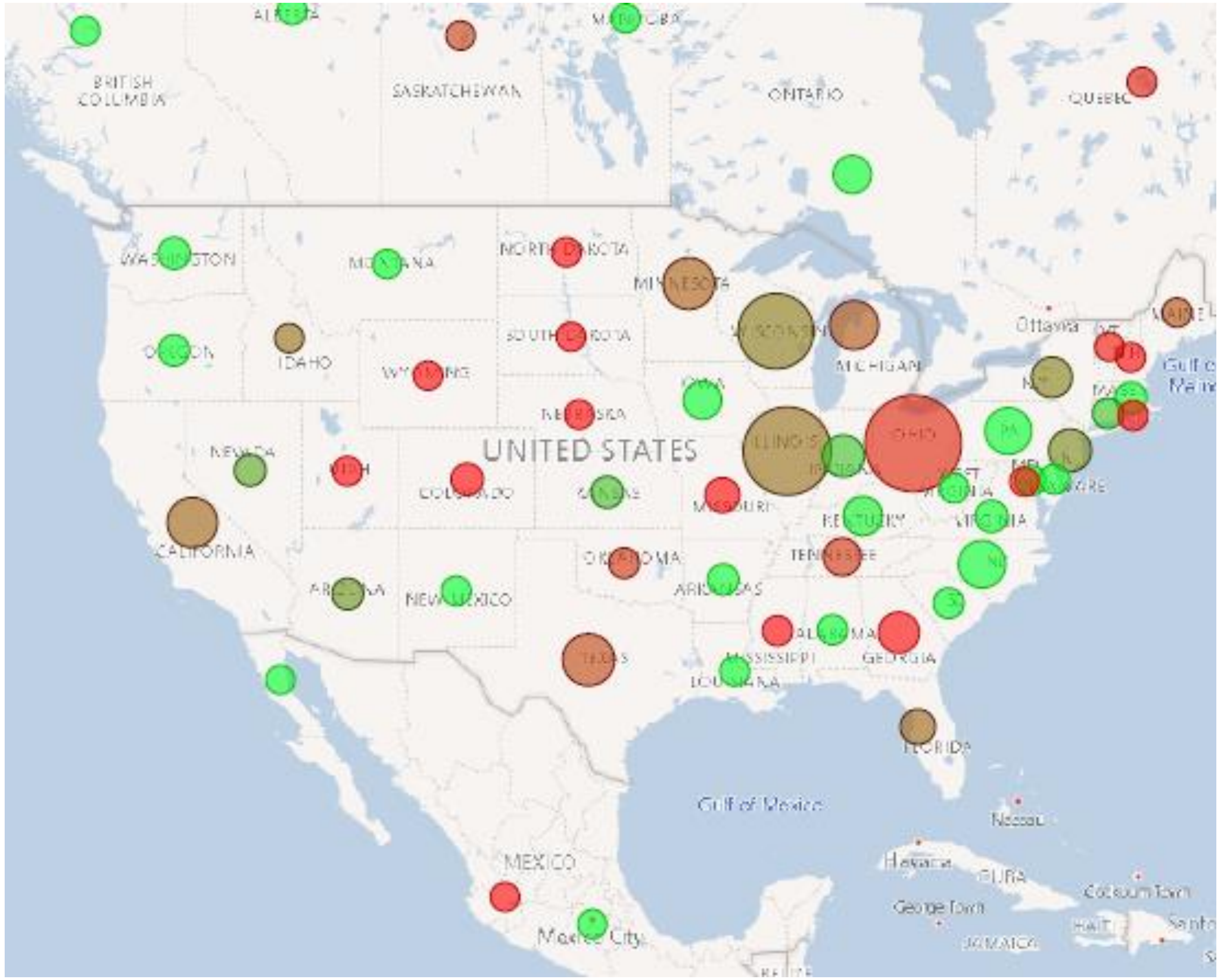
Details:

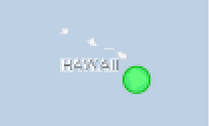
- Rick Mucino (MidWest) has the majority of large POP customers
- Greg Precup (Industrial / Appliance) supports Whirlpool and other appliance customers
- Kevin Fierro (West) – the volume is low for the greater geography
    - Duraco is underpenetrated in the Texas market…lack sales resource
- Todd Compton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

Sales by Geography

YTD Sales by State and YoY % Change in Sales

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





Management Discussion:

Large POP accounts down in MN, WI, IL

- Imagine, Menasha, K International, ARI Packaging

Whirlpool primary manufacturing locations are Marion, Clyde & Cleveland, OH and Benton Harbor, MI

Broad POP base down in California

- 17 of Top 20 down POP accounts are supported by LA Service Center

Marketing Workstream

The main focal points can be broken up into 3 categories

Brand Transition
(July 2019 – October 2019)

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

Brand Refresh
(July 2019 – April 2019

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

Marketing Strategy
(July 2019 – December 2020)

- Develop 2019/2020 Marketing Plan + Strategic Marketing Priorities
- Determine Key Initiatives + Action Items
- Determine KPI's
- Execute on 2019 focal points

Strategic Marketing Priorities

- The marketing team will achieve it's mission and vision and support Duraco's corporate objectives through six strategic marketing priorities.
- All projects + initiatives will align with and fall under these categories.

DURACO

Understanding Growth

Within all strategic priorities, we strive to achieve the following quantifiable impacts + outputs

Marketing Intelligence
- Data and knowledge outputs
- Buyer Persona profiles
- Market map (SIC + Industry Opportunities)
- Market/Industry analysis
- Product analysis by market

Lead + Customer Acquisition
- Increase in leads (compared to current lead volume)
- Increase in SAL's
- Increase in sales from marketing leads
- Increase in new customers from marketing leads
- understand impact and performance of each channel (attribution project)
- Increase web revenue

Analytics + Attribution
- Dashboard creation
- Understand impact and performance of each channel (attribution initiative)
- Consistent reporting and analyzation
- Decisions + actions made from analyzation
- Increase in conversions based on analyzation (CRO)

Sales Enablement
- Decrease in the lead to open prospect ratio
- Decrease in the lead to canceled ratio
- Increase in marketing qualified leads
- Increase in sales accepted leads
- Increase content creation and usage
- Increase in prospects turning into customers from lead nurturing

User Experience + Customer Experience
- Website launch
- Brand book/guidelines
- Enhanced NPS scores
- Positive customer surveys
- Positive customer reviews

eCommerce Optimization
- Increase in ecommerce sales
- Increase in ecommerce sales with current customers
- Increase in ecommerce sales through third party ecommerce distributors

DURACO

2019 Key Projects + Focal Points

4581 Direct Mail Campaign

- To promote the launch of the new product line, a direct mail campaign was developed and deployed.
- *See appendix for campaign details.*

Q3 + Q4 Demand Generation Plan

- For each vertical, the product focus and messaging was determined.
- Media mix was determined and creative will be built for each channel.
- *See appendix for matrix.*

Brand Messaging + Identity

- As part of the Duraco rebrand, the marketing team will develop and distribute a new brand strategy and identity.

New Website

- The marketing team will lead and implement a new website for Duraco.

Product Catalog

- The marketing team will lead and implement a new product catalog for Duraco.

Analytics Initiative

- To understand marketing performance and make smarter decisions, the marketing team will be leading an analytics initiative to identify key data points and the sources of truth.

Lead Nurturing Initiative

- After generating leads through demand generation activities, the marketing team will be leading an initiative to further nurture and qualify leads through email marketing.

Content Marketing Initiative

- The marketing team will be leading a content development strategy for lead generation and sales enablement.

DURACO

Express Site Model Review

Background

Concept

- The Duraco Express Site concept was an application of the Alliance Plastics (Components) Express Site model. The sites were to develop, new, small accounts (less than $5k), charge higher prices for smaller, broken case quantities, sell only from stock.
- The key value points of the sites was: **localized inventory in stock, sales representation in the same time zone, and the ability to ship partial boxes.**

The Reality (2010 to 2019)

- By 2011 the sites were unable to meet their projected profit number. The decision was made to seed the sites with 61 accounts to make them look successful. Every year there would be a reshuffling of accounts between Express and 61, with POP and Industrial accounts becoming reassigned.
- In 2013 new leads and new customers that came in via the website or marketing (MSS activities). Soon there was little differentiation between the service offerings to corporate customers and Express customers.
- Next was the transfer of the management of the Tapes Sites from the Tapes (Duraco) business to the Component business. **Because of the differing philosophies between Components and Duraco, the Duraco identity was lost at the sites.**
- Express sites came back under Duraco's management at the beginning of 2019, and we inherited all current employees.

Current State

Current Issues

- None of the four IS reps at the sites are in Duraco’ s long term plans.
- Lack of management on-site.
- Sales are up at New Jersey, Houston, and Los Angeles but not because of personnel at sites (see next slide)
- For New Jersey, 95% of sales are shipped out of Forest Park.
- Since June 2019 all Houston shipments are being shipped out of Forest Park, with an increase in sales since inventory was brought back.

Current State (growth accounts)

- The Express Sites Sales Team acted as customer service with no outbound sales effort and nearly all business has been won by outside sales or inside sales at Forest Park

Top 5 LA Growth Accounts YTD	YTD	Prior YTD	$ Diff	% Diff	Notes
SAFTI SEAL	$117,873	$50,509	$67,364	133.37%	Handled by Forest Park Inside Sales and RSM
Bay Cities Container Corporation	$153,864	$89,287	$64,577	72.33%	30+ year customer handled by RSM
Photocraft Incorporated	$53,849	$5,478	$48,371	883.00%	Primary sales handled by Forest Park IS
PRESSURE SENSITIVE NETWORK	$171,990	$129,331	$42,659	32.98%	Primary sales contact is Pat Downs
FREEMAN EXPOSITIONS - SAN DIEGO	$25,826	$0	$25,826	/0	Offshoot of longtime Freeman business. RSM handles sales

Top 5 NJ Growth Accounts YTD	YTD	Prior YTD	$ Diff	% Diff	Notes
King International	$81,215	$17,243	$63,972	371.00%	IS mishandled. RSM fixed the issue and ran point on sales
STRATIS VISUALS LLC (MCCOY LIMITED LLC)	$85,690	$30,013	$55,677	185.51%	IS mishandled, RSM is now primary contact
Vgs Visual Graphic Systems	$42,750	$1,972	$40,778	2,067.85%	Long time cust: large Subway project came through
Freeman Expositions - Lanham	$35,006	$15,283	$19,723	129.05%	No 66 sales contact in over 3 years. Handled by RSM
JW MOORE PRINTING	$19,413	$0	$19,413	/0	Selling one part, no information from existing notes to indicate if more is used or their capability

Top 5 Houston Growth Accounts YTD	YTD	Prior YTD	$ Diff	% Diff	Notes
Freeman Exposition Corporate	$76,638	$49,413	$27,225	55.10%	Business reshuffle among Freeman locations
CAPITAL PRINTING CO	$16,383	$0	$16,383	/0	New opps earlier this year headed by IS. Forest Park IS is working on latest opportunity
Pollock Packaging	$20,075	$7,049	$13,026	184.79%	4581 use was discovered by the IS rep at the site. Currently handled by RSM
DARE DEVIL DISPLAY	$14,663	$1,741	$12,922	742.22%	No sales notes in almost 2 years
Intense Printing	$12,336	$0	$12,336	/0	No notes earlier this year with sales increases.

Current State

- 53% of revenue comes from accounts that spend over $15k.
- 2018 New customers YTD revenue is declining by 28% because few have received a sales call.
- Most Reactivated and 0 Spend accounts purchased due to upcoming customer projects or RSM efforts.

Houston, LA, and NJ by 2018 Spend Tier	YTD	Prior YTD	$ Diff	% Diff
A: $150,000+	$955,840	$875,519	$80,321	9.17%
B: $75,000 - $149,999	$202,236	$237,331	($35,095)	-14.79%
C: $37,500 - $74,999	$591,320	$527,099	$64,221	12.18%
D: $15,000 - $37,499	$946,853	$949,891	($3,038)	-0.32%
E: $7,500 - $14,999	$699,199	$842,780	($143,581)	-17.04%
F: $1,500 - $7,499	$823,561	$835,968	($12,407)	-1.48%
G: < $1,499	$334,733	$344,186	($9,453)	-2.75%
H: $0	$108,491	($1,983)	$110,474	5,571.05%
L: New Account Last Year	**$152,674**	**$210,990**	**($58,316)**	**-27.64%**
N: New Account This Year	$204,161	$0	$204,161	/0
R: Reactivated	$77,032	$0	$77,032	/0
CUSTOMER GRADE	**$5,096,103**	**$4,821,775**	**$274,328**	**5.69%**

Go Forward Actions

Plan

Close the three remote Express Sites while continuing to provide localized inventory in stock, stronger Insides Sales representation in the same time zone, and ship partial boxes. All services can be provide by centralizing operations in Forest Park, IL

- Inventory will be managed utilizing local 3PLs.
- Customer service will provide service from 7am to 6:30pm CST.
- Duraco will hire and train qualified ISRs at the corporate office in Forest Park, IL.
- Costs and operating model for the 3PLs is being evaluated

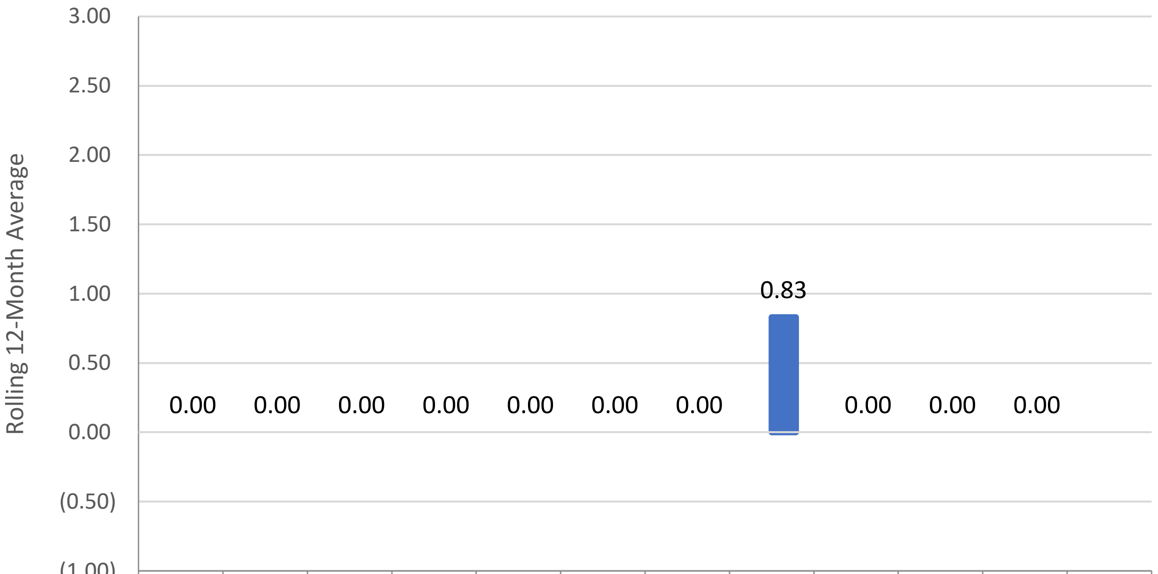
Benefits

- Creation of an effective inside sales team.
- Customer Service and Inside Sales Reps will have onsite management, and additional access to training and resources.
- Utilizing 3PLs will reduce the logistics of finding new warehousing space and hiring warehouse resource.
- Duraco will not need to hire onsite managers to run individual Express sites.
- Customers will see an increase in knowledge of their customer service and inside sales reps.

Operations and Manufacturing

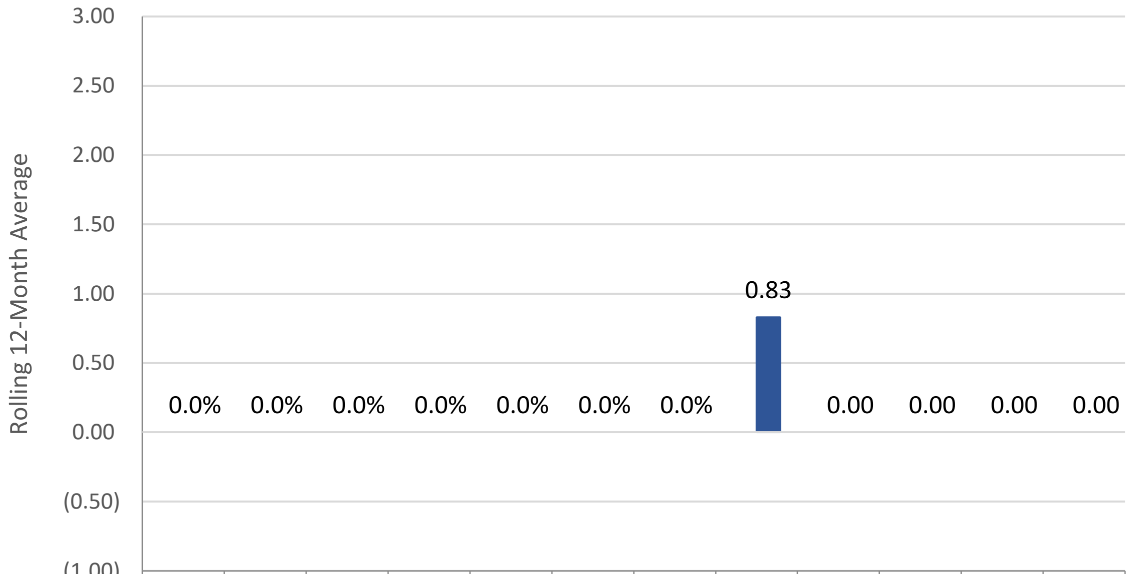
Health and Safety

KPI #1 - Total Recordable Incident Rate (TRIR)



	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEP	OCT	NOV	DEC
Target-1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Actual-1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.83	0.00	0.00	0.00	

KPI #1B - Day Away Restricted or Transferred (DART)



	1	2	3	4	5	6	7	8	9	10	11	12
Target-1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Actual-1	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.83	0.00	0.00	0.00	0.00

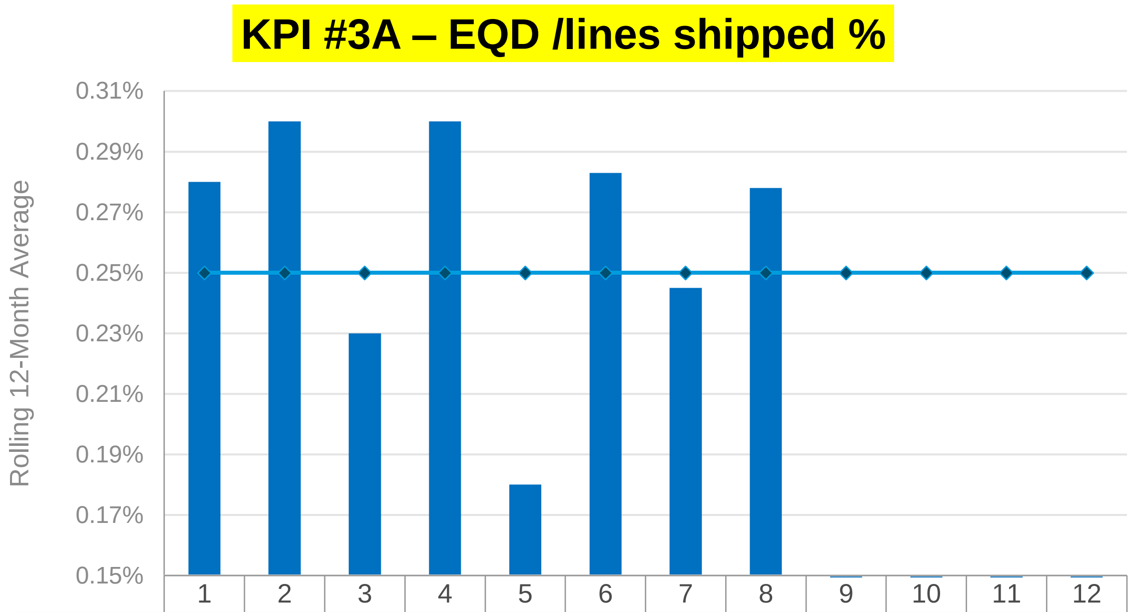
Management Discussion:
Had an incident on the Emulsion coater, hand contusion resulting in stiches and restrictions; we had a safety stand down discussion with all employees

Corrective action:
1. **A box was designated exclusively for the storage of the blades, clamps, and clamp holders**
2. **Training was conducted for all qualified personnel on the revised procedure and the importance of wearing their PPE when working with the slitting equipment**
3. **Updated SOP to include new changes**

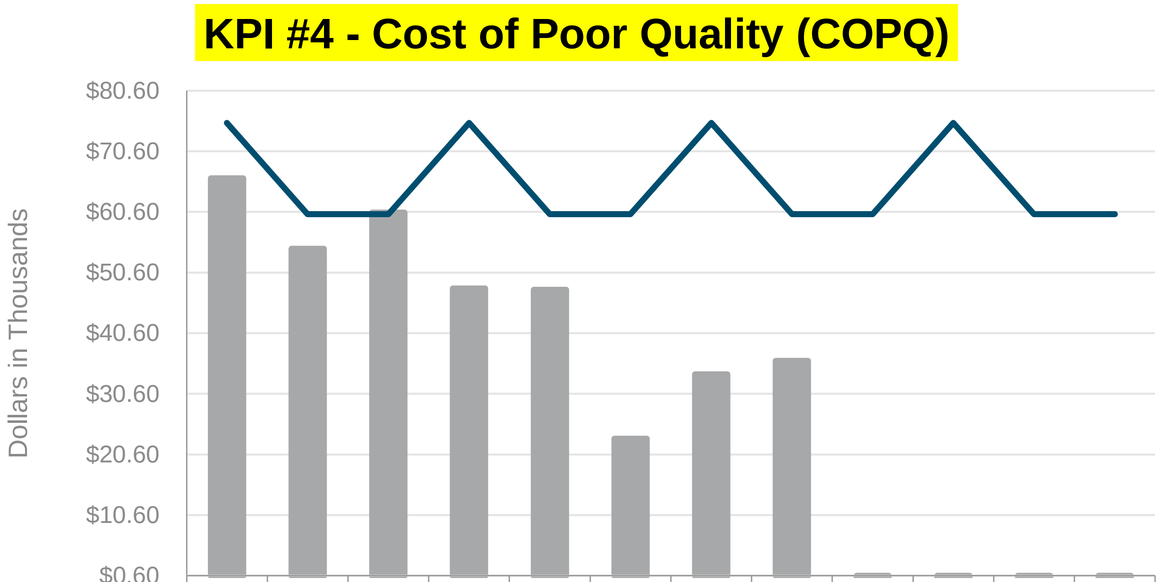
Quality

EQD % of Lines Shipped

Defective order lines as % of total order lines



	1	2	3	4	5	6	7	8	9	10	11	12
Actual	0.28%	0.30%	0.23%	0.30%	0.18%	0.28%	0.25%	0.28%	0.00%	0.00%	0.00%	0.00%
Target	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%



	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEP	OCT	NOV	DEC
Actual-4	$66.1	$54.5	$60.5	$47.9	$47.7	$23.1	$33.8	$36.0	$0.00	$0.00	$0.00	$0.00
Target-4	$75.3	$60.2	$60.2	$75.3	$60.2	$60.2	$75.3	$60.2	$60.2	$75.3	$60.2	$60.2

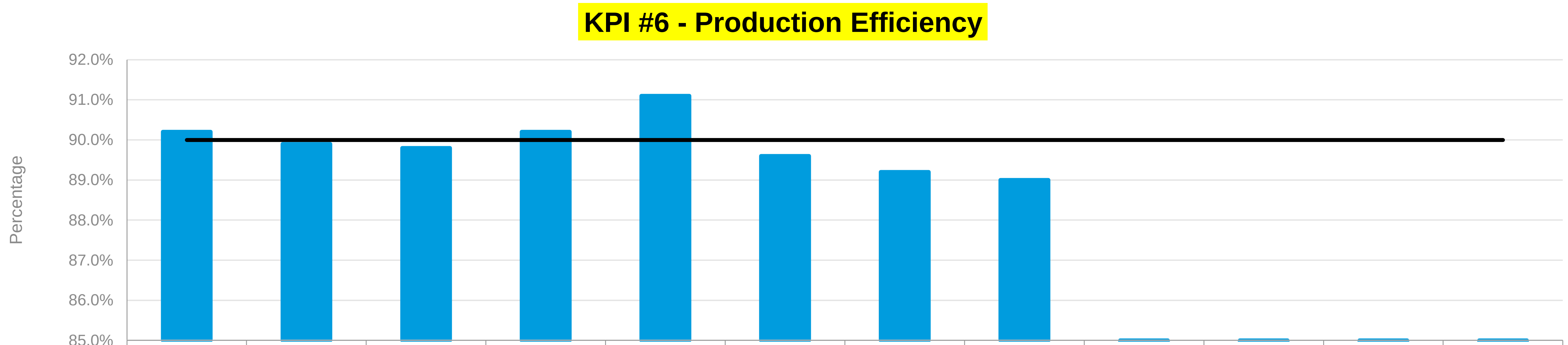
Management Discussion:

EQD%: Finished slightly higher than goal – 0.28%; focused on closing out old Eqd's

COPQ: YTD date compared to 2018: $631 Vs 2019 $401 (down 36%). Main drivers were from Material scrap and CS Credits issued were down.

Productivity

Production Efficiency
% of standard throughput achieved

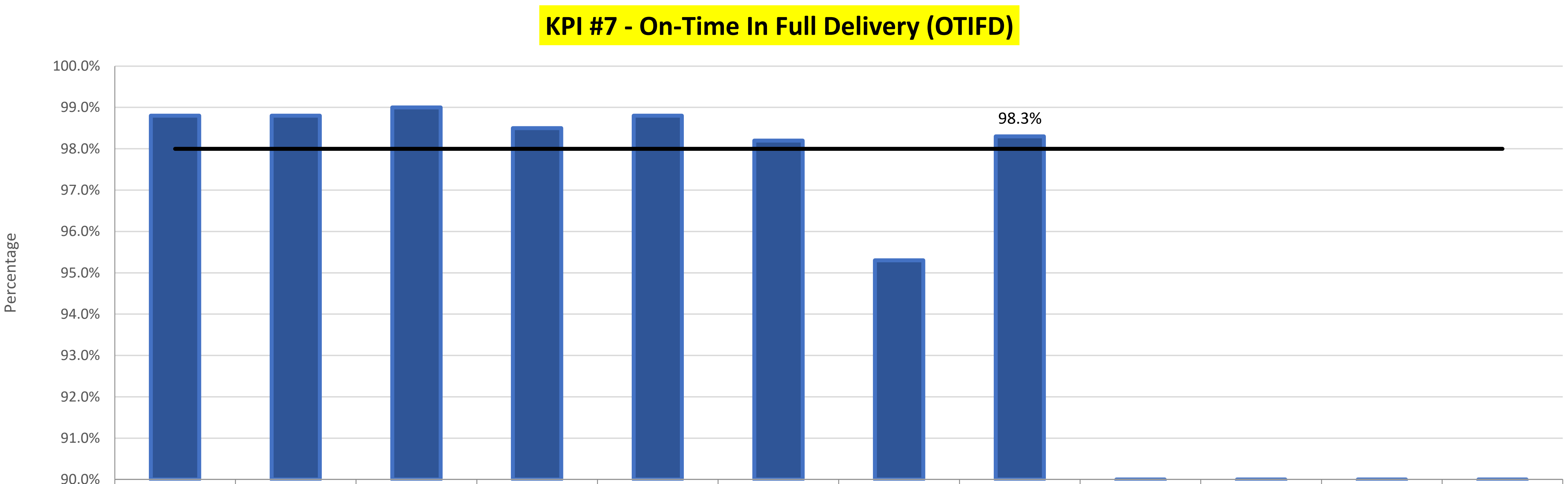


	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEP	OCT	NOV	DEC
Actual-6	90.2%	89.9%	89.8%	90.2%	91.1%	89.6%	89.2%	89.0%	0.0%	0.0%	0.0%	0.0%
Target-6	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%

Management Discussion:
Two work centers that are driving the Eff. Down are the Converters and Spooler, which are the two WC's that we are seeing and increase in utilization

Counter Measures being taken:
1. **5S+1 scheduled for the converter area. Completed in August**
2. **There is a Kaizen scheduled in August to focus on Converters with the assistance of Randy with Aarwood group. Has been cancelled and will now be ran by Duraco, planned for end of September**
3. **We have re-assigned a person to a CI role to focus on constraints and efficiencies**

Shipping

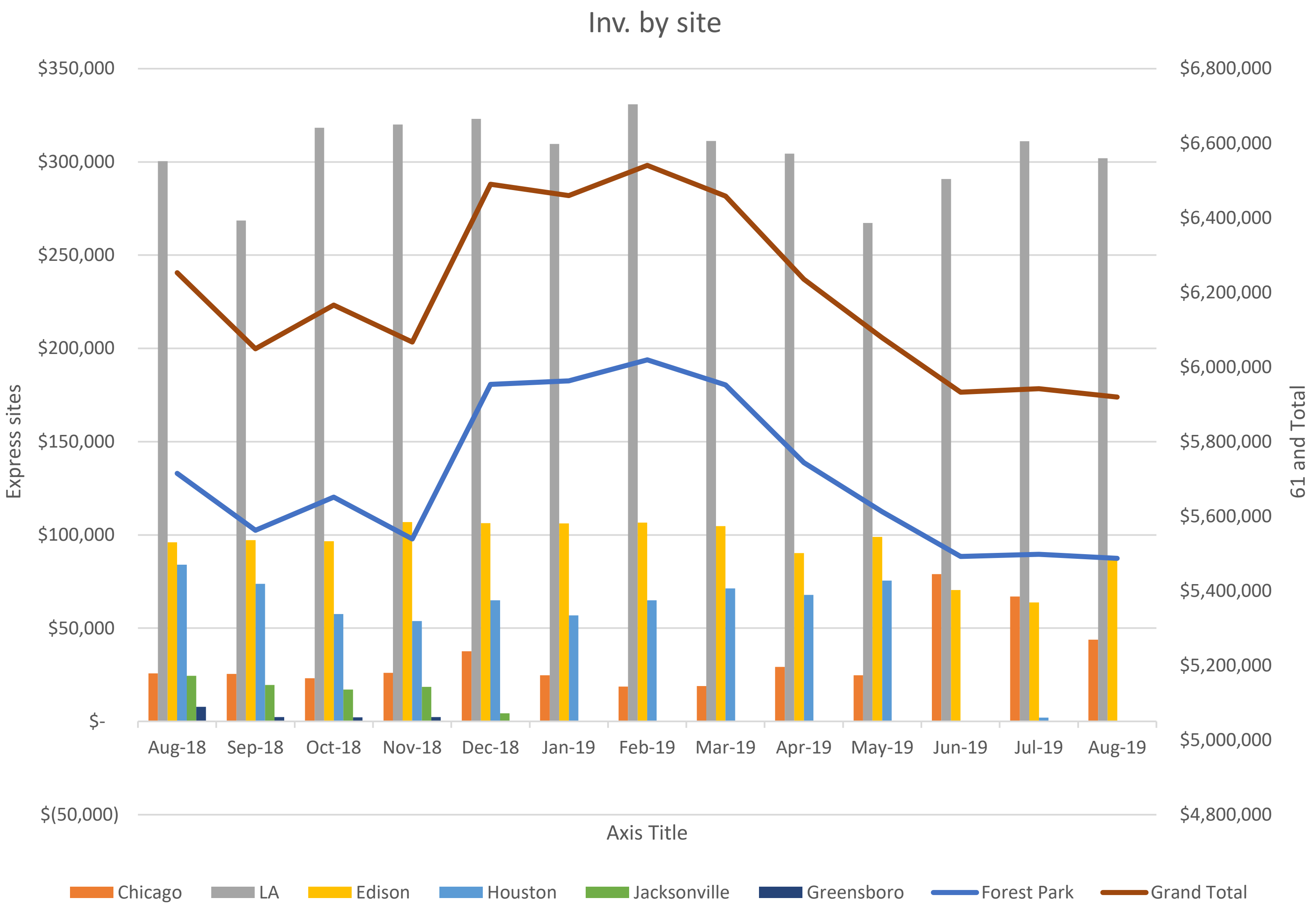


	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEP	OCT	NOV	DEC
Actual-7	98.8%	98.8%	99.0%	98.5%	98.8%	98.2%	95.3%	98.3%	0.0%	0.0%	0.0%	0.0%
Target-7	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%

Management Discussion:

A good rebound from the previous month. A continued team priority.

Inventory



Management Discussion:

Jacksonville and Greensboro Express sites were shut down January 2019

Houston Inventory moved to Chicago while a new location is started

Currently a Greenbelt project is in place to look at optimizing Finished Goods inventory

Gross inventory down .4% from July

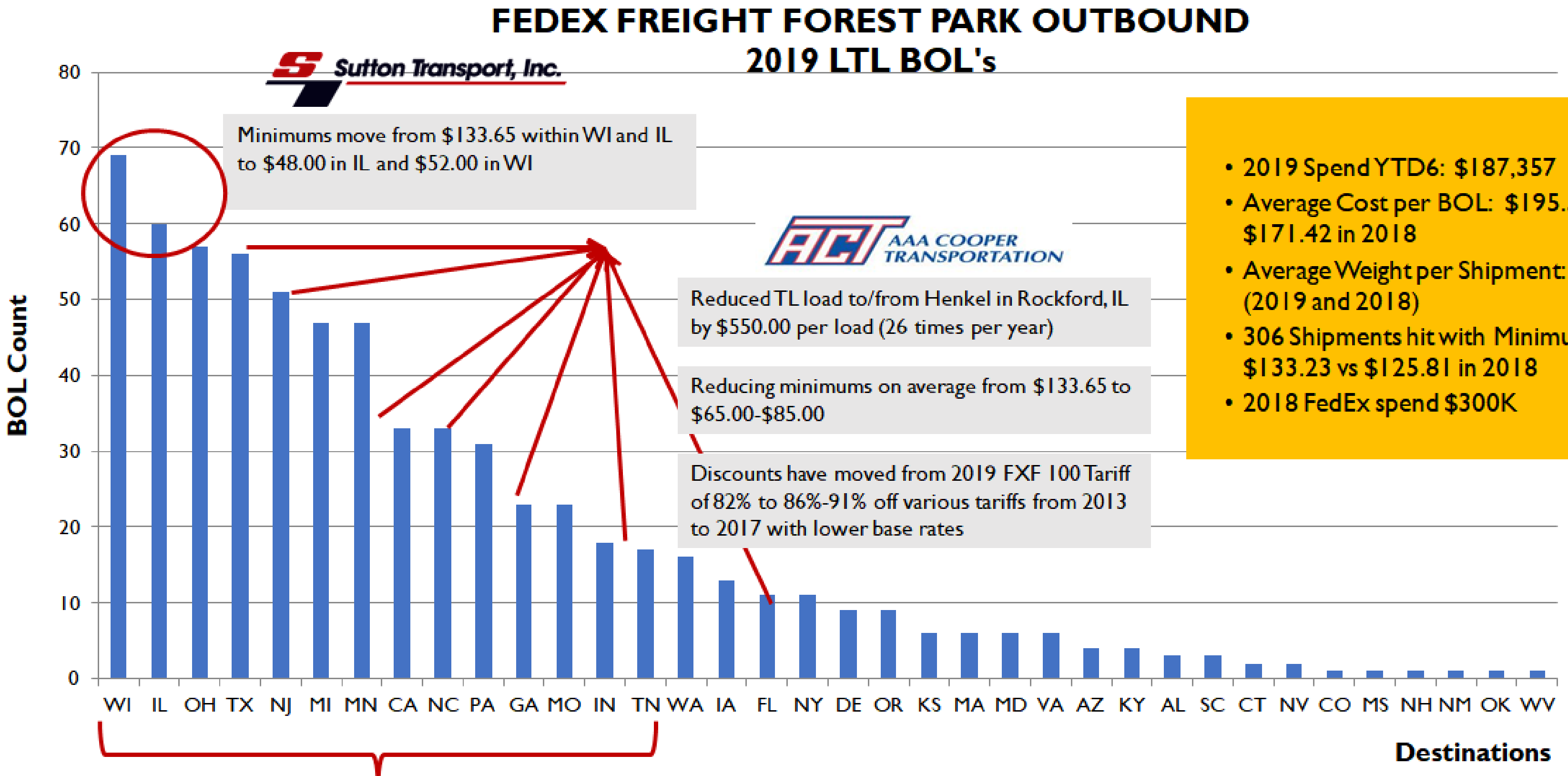
Gross inventory down 5.3% from a year ago

Smart Ventures - Logistics

SUPPLY CHAIN OPTIMIZATION PROJECT UPDATE

- Analytics performed for the transactional UPS data for 2018-19 (see enclosed).
- Negotiated cost savings LTL agreement for Sutton Transportation and introduced them to the Duraco Supply Chain team for implementation.
- In the process of finalizing agreement with AAA Cooper Transportation for the South region (South Central, Southeast, Southwest).
- In the process of finalizing agreement with Fusion Transport for the Northeast, Mid-Atlantic, and Eastern Midwest regions LTL shipments.
- Meeting with 3PL in Toronto for Canada distribution set for October 10, 2019 with Duraco team.
- Spoke with Duraco team about tracking and reporting on savings on a go-forward basis.
- Recommendation to keep small parcel with UPS (Essentra Agreement until 2022); will need to work out payment arrangements with them.
- SmartVentures recommendation to test a move for all new customers to Pre-Paid & Add (PPA) and try to transition existing customers away from Collect and Third Party billed transactions on sales orders; will require more review by Sales and Customer Service to gauge potential impact with customers.
- With more in-depth review and market testing, could be beneficial to charge all outbound orders a handling charge of $8.50; however this would need to be evaluated in the context of price increase activity and competitive practices that exist regionally.
- All Supply Chain Project recommendations will be listed in the Project Final Report, with an emphasis on the need to test the recommendations in a controlled environment of the market where Supply Chain costs could impact Sales order activity.

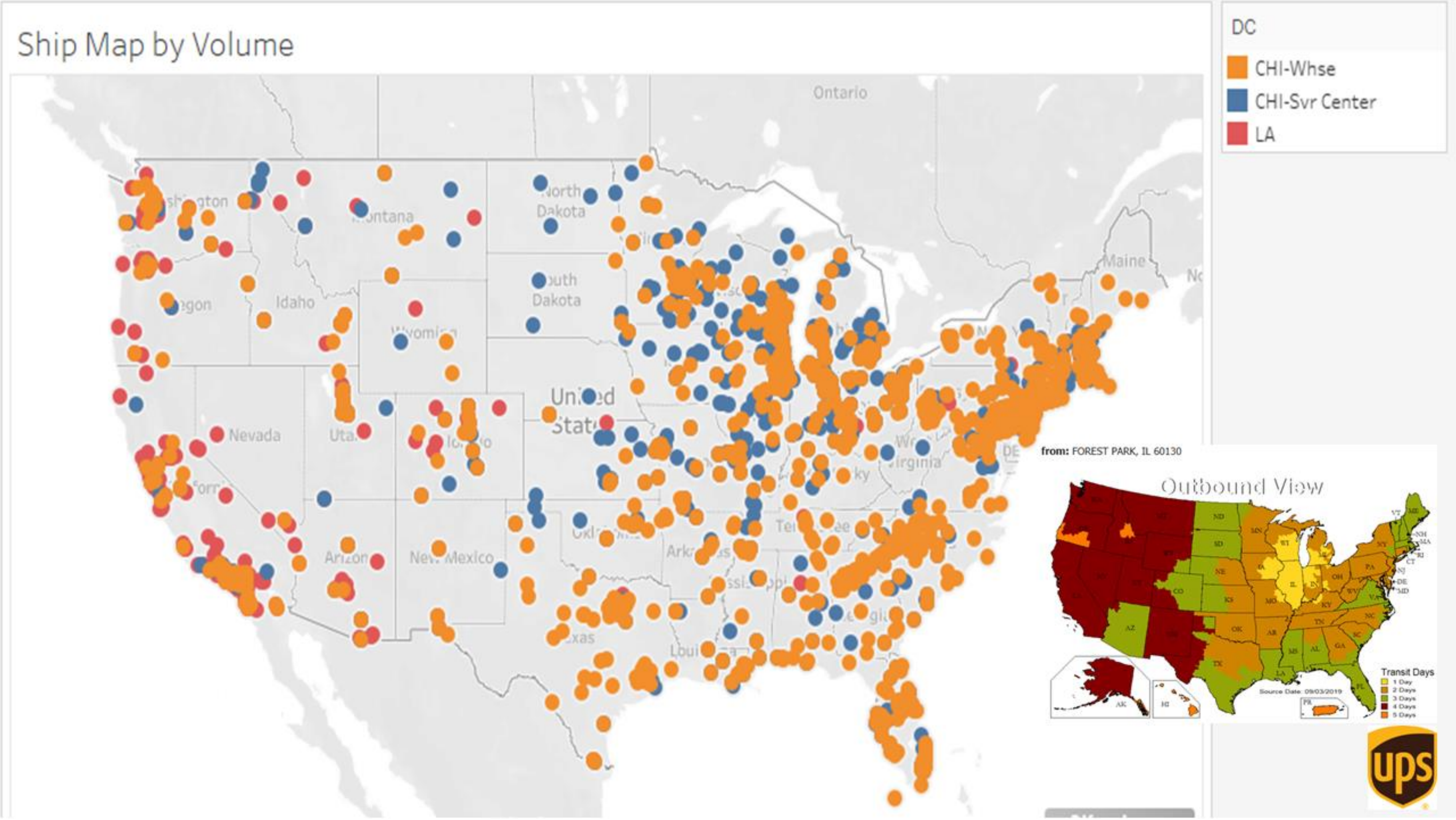
OUTBOUND FEDEX FREIGHT



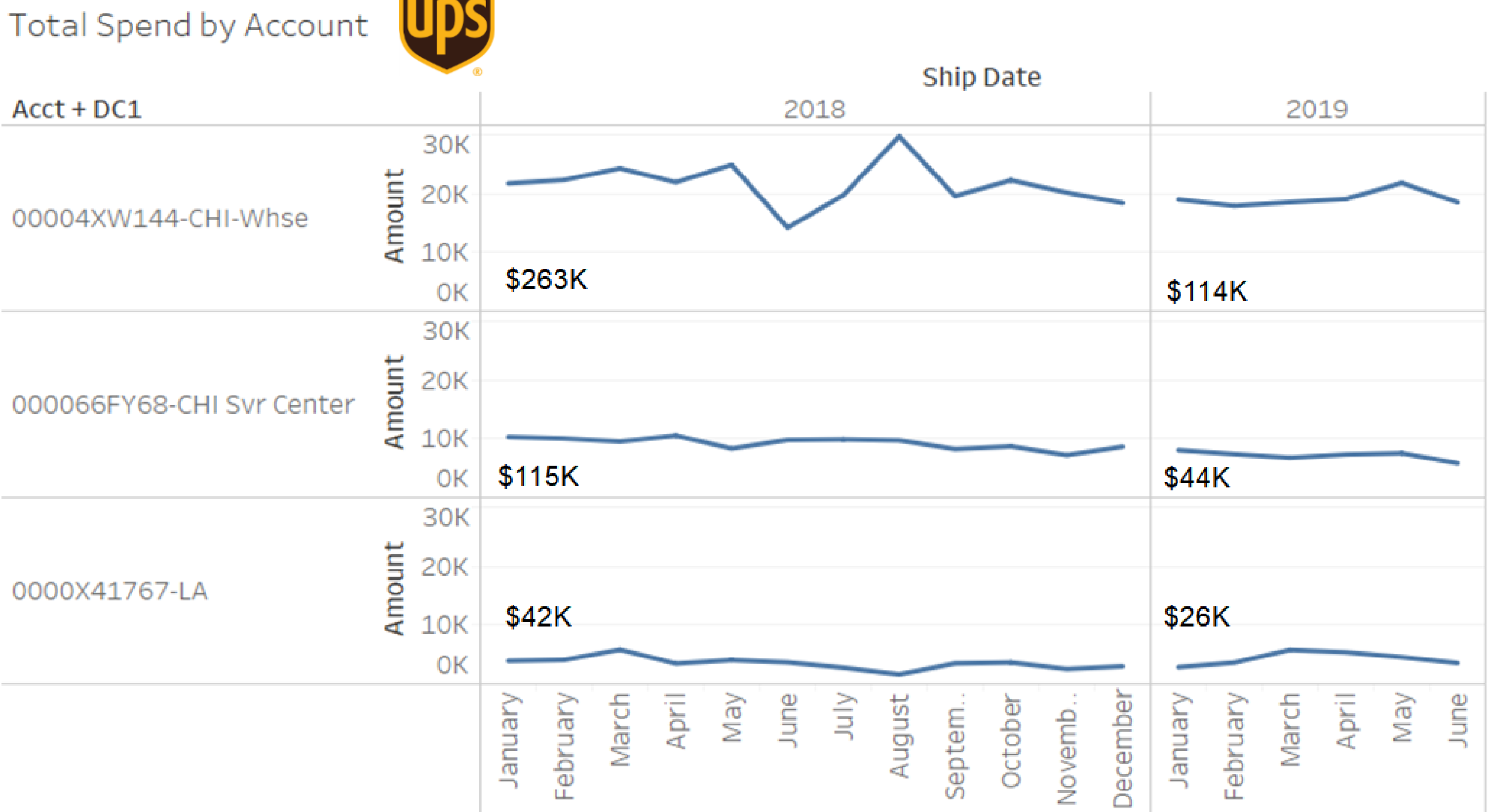
- 2019 Spend YTD6: $187,357
- Average Cost per BOL: $195.57 vs $171.42 in 2018
- Average Weight per Shipment: 529 LBS (2019 and 2018)
- 306 Shipments hit with Minimum Charge of $133.23 vs $125.81 in 2018
- 2018 FedEx spend $300K

SVLP has negotiated with Regional Carriers that will drive down minimum charges with no service degradations

UPS SHIPMENTS



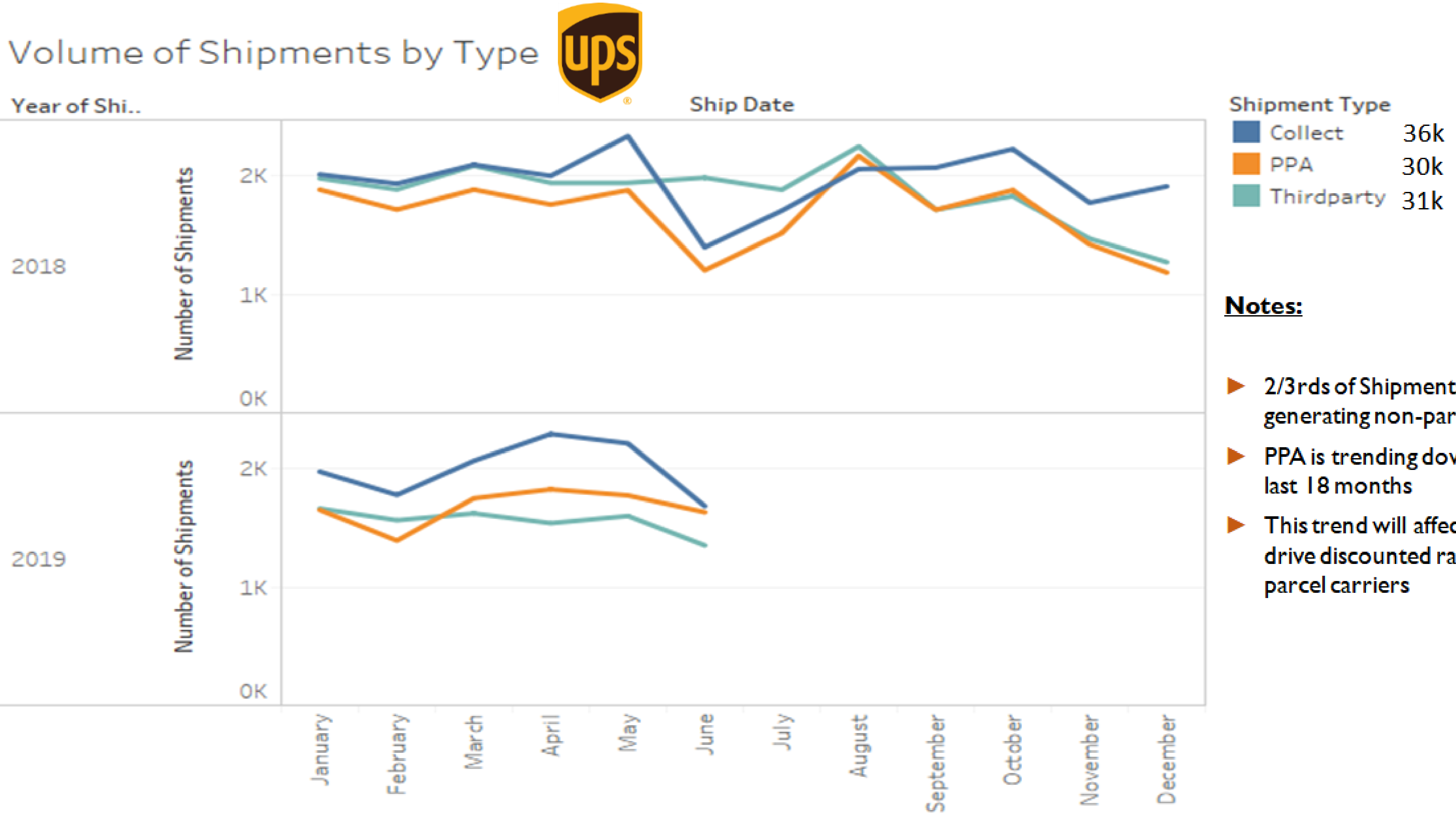
UPS TOTAL SPEND BY LOCATION



These figures can be compared to 2018 P&L to determine allocation allowance in the transition from Essentra

2018 Spend $420K with UPS
2019 Spend YTD $184K UPS

MONTHLY UPS SHIPMENTS

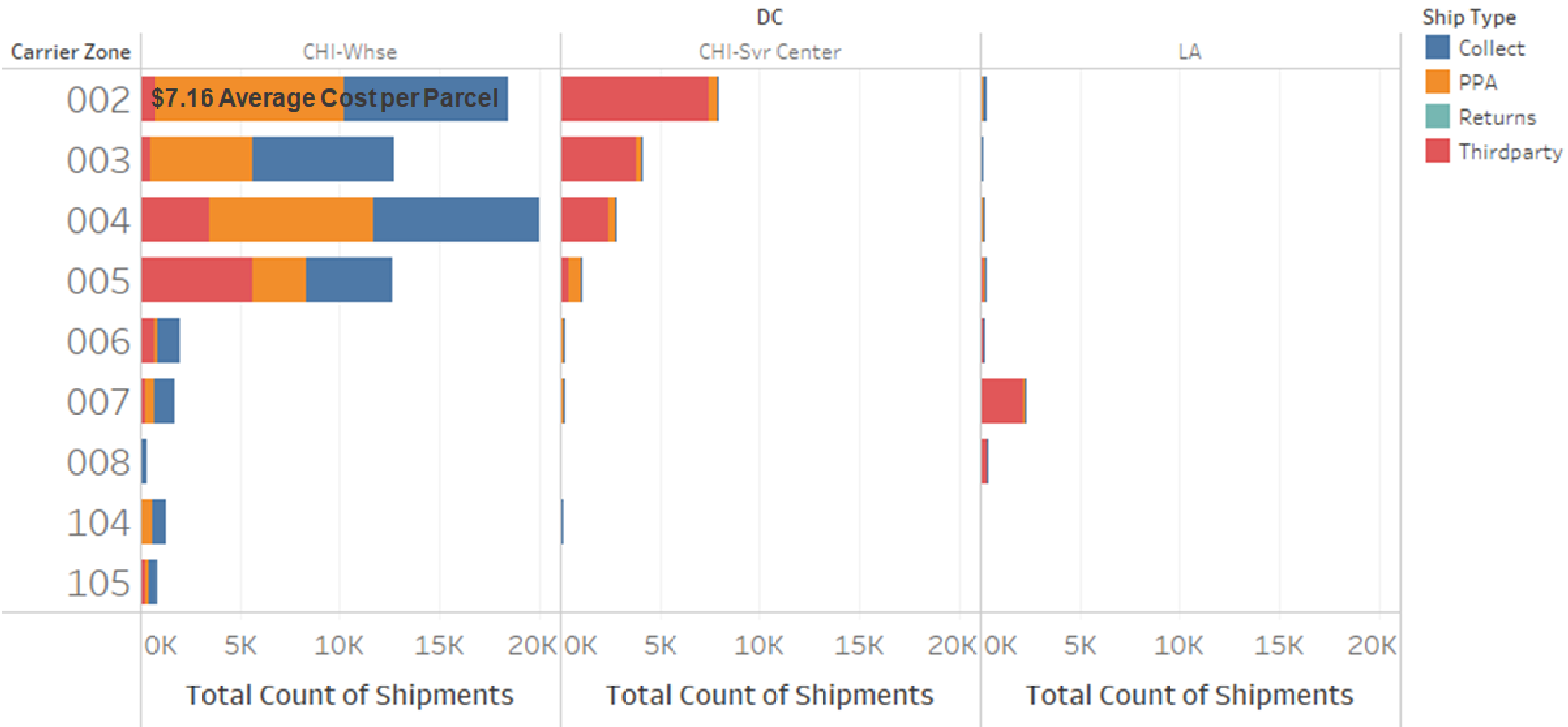


Notes:

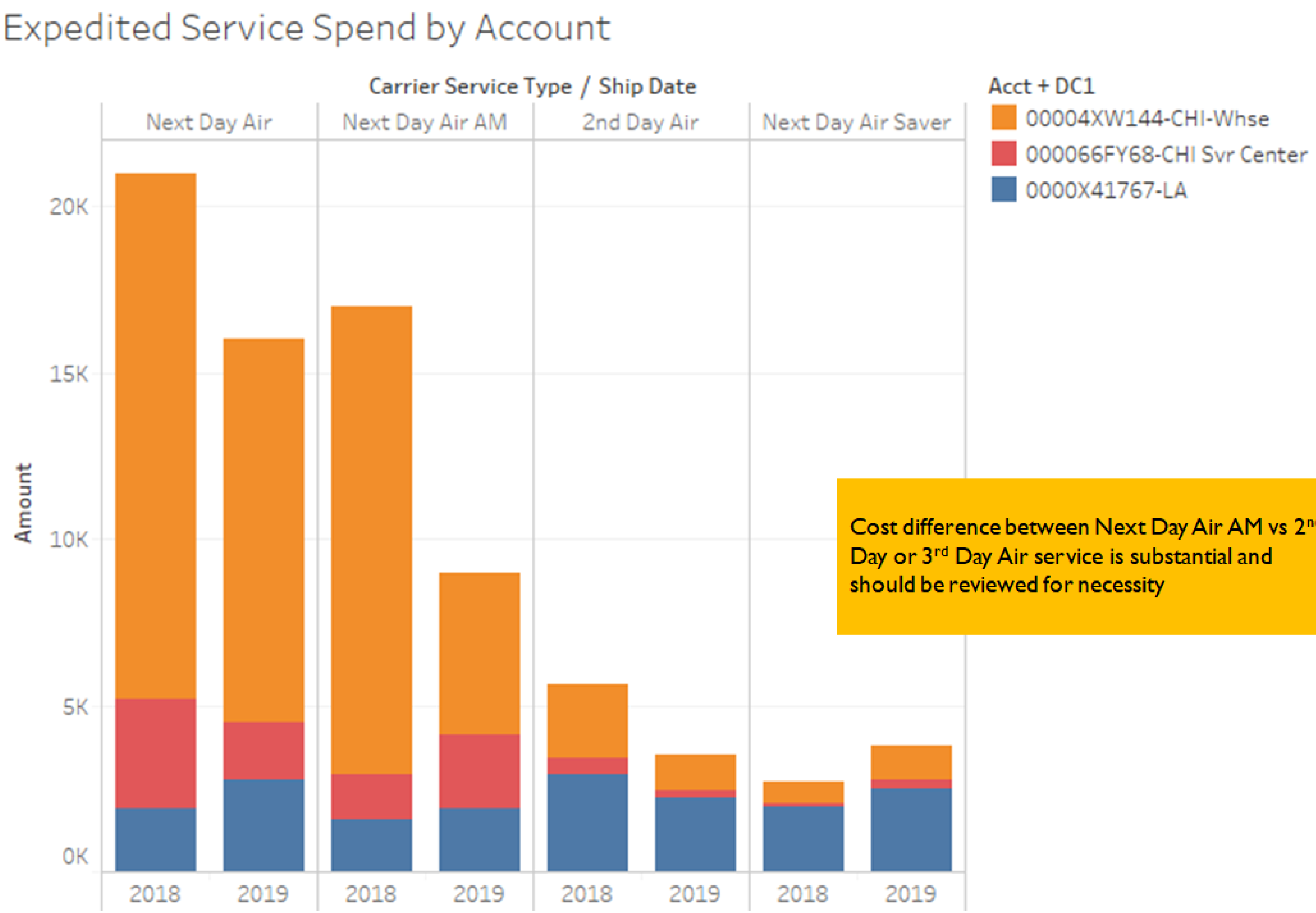
- 2/3rds of Shipments going out generating non-parcel revenue
- PPA is trending down over the last 18 months
- This trend will affect ability to drive discounted rates with parcel carriers

OUTBOUND UPS BY ZONE

Number of Shipments by Zone Outbound



UPS BY SERVICE TYPE



Cost difference between Next Day Air AM vs 2nd Day or 3rd Day Air service is substantial and should be reviewed for necessity

PROJECT FINDINGS TO-DATE

DURACO

Main Findings from Review

- Consolidation of multiple LTL Carriers will improve overall costing.
- Need to reduce use of National Carriers with high minimum and accessorial charges.
- Significant year-over-year cost increases 2018 vs 2019.
- Limited use of technology platform for data analytics.
- No year-over-year current reporting stats.
- Tariff discounts are not as effective as they could be.
- Using LTL for shipments that should have moved small parcel.
- Shipment process fee needs to apply to both PPA and Collect shipments.
- Shipment fees need more uniformed approach.
- Savings opportunity for international freight forwarding services to/from China and EU.
- Evaluating closing of New Jersey Service Center cost impact.
- Evaluating moving LAX to 3PL and placing inventory in Toronto.
- Evaluating use of Same Day Direct out of Forest Park.
- Need to separate Service Center small parcel spend between Essentra components and specialty tapes.

Known Estimated Cost Improvements

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

* *Need to understand potential customer impact*

DURACO

Financial Review

Summary P&L – Aug 2019

$'000	MTD		Variance		PY MTD	Variance		YTD		Var		TTM
	Act	Fcst	$	%	Act	$	%	Act	Fcst	$	%	$
Gross Revenue	**$ 3,461**	**$ 3,360**	**$ 100**	**3.0%**	**$ 3,672**	**$ (212)**	**(5.8%)**	**$ 27,841**	**$ 27,741**	**$ 100**	**0.4%**	**$ 41,808**
Discounts	(1)	(8)	7	(90.7%)	(2)	1	(65.1%)	(22)	(28)	7	(24.0%)	(33)
Returns	–	–	–	0	(8)	8	(100.0%)	(45)	(45)	–	0.0%	(18)
Rebates	–	–	–	0	–	–	0	(20)	(20)	–	0.0%	(20)
Other	–	–	–	0	–	–	0	(21)	(21)	–	0.0%	(21)
Net Revenue	**3,460**	**3,353**	**107**	**3.2%**	**3,663**	**(203)**	**(5.5%)**	**27,733**	**27,626**	**107**	**0.4%**	**41,715**
Material	1,130	1,121	(9)	(0.8%)	1,244	114	9.1%	9,328	9,319	(9)	(0.1%)	13,765
DM %	*32.7%*	*33.4%*	0	2.3%	*34.0%*			*33.6%*	*33.7%*	0		*33.0%*
Labor	382	391	9	2.4%	374	(9)	(2.3%)	3,176	3,185	9	0.3%	4,767
DL %	*11.0%*	*11.7%*	0	5.4%	*10.2%*			*11.5%*	*11.5%*	0		*11.4%*
Other COGS	417	454	37	8.3%	464	47	10.1%	3,563	3,601	37	1.0%	5,259
Total COGS	**1,929**	**1,966**	**38**	**1.9%**	**2,081**	**152**	**7.3%**	**16,067**	**16,105**	**38**	**0.2%**	**23,791**
Gross Margin	**1,531**	**1,386**	**145**	**10.4%**	**1,582**	**(51)**	**(3.2%)**	**11,666**	**11,521**	**145**	**1.3%**	**17,924**
Gross Margin %	*44.3%*	*41.3%*			*43.2%*			*42.1%*	*41.7%*			*516.3%*
R&D	27	21	(6)	(26.6%)	6	21	380.0%	204	199	(6)	(2.8%)	289
Sales & Marketing	319	362	43	11.9%	364	(45)	(12.3%)	2,700	2,743	43	1.6%	3,885
Administrative	186	189	3	1.5%	131	55	41.9%	1,263	1,266	3	0.2%	1,734
Other Opex	–	–	–	0	–	–	0	–	–	–	0	2
Total Opex	**532**	**575**	**43**	**7.4%**	**501**	**31**	**6.3%**	**4,167**	**4,210**	**(43)**	**(1.0%)**	**5,910**
EBITDA	**999**	**811**	**187**	**23.1%**	**1,081**	**(82)**	**(7.6%)**	**7,499**	**774,734**	**(767,235)**	**99.0%**	**12,014**
EBITDA %	*28.9%*	*24.2%*			*29.5%*			*27.0%*	*26.5%*			*28.8%*
Bank allowable EBITDA add-backs	–	–	–	0	(163)	163		(1,415)	(1,415)	–	0.0%	(2,208)
Bank EBITDA	**999**	**814**	**185**	**22.7%**	**918**	**80**	**8.8%**	**6,084**	**5,899**	**(185)**	**3.1%**	**9,806**
	28.9%	*24.3%*										
Adj. EBITDA	**999**	**814**	**185**	**22.7%**	**918**	**80**	**8.8%**	**6,084**	**5,899**	**185**	**(3.1%)**	**9,806**
Adj. EBITDA %	*28.9%*	*12.1%*			*25.1%*			*21.9%*	*21.4%*			*23.5%*
Net Income (Loss)	**$ 187**	**$ 44**	**$ 142**	**323.3%**	**$ 718**	**$ (531)**	**74.0%**	**$ 4,721**	**$ 4,578**	**$ 142**	**(3.1%)**	**$ 7,349**
Capex	**$ –**	**$ –**	**$ –**		**$ 71**	**$ (71)**		**$ 1,537**	**$ –**	**$ 1,537**	**0.0%**	**$ 3,104**

$'000	MTD		Variance		PY MTD	Variance		YTD		Var		
	Act	Fcst	$	%	Act	$	%	Act	Fcst	$	%	$
Opex Overview:												
Payroll (Payroll, OT, SS & Taxes, Te	$ 252	$ 244	(8)	(3.2%)	$ 228	$ 24	10.6%	$ 1,886	$ 1,878	$ 8	0.4%	2,885
Benefits (Medical, Dental, Life, AD	53	46	(7)	(16.4%)	33	20	58.4%	310	303	7	2.5%	473
Bonus	52	55	3	6.2%	38	13	34.9%	311	314	(3)	(1.1%)	416
Marketing	80	80	(0)	(0.0%)	97	(17)	(17.2%)	598	598	0	0.0%	743
Commissions	8	8	(0)	(0.6%)	9	(1)	(12.7%)	74	74	0	0.1%	41
Travel and Entertainment	11	17	6	34.6%	20	(8)	(42.4%)	135	154	(19)	(12.2%)	205
Rent and Facilities	3	27	24	89.2%	16	(13)	(81.3%)	130	141	(11)	(8.0%)	194
Insurance	14	14	–	0.0%	4	9	215.5%	55	55	–	0.0%	76
Professional Fees	4	6	2	29.8%	3	1	34.7%	37	38	(2)	(4.9%)	30
Utilities, Repairs, Maint. & Security	0	1	1	93.4%	2	(2)	(95.4%)	31	32	(1)	(3.5%)	47
Office Supplies	5	5	(0)	(1.2%)	3	2	51.7%	45	45	0	0.1%	58
IT	18	21	4	17.0%	19	(1)	(7.2%)	209	212	(4)	(1.7%)	273
Bad Debt	(9)	3	12	392.1%	2	(11)	(657.2%)	16	28	(12)	(43.1%)	27
Real Estate Taxes	13	13	(0)	(0.0%)	10	2	22.9%	110	110	0	0.0%	153
Other Expenses	29	32	3	9.9%	16	12	76.2%	220	223	(3)	(1.4%)	289
Total Opex	**$ 532**	**$ 572**	**$ 40**	**7.0%**	**$ 501**	**$ 31**	**6.3%**	**$ 4,167**	**$ 4,207**	**$ (40)**	**(1.0%)**	**$ 5,910**

Management Discussion:

Revenue

• August revenue is favorable to F2 forecast 3.2% and unfavorable to prior year August –5.5%

• YTD revenue favorable 0.4% to F2

COGS

• Aug. COGS 1.9% below Forecast.

• Union labor costs favorable by $9K due to lower medical expense.

• Other COGS in Aug. favorably impacted by $20k of lower freight costs.

OPEX

• August OPEX favorable to F2 forecast.

  • $27K favorable on Express locations rent that was charged to restructuring costs.

  • $8K favorable on bad debt due to improvement on past due collections and decrease of reserve

  • $6K favorable on total T&E

EBITDA

•Reflects the improvement of sales, sales mix and overall spending on OPEX

Balance Sheet

	Aug-19	Jul-19	Jun-19	Aug-19	Variance	
$'000	Act	Act	Act	Fcst	$	%
Current Assets						
Cash and cash equivalents	$ 1,922	$ 1,366	$ 765	$ 1,978	$ (55)	(2.8%)
Accounts receivable, gross	5,718	5,291	5,386	5,589	(129)	(2.3%)
Accounts receivable, reserves	(74)	(83)	(74)	(83)	(9)	10.4%
Accounts receivable, net	5,644	5,208	5,313	5,506	(138)	(2.5%)
Inventory, gross	5,920	5,942	5,932	5,987	67	1.1%
Inventory, reserves	(1,082)	(1,009)	(970)	(981)	101	(10.3%)
Inventory, net	4,838	4,933	4,963	5,006	168	3.4%
Prepaid expenses and other current assets	428	396	128	364	(64)	(17.7%)
Total Current Assets	**12,833**	**11,902**	**11,169**	**12,854**	**(21)**	**(0.2%)**
Non-Current Assets						
Property, plant & equipment, gross	19,791	19,791	19,791	19,791	0	0.0%
Accumulated depreciation	(7,438)	(7,353)	(7,268)	(7,438)	–	0.0%
Property, plant & equipment, net	12,353	12,438	12,524	12,353	0	0.0%
Goodwill	78,945	78,945	78,945	78,945	–	0.0%
Identifiable intangible assets, gross	–	–	–	–	–	0
Accumulated amortization	(17,207)	(17,091)	(16,941)	(17,207)	(0)	0.0%
Identifiable intangible assets, net	61,738	61,854	62,004	61,738	(0)	(0.0%)
Deferred financing cost	–	–	–	–	–	0
Deferred tax asset	–	–	–	–	–	0
Other non-current assets	–	–	–	–	–	0
Total Non-Current Assets	**74,091**	**74,292**	**74,528**	**74,091**	**0**	**0.0%**
Total Assets	**$ 86,923**	**$ 86,195**	**$ 85,697**	**$ 86,944**	**$ 21**	**0.0%**
Current Liabilities						
Line of Credit	612	313	19	613	(1)	(0.1%)
Accounts payable	1,971	1,870	1,873	1,878	93	5.0%
Accrued liabilities	1,622	1,447	1,451	1,591	32	2.0%
Accrued compensation	–	–	–	–	–	0
Income taxes payable	117	35	–	54	63	115.3%
Other current liabilities	–	–	–	–	–	0
Total Current Liabilities	**4,322**	**3,666**	**3,343**	**4,136**	**186**	**4.5%**
Long-term liabilities						
Long-term debt less current maturities	42,474	42,474	42,474	42,474	–	0.0%
Deferred liabilities	–	115	–	350	(350)	(100.0%)
Total Long-Term Liabilities	**42,474**	**42,589**	**42,474**	**42,824**	**(350)**	**(0.8%)**
Total Liabilities	**46,796**	**46,254**	**45,817**	**46,960**	**(164)**	**(0.3%)**
Shareholders' Equity						
Common stock	39,007	39,007	39,007	39,007	–	0.0%
Capital in excess of stated value	–	–	–	–	–	0
Retained earnings	1,120	933	873	977	142	14.6%
Accumulated other comprehensive income	–	–	–	–	–	0
Other equity transactions	–	–	–	–	–	0
Total Shareholders' Equity	**40,127**	**39,940**	**39,880**	**39,985**	**142**	**0.4%**
Total Liabilities and Shareholders' Equity	**$ 86,923**	**$ 86,195**	**$ 85,697**	**$ 86,944**	**$ (21)**	**(0.0%)**

Management Discussion

- Balance sheet in line with expectations for August
- Deferred liabilities is zero in actual as restructuring costs are located in A/P. They were moved in the forecast to try and keep them out of working capital.
- Income tax accrual is based on Net Income. This balance will reduce over the next several months as restructuring costs increase and BT provides further tax advice.

OPEX Detail

	YTD			Explanation of Variance				Variance Impact		
	Act	Forecast	Variance 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)	$ 1,886	$ 1,878	$ (8)		$ –	$ (8)	$ –	$ (8)	$ (8)	$ (47.12)
Benefits (Medical, Dental, Life, AD&D & 401K	310.48	303.02	(7)	(7)	–		–	(7)	–	–
Bonus	310.94	314.38	3	3	–		–	3	–	–
Marketing	598.47	598.47	(0)			–		–	–	–
Commissions	74.00	73.95	(0)	(0)	–	–	–	(0)	–	–
Travel and Entertainment	135.41	154.24	19	19	–	–	–	19	–	–
Rent and Facilities	130.08	141.37	11			11	–	11	11	68
Insurance	55.21	55.21	–		–	–	–	–	–	–
Professional Fees	36.55	38.42	2	2	–	–	–	2	–	–
Utilities, Repairs, Maint. & Security	30.88	32.01	1	1	–	–	–	1	–	–
Office Supplies	45.12	45.07	(0)	(0)	–	–	–	(0)	–	–
IT	208.73	212.32	4	4		–	–	4	–	–
Bad Debt	16.16	28.41	12	12	–	–	–	12	–	–
Real Estate Taxes	109.63	109.63	(0)	(0)	–	–	–	(0)	–	–
Other Expenses	219.61	222.75	3	3		–	–	3	–	–
Total Opex	**$ 4,167**	**$ 4,207**	**$ 40**	**$ 37**	**$ –**	**$ 3**	**$ –**	**$ 40**	**$ 3**	**$ 21**

Management Discussion:

- Travel & Entertainment: We do not have the additional sales force yet to spend more in T&E.
- Rent and Facilities: Change in Run-rate represents rent expense increase for LA & New Jersey offices resulted by sublease cost agreed upon the TSA agreement.
- Bad Debt: Decreased bad debt reserve based on AR aging.

One- time costs

$'000

	YTD			Explanation of Variance					
	Act	Forecast	Variance B / (W)	One-Time / Non-recurring	Timing	Change in Run-rate	Other	Forecast (06/19 - 06/20)	Forecast (07/10 - 06/20)
Transaction Serives Agreement (TSA)	$ 196	$ 196	$ –		$ –		$ –	$ 817	$ (25)
Opening Balance Sheet audit	–	–	–		$ –	–	–	5	
Asset Valuation Report	10	10	–		$ –	–	–	40	
ERP Implementation	–	–	–		$ –	–	–	600	
Website Build	–	–	–		$ –	–	–	400	
Data Analytics Platform	–	–	–		$ –			160	
IT System Upgrade	–	–	–		$ –	–	–	300	
Suppy Chain Specialist	60	60	–		$ –	–	–	60	
Pricing Specialist	–	–	–		$ –	–	–		125
Sales Force Efficiency Specialist	60	60	–		$ –	–	–	120	
MOR Setup	–	–	–		$ –	–	–	65	
HR Specialist	–	–	–		$ –	–	–	200	
Beckway Group	162	162	–		$ –			187	
IT Specialist	10	10	–		$ –	–	–	120	35
Recruitment of new personnel	–	–	–		$ –	–	–	243	
Marketing/product roadmap study	–	–	–		$ –	–	–		
Rebranding	5	5	–		$ –	–	–	100	
Other	–	–	–		$ –	–	–		
Total 1x Costs	**$ 503**	**$ 503**	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**	**$ 3,417**	**$ 135**

Management Discussion

- YTD includes one-time costs since Close
- Current forecast for first year spend is higher than bank allowable $3m, will flex with CAPEX (ERP, Website, IT Upgrades) and other add back categories.
- Billing is delayed for HR Specialist, YTD spend is likely >$100k.

Cashflow statement

DURACO

$'000	MTD Act	MTD Fcst	Variance $	Variance %	PY-MTD Act	Variance $	Variance %	YTD Act	YTD Fcst	Variance $	Variance %	PY YTD Act	Variance $	Variance %
Cash flow from operations														
Net Income (Loss)	$ 187	$ 44	$ 142	323.3%	$ –	$ 187	0	$ 4,721	$ 4,578	$ 142	3.1%	$ –	$ 4,721	
Depreciation, amortization and other	202	202	0	0.0%	–	202	0	1,615	1,615	0	0.0%	–	1,615	
Capitalized fees & expenses	–	–	–		–	–	0	–	–	–	0	–	–	
Gain (loss) on sale of fixed assets	–	–	–		–	–	0	–	–	–	0	–	–	
Non-cash interest expense	299	299	(1)	(0.2%)	–	299	0	617	618	(1)	(0.1%)	–	617	
Non-cash dividends	–	–	–		–	–		(2,702)	(2,702)	–	0.0%	–	(2,702)	
Deferred income tax	–	–	–		–	–		–	–	–		–	–	
Change in operating assets and liabilities:			–		–	–								
Accounts receivable	(436)	(299)	(138)	46.1%	–	(436)		(652)	(514)	(138)	26.8%	–	(652)	
Inventory	95	(73)	168	(229.6%)	–	95		650	482	168	34.8%	–	650	
Prepaid expenses and other current assets	(33)	32	(64)	(202.3%)	–	(33)		2,928	2,992	(64)	(2.2%)	–	2,928	
Accounts payable	101	8	93	1109.9%	–	101		(985)	(1,079)	93	(8.6%)	–	(985)	
Accrued expenses	61	379	(318)	(84.0%)	–	61		127	446	(318)	(71.5%)	–	127	
Accrued income taxes	82	19	63	331.5%	–	82		(5,775)	(5,838)	63	(1.1%)	–	(5,775)	
Other changes in operating assets and liabilities	–	–	–		–	–		(26,451)	(26,451)	–	0.0%	–	(26,451)	
Other cash flow from operations	–	–	–		–	–		–	–	–		–	–	
Total Cash Flow from Operations	**$ 556**	**$ 611**	**$ (55)**	**(9.0%)**	**$ 925**	**$ (369)**	**(39.9%)**	**$ (25,908)**	**$ (25,853)**	**$ (55)**	**0.2%**	**$ –**	**$ (25,908)**	
Cash flow from investing														
Additions to property, plant and equipment	$ 0	$ –	$ 0		$ –	$ 0		$ 1,903	$ 1,903	$ 0	0.0%	$ –	$ 1,903	
Acquisitions of companies, net of cash acquired	–	–	$ –		–	–		–	–	–		–	–	
Investment in intangibles	–	–	$ –		–	–		–	–	–		–	–	
Earnout payments	–	–	$ –		–	–		–	–	–		–	–	
Other cash flow from investing (goodwill)	–	–	$ –		–	–		–	–	–		–	–	
Total Cash Flow from Investing	**$ 0**	**$ –**	**$ 0**		**$ –**	**$ 0**		**$ 1,903**	**$ 1,903**	**$ 0**	**0.0%**	**$ –**	**$ 1,903**	
Cash flow from financing														
Proceeds from the issuance (repayment) of ST	$ –	$ –	$ –		$ –	$ –		$ –	$ –	$ –		$ –	$ –	
Proceeds from the issuance of debt	–	–	–		–	–		–	–	–		–	–	
Repayment of debt	–	–	–		–	–		–	–	–		–	–	
Capital lease	–	–	–		–	–		–	–	–		–	–	
Common stock issued (repurchased)	–	–	–		–	–		–	–	–		–	–	
Common stock cash dividends paid	–	–	–		–	–		–	–	–		–	–	
Preferred stock issued (repurchased)	–	–	–		–	–		–	–	–		–	–	
Other cash flow from financing costs	–	–	–		–	–		–	–	–		–	–	–
Total Cash Flow from Financing	**$ –**	**$ –**	**$ –**		**$ –**	**$ –**		**$ 22,634**	**$ 22,634**	**$ –**	**0.0%**	**$ –**	**$ 22,634**	
Effect of FX rates on cash and cash equivalents	**$ –**	**$ –**	**$ –**		**$ –**	**$ –**		**$ –**	**$ –**	**$ –**		**$ –**	**$ –**	
Net change in cash	**$ 556**	**$ 611**	**$ (55)**	**(9.0%)**	**$ –**	**$ 556**		**$ (1,372)**	**$ (1,317)**	**$ (55)**	**4.2%**	**$ –**	**$ (1,372)**	
Beginning cash	1,366	1,366	–	0.0%	–	1,366		18,551	18,551	–	0.0%	–	18,551	–
Change in cash	556	611	(55)	(9.0%)	–	556		(1,372)	(1,317)	(55)	4.2%	–	(1,372)	–
Ending cash	**$ 1,922**	**$ 1,978**	**$ (55)**	**(2.8%)**	**$ –**	**$ 1,922**		**$ 17,179**	**$ 17,234**	**$ (55)**	**(0.3%)**	**$ –**	**$ 17,179**	

Management Discussion

- Operating Cash Flow in the month was $55k lower than forecast due to:
    - Higher net income partially offset by a smaller change in accruals

Debt Leverage Ratios

DURACO

Duraco Specialty Tapes

COVENANT CALCULATION DETAIL

	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19	Jul 19	Aug 19	(Fcast) Sep 19	(Fcast) Oct 19	(Fcast) Nov 19	(Fcast) Dec 19
Bank EBITDA Calculation												
Bank EBITDA	**$521**	**$626**	**$688**	**$945**	**$738**	**$784**	**$784**	**$999**	**$802**	**$1,097**	**$679**	**$457**
TTM Bank EBITDA	$9,631	$9,792	$9,920	$9,994	$9,926	$9,886	$9,721	$9,803	$9,793	$9,686	$9,444	$9,118
Fixed Charge Coverage Ratio (Section 6.1)												
Bank EBITDA	$521	$626	$688	$945	$738	$784	$784	$999	$802	$1,097	$679	$457
i - Unfinanced Capital Expenditures	88	88	88	88	88	88	-	-	392	320	-	-
ii - Management Fees paid or incurred	-	-	-	-	-	-	-	-	-	-	-	-
iii - Income/franchise taxes paid or incurred	-	-	-	-	-	-	35	82	(28)	(23)	(72)	(110)
iv - Restricted Distributions paid in cash	-	-	-	-	-	-	-	-	-	-	-	-
v - Contingent Purchase Price Obligations paid in cash	-	-	-	-	-	-	-	-	-	-	-	-
Operating Cash Flow (Numerator)	$433	$538	$600	$857	$650	$696	$749	$917	$437	$800	$751	$567
a Net Cash Interest	$ -	$ -	$ -	$ -	$ -	$18	$294	$299	$286	$294	$284	$294
b Regularly scheduled principal payments	-	-	-	-	-	-	-	-	265	-	-	265
Fixed Charges (Denominator)	$ -	$ -	$ -	$ -	$ -	$18	$294	$299	$551	$294	$284	$559
TTM Numerator	$9,070	$9,186	$9,269	$9,298	$9,185	$9,100	$8,943	$8,986	$8,655	$8,294	$8,167	$7,994
TTM Denominator	-	-	-	-	-	18	313	611	1,162	1,456	1,741	2,299
Fixed Charge Coverage Ratio	N/A	N/A	N/A	N/A	N/A	**496.55**	**28.61**	**14.70**	**7.45**	**5.70**	**4.69**	**3.48**
Covenant									**1.10**			**1.10**
Status						**Pass**			**Pass**			**Pass**
Total Debt to EBITDA Ratio (Section 6.2)												
+ Outstanding amount of Revolving Loans	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
+ Outstanding Principal Balance - Term Loan	-	-	-	-	-	$42,400	$42,400	$42,400	$42,135	$42,135	$42,135	$41,870
+ Outstanding Principal Balance - Other Debt	-	-	-	-	-	$ -	$ -	$ -	$ -	$ -	$ -	$ -
- Qualified Cash	-	-	-	-	-	(765)	(1,366)	(1,922)	(1,000)	(1,000)	(1,000)	(500)
Bank Debt	$ -	$ -	$ -	$ -	$ -	$41,635	$41,034	$40,478	$41,135	$41,135	$41,135	$41,370
TTM Bank EBITDA	$9,631	$9,792	$9,920	$9,994	$9,926	$9,886	$9,721	$9,803	$9,793	$9,686	$9,444	$9,118
Leverage Ratio	N/A	N/A	N/A	N/A	N/A	**4.21**	**4.22**	**4.13**	**4.20**	**4.25**	**4.36**	**4.54**
Maximum Permitted Total Debt to EBITDA Ratio for the defined period.									**6.25**			**6.25**
Status						**Pass**			**Pass**			**Pass**

Management Discussion:

- Fixed Charge Coverage Ratio is projected to be well above the minimum level required at the end of September and December.
- Total Debt to EBITDA ratio at the end of the year is projected to be 4.54. EBITDA would need to be $11.3m to reduce the applicable margin at the first adjustment date. It needs to stay above $8.4m to maintain the current applicable margin.

13 Week Cash Flow Forecast

DURACO

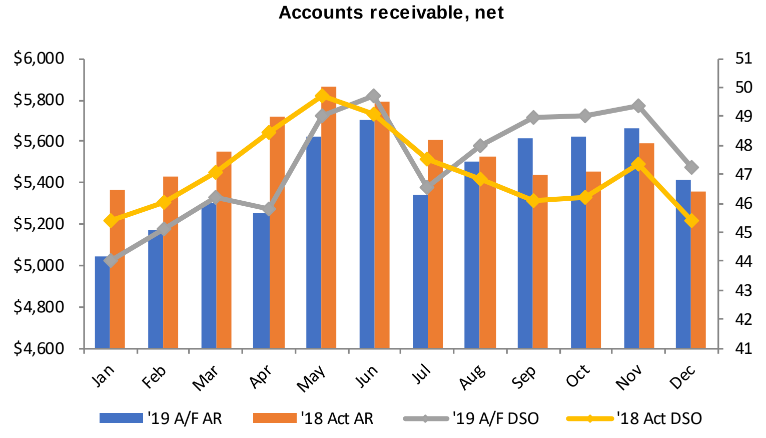
13 Week Cash Flow Forecast

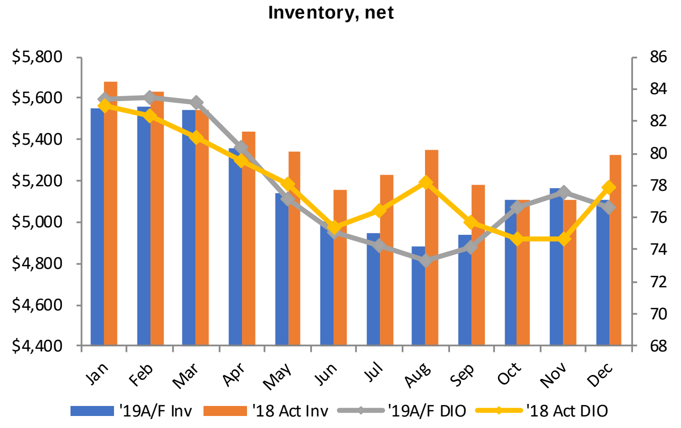
W/E	9/14/19	Act 9/14/19	9/21/19	9/28/19	10/5/19	10/12/19	10/19/19	10/26/19	11/2/19	11/9/19	11/16/19	11/23/19	11/30/19	12/7/19	12/14/19	12/21/19	12/28/19
Beginning Cash Balance	**2,422,117**	***2,365,552***	**2,738,092**	**2,627,082**	**984,869**	**1,016,199**	**948,885**	**945,716**	**837,680**	**646,546**	**762,214**	**820,661**	**1,011,127**	**913,328**	**1,335,462**	**1,542,430**	**2,067,899**
Total Cash Inflow	815,410	960,460	653,990	644,738	929,364	490,686	826,830	882,247	607,066	721,502	804,446	767,466	755,183	989,218	989,218	989,218	989,218
Cash Outflow																	
Accounts Payable	360,000	373,683	385,000	396,282	370,700	360,000	385,000	396,282	368,200	337,500	335,000	360,000	379,482	335,000	337,500	335,000	354,482
Payroll	70,000	69,399	257,000	70,000	267,000	70,000	297,000	70,000	297,000	70,000	305,000	70,000	305,000	70,000	310,000	70,000	310,000
Union Benefits	-	29,541	-	62,000	5,000	1,000	-	62,000	5,000	1,000	-	62,000	5,000	1,000	-	-	-
Non-Union Benefits	-	-	-	65,000	-	-	20,000	65,000	-	-	-	-	65,000	-	-	-	65,000
401k	-	-	26,000	-	26,000	-	26,000	-	26,000	-	26,000	-	26,000	-	26,000	-	26,000
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CAPEX	57,000	-	57,000	240,000	65,000	30,000	-	320,000	-	-	-	-	-	-	-	-	-
Term Loan Interest Payments	-	-	-	265,000	-	-	-	-	-	-	-	-	-	-	-	-	265,000
Term Loan Payments	-	-	-	857,000	-	-	-	-	-	-	-	-	-	-	-	-	857,000
Revolver Interest Payments	-	-	-	1,670	-	-	-	-	-	-	-	-	-	-	-	-	-
Revolver Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unused Line Fee Payments	-	-	-	35,000	-	-	-	-	-	-	-	-	-	-	-	-	-
OGC Quarterly Management Fee Payment	-	-	-	250,000	-	-	-	-	-	-	-	-	-	-	-	-	250,000
One Time Costs	60,000	115,297	40,000	45,000	164,334	97,000	102,000	77,000	102,000	197,334	80,000	85,000	72,500	161,084	108,750	58,750	58,750
Total Cash Outflow	547,000	*587,920*	765,000	2,286,952	898,034	558,000	830,000	990,282	798,200	605,834	746,000	577,000	852,982	567,084	782,250	463,750	2,186,232
Weekly Cash Inflow/(Outflow)	**268,410**	***372,540***	**(111,010)**	**(1,642,214)**	**31,330**	**(67,314)**	**(3,170)**	**(108,035)**	**(191,134)**	**115,668**	**58,446**	**190,466**	**(97,799)**	**422,134**	**206,968**	**525,468**	**(1,197,014)**
Ending Cash Balance	**2,690,527**	***2,738,092***	**2,627,082**	**984,869**	**1,016,199**	**948,885**	**945,716**	**837,680**	**646,546**	**762,214**	**820,661**	**1,011,127**	**913,328**	**1,335,462**	**1,542,430**	**2,067,899**	**870,885**
Outstanding Checks	(759,192)	(759,192)	(460,000)	(460,000)	(460,000)	(460,000)	(460,000)	(460,000)	(460,000)	(460,000)	(460,000)	(460,000)	(460,000)	(460,000)	(460,000)	(460,000)	(460,000)
Net Available Cash	**1,931,335**	**1,978,900**	**2,167,082**	**524,869**	**556,199**	**488,885**	**485,716**	**377,680**	**186,546**	**302,214**	**360,661**	**551,127**	**453,328**	**875,462**	**1,082,430**	**1,607,899**	**410,885**

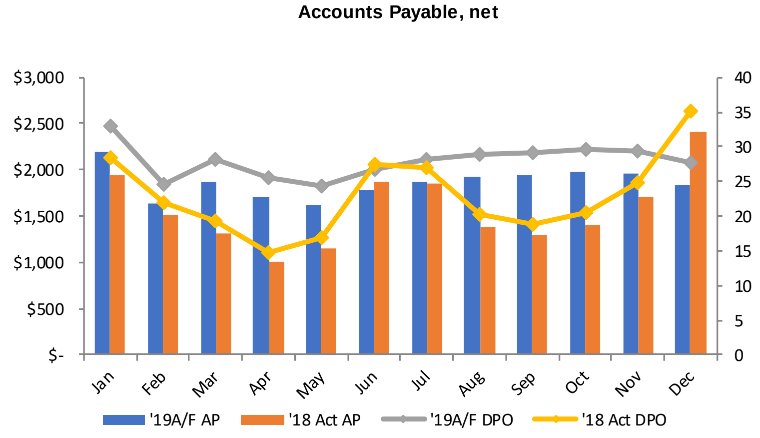
MANAGEMENT DISCUSSION

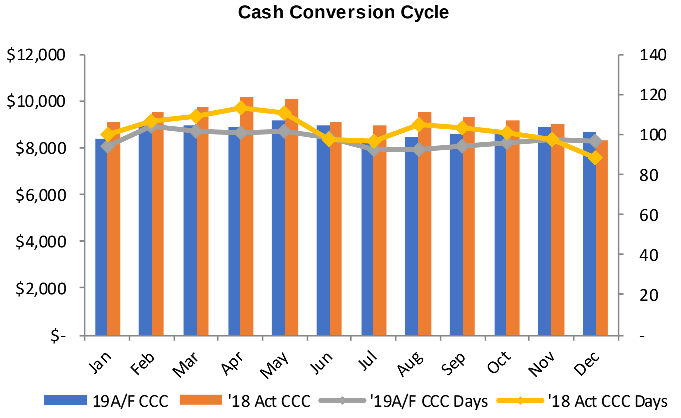
- (w/e 9/21) Capex - $57K payment on Converter machine modification.
- (w/e 9/21) Capex - Initial 30% down payment for the Duplex Slitter machine.
- (w/e 9/28) Loan Payment - Initial quarterly $265K repayment of loan.
- (w/e 10/5) IT Projects - Estimated weekly cost to begin ERP conversion, Website Build and Systems upgrade.
- (w/e 10/12) Capex - Initial $30K payment for the End Splicer machine.
- (w/e 10/26) Capex - Second payment covering 40% of the Duplex Slitter machine cost.

Working capital and cash conversion cycle





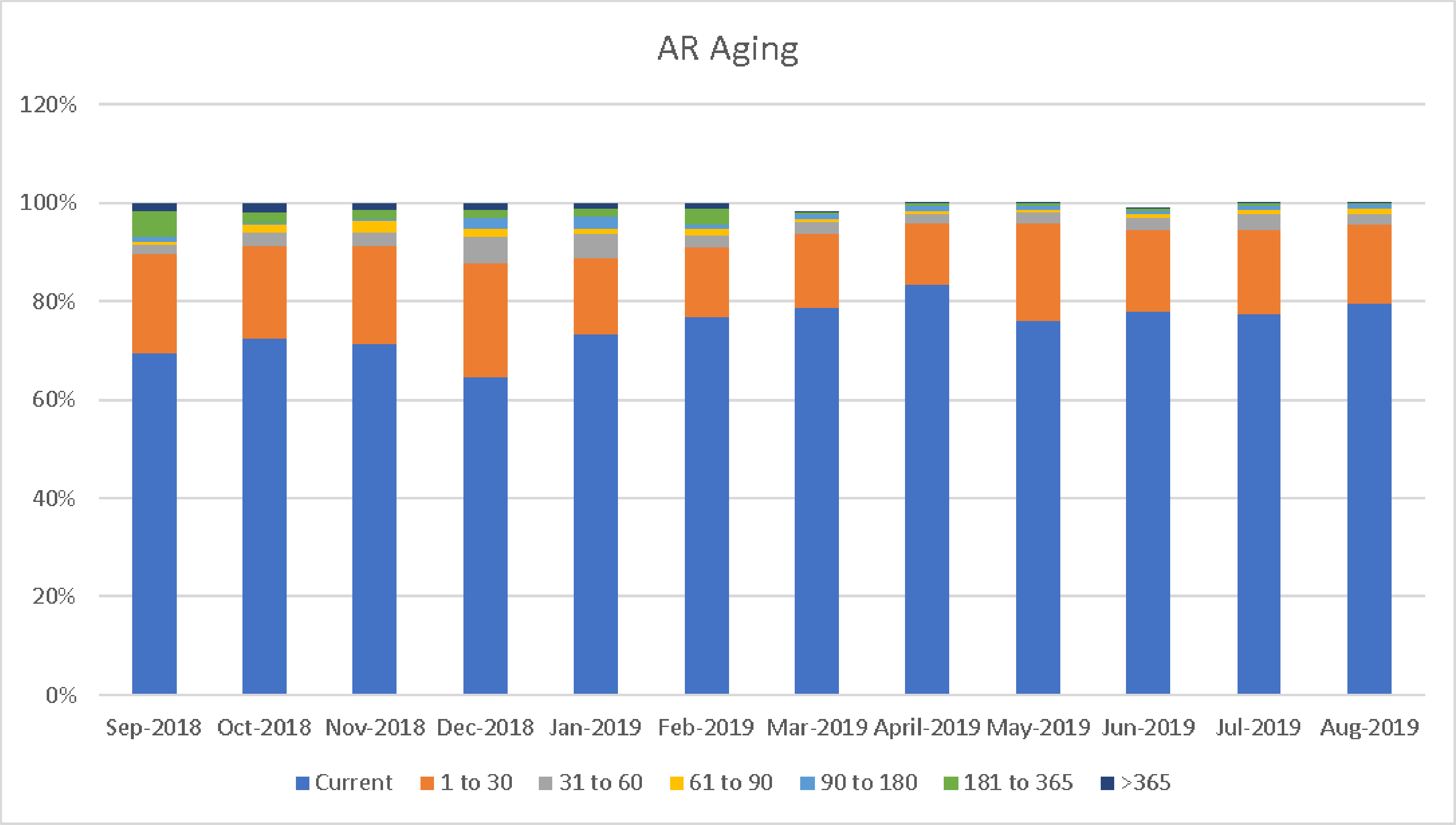




Management Discussion:

- '19 CCC has improved due largely to lower inventory balances and higher A/P partially offset by higher A/R.
- Inventory is lower due to improved operational control and certain RM cost savings which have lowered the value of inventory.
- A/P is higher due partially to one off restructuring costs which will not be at this level at this time next year. Team is working to track how much is in A/P each month to make sure we have a clean benchmark.
- A/P is lower at the end of the year as there will not be an A/P hold; former parent held A/P at the end of each year.

AR Aging

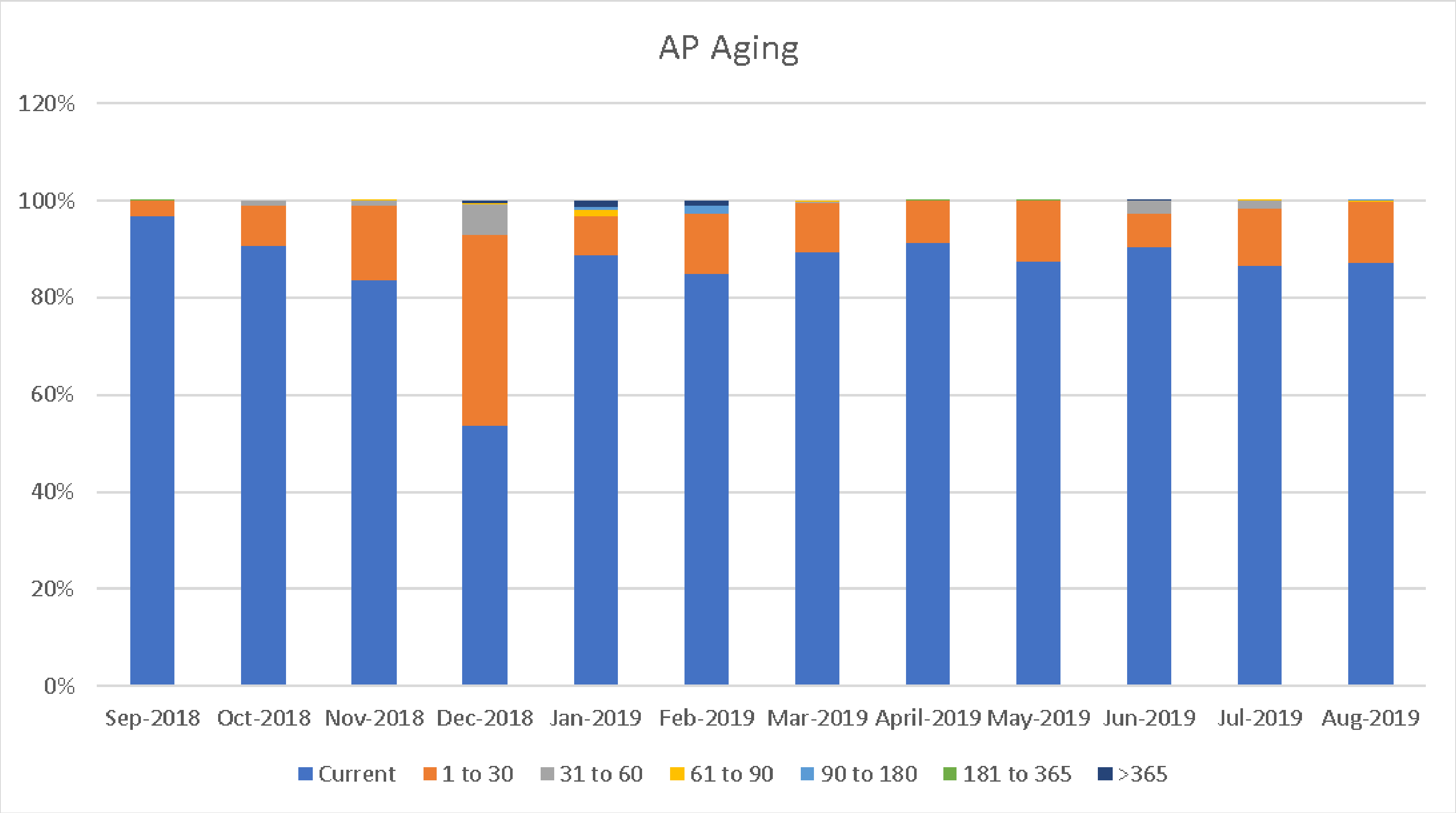


Management Discussion:

Accounts Receivable

- 96.9% of Invoices falls into the Current to 30 days category.
- The average past due open balance excluding Paroc is $1,685 with 668 costumer accounts.
- There was a Paroc invoice for $42K that was past due 16 days in July month-end close and this was subsequently collected. At the end of August there was a different $42k invoice open from Paroc.

AP Aging



Management Discussion:

- No holding of invoices for payments; past due amount is just due to timing between normal pay runs.
- 14 % of invoices past due payment
- 7% of past due invoices is FedEx for $14K

DURACO

Working Capital

	2019 July	2019 August	August Fcast	2018 December
Net Inventories	4,933	4,838	5,006	5,582
External Trade Receivables	5,208	5,644	5,506	4,977
External Other Receivables	396	428	364	182
External Trade Payables	(1,870)	(1,971)	(1,878)	(2,957)
External Other Payables	(1,447)	(1,622)	(1,591)	(1,495)
Net Working Capital	**$ 7,219**	**$ 7,317**	**$ 7,407**	**$ 6,290**

Management Discussion:

Working Capital

- Inventory continues to hold at levels below forecast. They are favorable due to a combination of lower sales volume, completed consumption of our stockpiled former main adhesive and better yield on its replacement adhesive.

- Accounts Receivable continue to perform at good levels with 96.7% being current or less than 30 days past due.

- Significant increase in Other Receivables that is caused by the increase on General Insurance that is booked to prepaids.

- Increase on accrual is caused by employee benefits accrual (medical, dental, other insurance)

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
A. Infrastructure	Green	• New 50MB AT&T circuit was delivered 9/19, with the help of Iceberg. Network separation tentatively planned for 10/21 (when Nick Kotze, Essentra's top networking resource, will be on-site), though much planning and staging needs to be done beforehand. A network port and device inventory is underway.	Q4 2019 Completion	N/A	N/A
B. ERP	Green	• Final vendor demonstration held 9/19. Expect follow-ups and selection week of 9/23. Still pushing for first-half October kick-off.	Q2 2020	N/A	N/A
C. Enterprise applications (other than ERP)	Green	• Office 365 established. Most users have had email deployed, though many required Office updates. Will establish forwarding from Essentra next, and schedule migration. CRM evaluation ongoing with ERP evaluation. Arranging additional email filtering through ProofPoint with Sirius. Microsoft InTune purchased for mobile device and laptop management.	Q2 2020	N/A	N/A
D. Telephony	Green	• No new developments in this area, though now on the critical path with the Internet circuit being delivered early. Sirius being engaged to assist. Doug Renner (of Iceberg Managed Services) and CallTower are providing quotes considering various options to solidify current phone system or replace it. Cisco call center system will be replaced.	Q4 2019	N/A	N/A
E. End-points	Green	• Printer audit completed. Transition work will occur immediately post-network separation.	Q4 2019	N/A	N/A
F. Analytics Platform	Green	• Sirius engaged to perform to develop the ETL pipeline and access credentials. Trials underway.	Q3 2019	N/A	N/A

Acquisitions and Other Transactions

M&A Pipeline Update

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

DURACO

Name	Geography	Primary Products	Est. Revenue	Est. EBITDA	Status
Near Term Opportunities					
Can-Do Tapes	US	Converter /Distributor	$22M	$3M	Initial diligence has begun
Zone Enterprises	US	Converter	$25M	$3M	Owner wants to complete an acquisition prior to selling
Infinity Tapes	US	Double Coated, Transfer, Tamper Evident Tapes	$10M	NA	Owner has hired a banker.
Diga	Mexico	Foam Gaskets, Molded Polyethylene	$22M	$2M	Info Provided by Seller
Early Stage Opportunities					
IDI Fabrication	US	Tapes, Rigid, Flexible, Converting	$22M	NA	Call completed, waiting on NDA
Advantage Adhesives	US	Pressure Sensitive, Transfer, Finger-lift	$10M	NA	Aaron following up with owner.
Pres-On	US	Tape and Cap Liner	$15M	NA	Trying to contact owner.
DermaMed Coatings	US	Pressure Sensitive, Woven, Double Coated	$15M	NA	Attempting to Penetrate
AM Rubber and Foam Gaskets	US	Rubber and Roam Gaskets	$15M	NA	Attempting to Penetrate
Project Connect (ITW)	Global	Seals, Gaskets, Films	$200M	$36M	NDA Signed
Project X	US	Converter	$100M	$15M	Baird Obtaining Mandate

Management Discussion of Near Term Opportunities:

Can-Do Tapes

- **IOI submitted on 08/22/19 at 6-7x MGMT 2020E EBITDA of $2.7M ($16-$19M)**
- **Owned by High Road Capital with 67% converting / 23% distribution**
- **Has been a troubled investment for High Road out of their now fully invested fund (smallest investment in that fund)**
- **Working to quantify synergies. Scheduling management presentation in October**

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**
- **OpenGate still waiting on financials from Zone**

Infinity Tapes

- **Scheduled an initial meeting with Craig Allard, President at PackExpo in Las Vegas on September 24th**
- **Primary manufacturer of Double Coated, Transfer, Tamper Evident Tapes and Release Liners located in Lawrence, MA**
- **Owner has engaged a banker. Has received 3 inbound approaches.**

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**
- **Next step is to come to a view internally on level of interest and revert back to Diga**

Management and Governance

Governance

Board of Directors

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

Audit Committee

- Brad Schechtman
- Paul Bridwell
- Shawn Haghighi

2019 Auditors

- Baker Tilly

Anonymous Hotline

- Navex implementation underway

Internal control & authority matrix

- In development, with Brad for review.

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

Appendix

Full year outlook and consolidated P&L

$'000	YTD		Variance		FY		Variance		PY	Variance	
	Act	Bud	$	%	Fcst	Bud	$	%	Act	$	%
Gross Revenue	**$ 27,841**	**$ 29,342**	**$ (1,501)**	**(5.1%)**	**$ 41,905**	**$ 44,489**	**$ (2,584)**	**(5.8%)**	**$ 43,019**	**$ (1,114)**	**(2.6%)**
Discounts	(22)	(60)	38	(64.1%)	(58)	(90)	32	(35.2%)	(25)	(33)	130.2%
Returns	(45)	–	(45)	0	(45)	–	(45)		81	(126)	(155.4%)
Rebates	(20)	(3)	(18)	642.1%	(20)	(3)	(18)	642.1%	–	(20)	N/A
Other	(21)	–	(21)	0	(21)	–	(21)		–	(21)	N/A
Net Revenue	**27,733**	**29,279**	**(1,546)**	**(5.3%)**	**41,760**	**44,397**	**(2,636)**	**(5.9%)**	**43,075**	**(1,314)**	**(3.1%)**
Material	9,328	9,925	597	6.0%	13,981	14,930	950	6.4%	14,736	(755)	(5.1%)
	33.6%	*33.9%*	0	0.8%	*33.5%*	*33.6%*			*34.2%*		
Labor	3,176	3,323	147	4.4%	4,836	4,941	104	2.1%	4,810	27	0.6%
	11.5%	*11.3%*	(0)	(0.9%)	*11.6%*	*11.1%*			*11.2%*		
Other COGS	3,563	3,813	250	6.5%	5,549	5,685	136	2.4%	5,429	120	2.2%
Total COGS	**16,067**	**17,061**	**994**	**5.8%**	**24,365**	**25,555**	**1,190**	**4.7%**	**24,974**	**(609)**	**(2.4%)**
Gross Margin	**11,666**	**12,218**	**(552)**	**(4.5%)**	**17,395**	**18,841**	**1,446**	**7.7%**	**18,100**	**(705)**	**(3.9%)**
Gross Margin %	*42.1%*	*41.7%*			*41.7%*	*42.4%*	*0.8%*		*42.0%*		
R&D	204	189	(15)	(7.9%)	294	281	(13)	(4.5%)	210	84	39.8%
Sales & Marketing	2,700	2,977	277	9.3%	4,484	4,401	(84)	(1.9%)	4,277	207	4.8%
Administrative	1,263	1,193	(70)	(5.8%)	2,269	1,770	(499)	(28.2%)	1,701	567	33.3%
Other Opex	–	–	–	0	–	–	–		88	(88)	(100.0%)
Total Opex	**4,167**	**4,359**	**192**	**4.4%**	**7,063**	**6,452**	**(610)**	**(9.5%)**	**6,277**	**786**	**12.5%**
EBITDA	**7,499**	**7,859**	**(360)**	**(4.6%)**	**10,332**	**12,389**	**2,057**	**16.6%**	**11,824**	**(1,491)**	**(12.6%)**
EBITDA %	*27.0%*	*26.8%*			*24.7%*	*27.9%*	*3.2%*		*27.4%*		
Bank allowable EBITDA add-ba	(1,415)	–	(1,415)	0	(1,415)	–	1,415		(2,134)	719	(33.7%)
Bank EBITDA	**6,084**	**7,859**	**(1,775)**	**(22.6%)**	**8,933**	**12,389**	**3,456**	**27.9%**	**9,690**	**(757)**	**(7.8%)**
Adj. EBITDA	**6,084**	**7,859**	**(1,775)**	**(22.6%)**	**8,933**	**12,389**	**3,456**		**9,690**		
Adj. EBITDA %	*21.9%*	*26.8%*			*21.4%*	*27.9%*	*6.5%*		*22.5%*		
							0				
Net Income (Loss)	**$ 4,721**	**$ 4,563**	**$ 158**	**3.5%**	**$ 4,036**	**$ 7,279**	**3,243**	**44.6%**	**$ 6,881**	**$ (2,846)**	**(41.4%)**
							0				
Capex	**$ 1,537**	**$ –**	**$ 1,537**		**$ –**	**$ –**	**$ –**		**$ 2,279**	**$ (2,279)**	**(100.0%)**

$'000	YTD		Variance		FY		Variance		PY	Variance	
	Act	Fcst	$	%	Fcst	Bud	$	%	Act	$	%
Opex Overview:											
Payroll (Payroll, OT, SS & Taxes,	$ 1,886	$ 2,008	122	6.1%	$ 3,200	$ 2,970	$ 230	7.7%	$ 2,949	$ 251	8.5%
Benefits (Medical, Dental, Life, ,	310	317	6	1.9%	508	470	38	8.1%	443	65	14.7%
Bonus	311	276	(35)	(12.6%)	628	408	221	54.1%	437	191	43.7%
Marketing	598	630	32	5.0%	936	937	(1)	(0.1%)	888	48	5.4%
Commissions	74	71	(3)	(3.7%)	109	106	3	2.5%	97	11	11.7%
Travel and Entertainment	135	131	(5)	(3.6%)	258	195	64	32.7%	240	18	7.5%
Rent and Facilities	130	166	36	21.5%	263	248	15	5.9%	189	73	38.6%
Insurance	55	30	(25)	(83.9%)	114	45	69	154.9%	51	62	121.1%
Professional Fees	37	55	18	33.0%	65	81	(16)	(19.9%)	116	(51)	(43.9%)
Utilities, Repairs, Maint. & Secu	31	32	1	2.7%	37	45	(8)	(17.0%)	45	(8)	(17.8%)
Office Supplies	45	41	(4)	(8.8%)	64	60	4	6.0%	50	14	27.9%
IT	209	184	(25)	(13.5%)	302	273	28	10.4%	225	77	34.0%
Bad Debt	16	26	10	37.8%	41	39	2	6.3%	20	21	102.0%
Real Estate Taxes	110	110	0	0.0%	163	163	(0)	(0.0%)	163	0	0.1%
Other Expenses	220	284	64	22.6%	360	414	(53)	(12.9%)	363	(2)	(0.7%)
Total Opex	**$ 4,167**	**$ 4,359**	**$ 192**	**4.4%**	**$ 7,047**	**$ 6,452**	**$ 595**	**9.2%**	**$ 6,277**	**$ 770**	**12.3%**

Monthly P&L

$'000	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	FY	FY	Var		PY	Var		TTM
	Act	Act	Act	Act	Act	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	$	%	Act	$	%	$
Gross Revenue	$ 3,449	$ 3,191	$ 3,326	$ 4,235	$ 3,246	$ 3,282	$ 3,650	$ 3,461	$ 3,384	$ 4,462	$ 3,295	$ 3,024	$ 42,005	$ 44,489	$ (2,484)	(5.6%)	$ 43,019	$ (1,013)	(2.4%)	$ 41,808
Discounts	(2)	(1)	(2)	(2)	(2)	(0)	(13)	(1)	(8)	(8)	(8)	(8)	(52)	(90)	38	(42.7%)	(25)	(26)	103.3%	(33)
Returns	(8)	(8)	(8)	(8)	–	(8)	(8)	–	–	–	–	–	(45)	–	(45)		81	(126)	(155.4%)	(18)
Rebates	–	–	–	–	(20)	–	–	–	–	–	–	–	(20)	(3)	(18)	642.1%	–	(20)		(20)
Other	(36)	(10)	(3)	33	1	(6)	–	–	–	–	–	–	(21)	–	(21)		–	(21)		(21)
Net Revenue	3,404	3,172	3,315	4,259	3,225	3,268	3,630	3,460	3,376	4,454	3,287	3,016	41,867	44,397	(2,529)	(5.7%)	43,075	(1,207)	(2.8%)	41,715
Material	1,182	1,095	1,096	1,484	1,091	1,049	1,200	1,130	1,131	1,471	1,076	984	13,990	14,930	(940)	(6.3%)	14,736	(746)	(5.1%)	13,765
	34.7%	*34.5%*	*33.1%*	*34.8%*	*33.8%*	*32.1%*	*33.0%*	*32.7%*	*33.5%*	*33.0%*	*32.7%*	*32.6%*	*33.4%*	*33.6%*	*37.2%*		*34.2%*	*61.8%*		*33.0%*
Labor	458	365	330	442	372	382	444	382	391	474	393	393	4,827	4,941	(114)	(2.3%)	4,810	17	0.4%	4,767
	13.5%	*11.5%*	*10.0%*	*10.4%*	*11.5%*	*11.7%*	*12.2%*	*11.0%*	*11.6%*	*10.6%*	*12.0%*	*13.0%*	*11.5%*	*11.1%*	*4.5%*		*11.2%*	*(1.4%)*		*11.4%*
Other COGS	420	387	406	551	423	416	543	417	448	575	445	480	5,511	5,685	(174)	(3.1%)	5,429	82	1.5%	5,259
Total COGS	2,061	1,848	1,833	2,478	1,887	1,848	2,187	1,929	1,970	2,520	1,915	1,858	24,333	25,555	(1,222)	(4.8%)	24,974	(641)	(2.6%)	23,791
Gross Margin	1,342	1,324	1,481	1,782	1,338	1,421	1,443	1,531	1,406	1,934	1,373	1,159	17,534	18,841	(1,307)	(6.9%)	18,100	(566)	(3.1%)	17,924
Gross Margin %	*39.4%*	*41.8%*	*44.7%*	*41.8%*	*41.5%*	*43.5%*	*39.7%*	*44.2%*	*41.6%*	*43.4%*	*41.8%*	*38.4%*	*41.9%*	*42.4%*			*42.0%*			*43.0%*
R&D	32	22	19	31	26	23	25	27	20	27	27	22	300	281	18	6.5%	210	89	42.5%	289
Sales & Marketing	427	311	293	405	299	269	378	319	376	517	419	429	4,441	4,401	41	0.9%	4,277	164	3.8%	3,885
Administrative	170	156	123	178	128	141	181	186	209	294	249	252	2,266	1,770	496	28.0%	1,701	565	33.2%	1,734
Other Opex	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		88	(88)	(100.0%)	2
Total Opex	629	489	434	614	453	433	584	532	605	837	695	702	7,007	6,452	555	8.6%	6,277	730	11.6%	5,910
EBITDA	714	835	1,047	1,168	886	988	859	998	801	1,097	678	457	10,527	12,389	(1,862)	(15.0%)	11,824	(1,296)	(11.0%)	12,014
EBITDA %	*21.0%*	*26.3%*	*31.6%*	*27.4%*	*27.5%*	*30.2%*	*23.7%*	*28.9%*	*23.7%*	*24.6%*	*20.6%*	*15.1%*	*25.1%*	*27.9%*	*(2.8%)*		*27.4%*			*28.8%*
Bank allowable EBITDA add-backs	(193)	(210)	(360)	(224)	(148)	(204)	(76)	–	–	–	–	–	(1,415)	–	(1,415)			(1,415)		(2,208)
Bank EBITDA	521	626	688	945	738	784	784	999	801	1,097	678	457	9,118	12,389	(3,271)	(26.4%)	9,690	(572)	(5.9%)	9,806
Adj. EBITDA	521	626	688	945	738	784	784	999	801	1,097	678	457	9,118	12,389	(3,271)		9,690	(572)	(5.9%)	9,806
Adj. EBITDA %	*15.3%*	*19.7%*	*20.7%*	*22.2%*	*22.9%*	*24.0%*	*21.6%*	*28.9%*	*23.7%*	*24.6%*	*20.6%*	*15.2%*	*21.8%*	*27.9%*	*(6.1%)*		*22.5%*			*23.5%*
															0					0
Net Income (Loss)	$ 300	$ 575	$ 1,075	$ 704	$ 1,024	$ 795	$ 61	$ 187	$ (65)	$ (53)	$ (168)	$ (256)	$ 4,178	$ 7,279	$ (3,101)	(42.6%)	$ 6,881	$ (2,703)	(39.3%)	7,349
Capex	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –		$ 2,279	$ (2,279)	(100.0%)	

$'000													FY	FY	Var		PY	Var		TTM
	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Dec-19	Jan-00	$	%	Act	$	%	$
Opex Overview:																				
Payroll (Payroll, OT, SS & Taxes, Temp	264	203	190	271	212	221	273	252	264	395	326	337	3,208	$ 2,970	$ 238	8.0%	$ 2,949	$ 259	8.8%	2,885
Benefits (Medical, Dental, Life, AD&D	42	34	30	41	32	31	47	53	46	61	49	49	515	470	45	9.7%	443	72	16.4%	473
Bonus	45	38	32	40	32	32	40	52	62	96	78	79	625	408	217	53.3%	437	188	42.9%	416
Marketing	116	65	70	102	56	35	74	80	79	98	80	80	936	937	(1)	(0.1%)	888	48	5.4%	743
Commissions	11	8	8	11	8	8	11	8	8	10	8	8	109	106	3	2.5%	97	11	11.8%	41
Travel and Entertainment	17	20	27	21	17	11	12	11	25	33	33	27	252	195	58	29.7%	240	12	5.1%	205
Rent and Facilities	15	17	17	17	17	17	27	3	27	27	27	27	238	248	(9)	(3.8%)	189	49	25.9%	194
Insurance	4	4	4	5	4	4	17	14	14	17	14	14	114	45	69	154.9%	51	62	121.1%	76
Professional Fees	6	7	(1)	11	3	3	4	4	6	8	6	6	63	81	(18)	(22.2%)	116	(53)	(45.5%)	30
Utilities, Repairs, Maint. & Security	6	7	3	8	2	3	2	0	1	1	1	1	36	45	(9)	(19.5%)	45	(9)	(20.3%)	47
Office Supplies	9	3	2	7	3	8	9	5	4	5	5	5	64	60	4	6.1%	50	14	28.1%	58
IT	19	41	20	37	26	25	24	18	21	26	21	21	298	273	25	9.1%	225	73	32.4%	273
Bad Debt	10	2	(4)	6	1	7	3	(9)	3	3	3	3	29	39	(10)	(25.3%)	20	9	42.0%	27
Real Estate Taxes	16	13	13	16	13	13	16	13	13	16	13	13	163	163	(0)	(0.0%)	163	0	0.1%	153
Other Expenses	49	29	22	21	28	16	26	29	32	41	32	32	357	414	(57)	(13.7%)	363	(6)	(1.5%)	289
Total Opex	$ 629	$ 489	$ 434	$ 614	$ 453	$ 433	$ 584	$ 532	$ 605	$ 837	$ 695	$ 702	$ 7,007	$ 6,452	$ 555	8.6%	$ 6,277	$ 730	11.6%	$ 5,910

Monthly EBITDA to Net Income (Loss) Bridge

$'000	Jan Actual	Feb Actual	Mar Actual	Apr Actual	May Actual	Jun Actual	Jul Actual	Aug Actual	Sep Forecast	Oct Forecast	Nov Forecast	Dec Forecast	FY Forecast	FY Bud	Var $	Var %	PY Act	Var $	Var %
EBITDA - as reported	**$ 714**	**$ 836**	**$ 1,048**	**$ 1,168**	**$ 886**	**$ 988**	**$ 860**	**$ 999**	**$ 801**	**$ 1,097**	**$ 678**	**$ 457**	**$10,533**	**$12,389**	**$ (1,857)**	**(15.0%)**	**$ 11,824**	**$ (1,291)**	**(10.9%)**
Depreciation and amortization	(205)	(204)	(204)	(197)	(198)	(169)	(236)	(202)	(202)	(202)	(202)	(202)	(2,421)	(2,553)	132	*(5.2%)*	(2,534)	112	(4.4%)
Interest and amortization	(0)	(1)	(4)	–	–	(18)	(294)	(299)	(286)	(294)	(284)	(294)	(1,775)	–	(1,775)		(8)	(1,767)	21248.1%
Other financial income/expense	(0)	(1)	(75)	(235)	337	4	0	(0)	–	–	–	–	30	–	30		(1)	31	(3413.2%)
Non-financial income/expense	36	10	3	(33)	(1)	6	–	–	–	–	–	–	21	–	21		–	21	
Monitoring fees (including expenses)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		–	–	
Restructuring costs	–	–	–	–	–	(16)	(234)	(230)	(407)	(678)	(433)	(327)	(2,325)	–	(2,325)		–	(2,325)	
Non-recurring items	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		–	–	
Taxes	(244)	(64)	308	–	–	–	(35)	(82)	28	23	72	110	116	(2,557)	2,673	*(104.5%)*	(2,418)	2,534	(104.8%)
GAAP Net Income (Loss)	**$ 300**	**$ 575**	**$ 1,075**	**$ 704**	**$ 1,024**	**$ 795**	**$ 61**	**$ 187**	**$ (65)**	**$ (53)**	**$ (168)**	**$ (256)**	**$ 4,178**	**$ 7,279**	**$ (3,101)**	**(42.6%)**	**$ 6,863**	**$ (2,685)**	**(39.1%)**

Management Discussion

- US Tax accrual of $82K in August using 21% for federal taxes and 5% for state taxes

Cost of Goods Sold Variance Analysis

DURACO

	MTD		QTD		YTD	
Material		1,330		2,730		9,925
Labor		382		848		3,323
Other COGS		443		970		3,813
COGS BUDGET	$	2,156	$	4,548	$	17,061
Variances:						
Volume		(200)		(400)		(597)
Price		-		-		-
Other		-		-		-
Material		(200)		(400)		(597)
Volume		-		-		-
Price		-		-		-
Other		-		(22)		(147)
Labor		-		(22)		(147)
Volume		-		-		-
Price		-		-		-
Other		(27)		(10)		(250)
Other COGS		(27)		(10)		(250)
COGS ACTUAL	$	1,929	$	4,116	$	16,067

Management Discussion - MTD

- **Material COGS:** Lower material cost was a direct result of lower sales than budget.
- **Labor COGS:** Due to the static nature of the union labor force, actual costs came in at budget.
- **Other COGS:** Freight expense decrease of $27K due to lower sales volume.

Monthly Balance Sheet

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	FY
$'000	**Act**	**Act**	**Act**	**Act**	**Act**	**Act**	**Act**	**Fcst**	**Fcst**	**Fcst**	**Fcst**	**Fcst**	**Fcst**
Current Assets													
Cash and cash equivalents	$ 2,444	$ 2,848	$ 3,254	$ 2,635	$ 1,943	$ 765	$ 1,366	$ 1,922	$ 1,139	$ 1,316	$ 1,283	$ 586	$ 586
Short term investments	–	–	–	–	–	–	–	–	–	–	–	–	–
Accounts receivable, gross	5,033	5,320	5,285	5,221	6,020	5,386	5,291	5,718	5,513	5,738	5,584	5,252	5,252
Accounts receivable, reserves	(76)	(77)	(80)	(70)	(65)	(74)	(83)	(74)	(74)	(74)	(74)	(74)	(74)
Accounts receivable, net	4,958	5,243	5,206	5,151	5,955	5,313	5,208	5,644	5,438	5,664	5,510	5,177	5,177
Inventory, gross	6,460	6,540	6,458	6,235	6,079	5,932	5,942	5,920	5,887	5,987	5,987	5,887	5,887
Inventory, reserves	(931)	(944)	(971)	(1,002)	(1,028)	(970)	(1,009)	(1,082)	(846)	(811)	(826)	(826)	(826)
Inventory, net	5,529	5,596	5,487	5,233	5,051	4,963	4,933	4,838	5,041	5,176	5,161	5,061	5,061
Prepaid expenses and other current assets	222	149	83	86	88	128	396	428	341	317	300	192	192
Current portion of deferred taxes	–	–	–	–	–	–	–	–	–	–	–	–	–
Revenue in excess of billings	–	–	–	–	–	–	–	–	–	–	–	–	–
Other current assets	3,247	3,788	4,275	(193)	684	–	–	–	–	–	–	–	–
Total Current Assets	**16,400**	**17,624**	**18,305**	**12,912**	**13,721**	**11,169**	**11,902**	**12,833**	**11,959**	**12,472**	**12,253**	**11,016**	**11,016**
Non-Current Assets													
Property, plant & equipment, gross	21,877	21,898	21,895	21,348	19,784	19,791	19,791	19,791	20,183	20,503	20,503	20,503	20,503
Accumulated depreciation	(8,914)	(9,001)	(9,089)	(8,663)	(7,181)	(7,268)	(7,353)	(7,438)	(7,524)	(7,609)	(7,694)	(7,780)	(7,780)
Property, plant & equipment, net	12,964	12,896	12,806	12,686	12,604	12,524	12,438	12,353	12,660	12,894	12,809	12,724	12,724
Identifiable intangible assets, gross	–	–	–	–	–	–	–	–	–	–	–	–	–
Accumulated amortization	(16,394)	(16,510)	(16,626)	(16,742)	(16,859)	(16,941)	(17,091)	(17,207)	(17,324)	(17,440)	(17,556)	(17,673)	(17,673)
Identifiable intangible assets, net	36,100	35,984	35,868	35,751	35,635	62,004	61,854	61,738	61,621	61,505	61,389	61,273	61,273
Deferred financing cost	–	–	–	–	–	–	–	–	–	–	–	–	–
Other non-current assets	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Non-Current Assets	**49,064**	**48,880**	**48,674**	**48,437**	**48,239**	**74,528**	**74,292**	**74,091**	**74,281**	**74,400**	**74,198**	**73,996**	**73,996**
Total Assets	**$ 65,464**	**$ 66,504**	**$ 66,979**	**$ 61,349**	**$ 61,960**	**$ 85,697**	**$ 86,195**	**$ 86,923**	**$ 86,241**	**$ 86,872**	**$ 86,451**	**$ 85,013**	**$ 85,013**
Current Liabilities													
Current portion of long-term debt	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Line of Credit	–	–	–	–	–	19	313	612	–	294	578	–	–
Accounts payable	1,423	1,866	1,881	1,531	1,701	1,873	1,870	1,971	1,924	2,025	1,884	1,800	1,800
Accrued liabilities	1,646	1,604	1,301	1,289	1,390	1,451	1,447	1,622	1,703	1,766	1,743	1,796	1,796
Accrued compensation	–	–	–	–	–	–	–	–	–	–	–	–	–
Income taxes payable	6,136	6,200	5,892	–	–	–	35	117	89	66	(6)	(116)	(116)
Other current liabilities	–	–	–	858	–	–	–	–	–	–	–	–	–
Total Current Liabilities	**9,205**	**9,669**	**9,074**	**3,679**	**3,092**	**3,343**	**3,666**	**4,322**	**3,716**	**4,151**	**4,199**	**3,481**	**3,481**
Long-term liabilities													
Long-term debt less current maturities	–	–	–	–	–	42,474	42,474	42,474	42,209	42,209	42,209	41,944	41,944
Capital lease	–	–	–	–	–	–	–	–	–	–	–	–	–
Debt owing to OpenGate	–	–	–	–	–	–	–	–	–	–	–	–	–
Deferred income taxes	–	–	–	–	–	–	–	–	–	–	–	–	–
Long-term unearned revenue	–	–	–	–	–	–	–	–	–	–	–	–	–
Deferred liabilities	–	–	–	–	–	–	115	–	450	700	400	200	200
Other non-current liabilities	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Long-Term Liabilities	**–**	**–**	**–**	**–**	**–**	**42,474**	**42,589**	**42,474**	**42,659**	**42,909**	**42,609**	**42,144**	**42,144**
Total Liabilities	**9,205**	**9,669**	**9,074**	**3,679**	**3,092**	**45,817**	**46,254**	**46,796**	**46,375**	**47,060**	**46,808**	**45,625**	**45,625**
Shareholders' Equity													
Common stock	–	–	–	55,013	55,187	39,007	39,007	39,007	39,007	39,007	39,007	39,007	39,007
Capital in excess of stated value	–	–	–	–	–	–	–	–	–	–	–	–	–
Retained earnings	56,259	56,835	57,905	2,657	3,681	873	933	1,120	1,055	1,001	833	577	577
Accumulated other comprehensive income	–	–	–	–	–	–	–	–	–	–	–	–	–
Other equity transactions	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Shareholders' Equity	**56,259**	**56,835**	**57,905**	**57,671**	**58,868**	**39,880**	**39,940**	**40,127**	**40,062**	**40,008**	**39,840**	**39,584**	**39,584**
Total Liabilities and Shareholders' Equity	**$ 65,464**	**$ 66,504**	**$ 66,979**	**$ 61,349**	**$ 61,960**	**$ 85,697**	**$ 86,195**	**$ 86,923**	**$ 86,437**	**$ 87,069**	**$ 86,648**	**$ 85,209**	**$ 85,209**

Balance Sheet – Year on Year Comparison

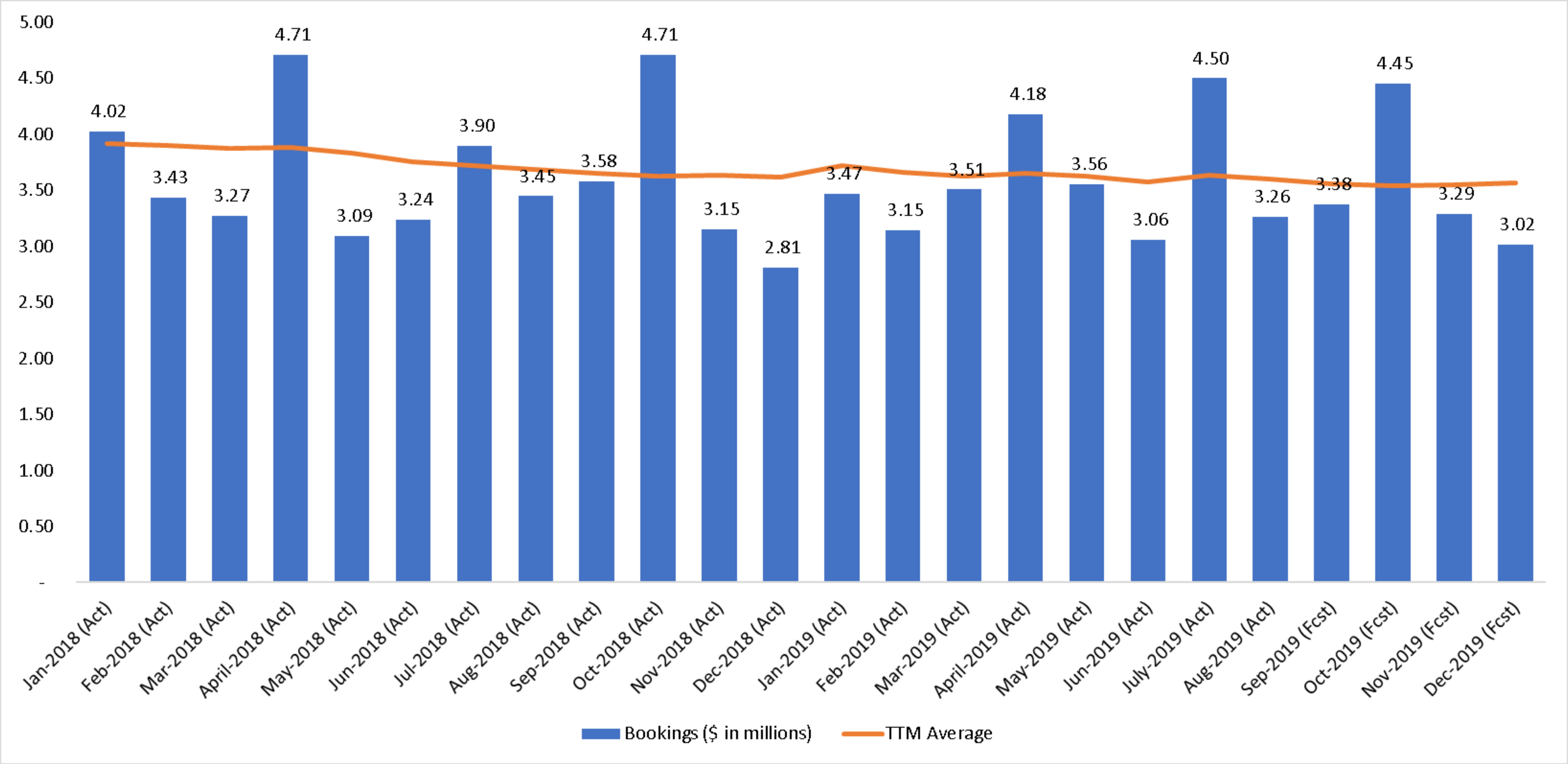
$'000	YTD CY	YTD Dec-18	Variance $	Variance %
Current Assets				
Cash and cash equivalents	$ 1,922	$ 2,688	$ (765)	(28.5%)
Accounts receivable, gross	5,718	5,661	57	1.0%
Accounts receivable, reserves	(74)	(97)	22	(23.2%)
Accounts receivable, net	5,644	5,564	80	1.4%
Inventory, gross	5,920	6,067	(147)	(2.4%)
Inventory, reserves	(1,082)	(991)	(91)	9.2%
Inventory, net	4,838	5,076	(238)	(4.7%)
Prepaid expenses and other current assets	428	47	381	813.3%
Total Current Assets	**12,833**	**15,255**	**(2,423)**	**(15.9%)**
Non-Current Assets				
Property, plant & equipment, gross	19,791	21,797	(2,005)	(9.2%)
Accumulated depreciation	(7,438)	(8,747)	1,308	(15.0%)
Property, plant & equipment, net	12,353	13,050	(697)	(5.3%)
Goodwill	78,945	52,494	26,451	50.4%
Identifiable intangible assets, gross	–	–	–	
Accumulated amortization	(17,207)	(16,161)	(1,046)	6.5%
Identifiable intangible assets, net	61,738	36,333	25,405	69.9%
Deferred financing cost	–	–	–	
Deferred tax asset	–	–	–	
Other non-current assets	–	–	–	
Total Non-Current Assets	**74,091**	**49,383**	**24,708**	**50.0%**
Total Assets	**$ 86,923**	**$ 64,638**	**$ 22,285**	**34.5%**
Current Liabilities				
Line of Credit	612	–	612	
Accounts payable	1,971	1,857	115	6.2%
Accrued liabilities	1,622	1,879	(257)	(13.7%)
Accrued compensation	–	–	–	
Income taxes payable	117	5,645	(5,528)	(97.9%)
Other current liabilities	–	–	–	
Total Current Liabilities	**4,322**	**9,380**	**(5,058)**	**(53.9%)**
Long-term liabilities				
Long-term debt less current maturities	42,474	–	42,474	
Deferred liabilities	–	–	–	
Total Long-Term Liabilities	**42,474**	**–**	**42,474**	
Total Liabilities	**46,796**	**9,380**	**37,416**	**398.9%**
Shareholders' Equity				
Common stock	39,007	–	39,007	
Capital in excess of stated value	–	–	–	
Retained earnings	1,120	55,257	(54,138)	(98.0%)
Accumulated other comprehensive income	–	–	–	
Other equity transactions	–	–	–	
Total Shareholders' Equity	**40,127**	**55,257**	**(15,130)**	**(27.4%)**
Total Liabilities and Shareholders' Equity	**$ 86,923**	**$ 64,638**	**$ 22,285**	**34.5%**

Monthly Cash Flow

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	FY	FY	Variance		PY	Variance	
$'000	Act	Act	Act	Act	Act	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Fcst	Bud	$	%	Act	$	%
Cash flow from operations																			
Net Income (Loss)	$ 300	$ 575	$ 1,075	$ 704	$ 1,024	$ 795	$ 61	$ 187	$ (65)	$ (53)	$ (168)	$ (256)	$ 4,178	$ 7,279	$ (3,101)	(42.6%)	$ –	$ 4,178	
Depreciation, amortization and other	205	204	204	197	198	169	236	202	202	202	202	202	2,421	2,553	(132)	(5.2%)	–	2,421	
Capitalized fees & expenses	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		–	–	
Gain (loss) on sale of fixed assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		–	–	
Non-cash interest expense	0	1	4	–	–	18	294	299	286	294	284	294	1,775	–	1,775		–	1,775	
Non-cash dividends	20	14	21	(1,190)	(1,564)	(2)	–	–	–	–	–	–	(2,702)	–	(2,702)		–	(2,702)	
Deferred income tax	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		–	–	
Change in operating assets and liabilities:																	$ -		
Accounts receivable	29	(286)	34	64	(804)	643	105	(436)	205	(225)	154	333	(185)	–	(185)		–	(185)	
Inventory	30	(81)	82	223	182	88	30	95	(203)	(135)	15	100	427	–	427		–	427	
Prepaid expenses and other current assets	(113)	(468)	(421)	4,466	(880)	644	(268)	(33)	87	24	17	107	3,164	–	3,164		–	3,164	
Accounts payable	(1,533)	442	15	(350)	170	172	(3)	101	(47)	101	(141)	(84)	(1,156)	–	(1,156)		–	(1,156)	
Accrued expenses	151	(42)	(303)	(12)	101	61	111	61	531	313	(324)	(147)	501	–	501		–	501	
Accrued income taxes	244	64	(308)	(5,892)	–	–	35	82	(28)	(23)	(72)	(110)	(6,007)	–	(6,007)		–	(6,007)	
Other changes in operating assets and liabilities	–	–	–	858	(858)	(26,451)	–	–	–	–	–	–	(26,451)	–	(26,451)		–	(26,451)	
Other cash flow from operations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		–	–	
Total Cash Flow from Operations	**$ (667)**	**$ 424**	**$ 404**	**$ (932)**	**$ (2,431)**	**$ (23,864)**	**$ 601**	**$ 556**	**$ 968**	**$ 497**	**$ (33)**	**$ 440**	**$ (24,036)**	**$ 9,832**	**$ (33,868)**	**(344.5%)**	**$ –**	**$ (24,036)**	
Cash flow from investing																			
Additions to property, plant and equipment	$ (183)	$ (20)	$ 2	$ 547	$ 1,564	$ (7)	$ –	$ 0	$ (392)	$ (320)	$ –	$ –	$ 1,191	$ –	$ 1,191		$ –	$ 1,191	
Acquisitions of companies, net of cash acquired	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		–	–	
Investment in intangibles	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		–	–	
Earnout payments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		–	–	
Other cash flow from investing (goodwill)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		–	–	
Total Cash Flow from Investing	**$ (183)**	**$ (20)**	**$ 2**	**$ 547**	**$ 1,564**	**$ (7)**	**$ –**	**$ 0**	**$ (392)**	**$ (320)**	**$ –**	**$ –**	**$ 1,191**	**$ –**	**$ 1,191**		**$ –**	**$ 1,191**	
Cash flow from financing																			
Proceeds from the issuance (repayment) of ST	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ -		$ –	$ -	
Proceeds from the issuance of debt	–	–	–	–	–	42,474	–	–	–	–	–	–	–	–	–		–	–	
Repayment of debt	–	–	–	–	–	–	–	–	(1,163)	–	–	(1,137)	(1,137)	–	(1,137)		–	(1,137)	
Capital lease	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		–	–	
Common stock issued (repurchased)	–	–	–	(235)	174	(16,180)	–	–	–	–	–	–	–	–	–		–	–	
Common stock cash dividends paid	–	–	–	–	–	(3,600)	–	–	–	–	–	–	–	–	–		–	–	
Preferred stock issued (repurchased)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		–	–	
Other cash flow from financing costs	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		–	–	
Total Cash Flow from Financing	**$ –**	**$ –**	**$ –**	**$ (235)**	**$ 174**	**$ 22,694**	**$ –**	**$ –**	**$ (1,163)**	**$ –**	**$ –**	**$ (1,137)**	**$ 20,334**	**$ –**	**$ 20,334**		**$ –**	**$ 20,334**	
Effect of FX rates on cash and cash equivalents	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**		**$ –**	**$ -**	
Net change in cash	**$ (850)**	**$ 404**	**$ 406**	**$ (619)**	**$ (693)**	**$ (1,177)**	**$ 601**	**$ 556**	**$ (587)**	**$ 177**	**$ (33)**	**$ (697)**	**$ (2,512)**	**$ –**	**$ (2,512)**		**$ –**	**$ (2,512)**	
Beginning cash	3,295	2,444	2,848	3,254	2,635	1,943	765	1,366	1,922	1,336	1,513	1,480	3,295	–	3,295		–	$ 3,295	
Change in cash	(850)	404	406	(619)	(693)	(1,177)	601	556	(587)	177	(33)	(697)	(2,512)	–	(2,512)		–	$ (2,512)	
Ending cash	**$ 2,444**	**$ 2,848**	**$ 3,254**	**$ 2,635**	**$ 1,943**	**$ 765**	**$ 1,366**	**$ 1,922**	**$ 1,336**	**$ 1,513**	**$ 1,480**	**$ 783**	**$ 22,289**	**$ –**	**$ 22,289**		**$ –**	**$ 22,289**	

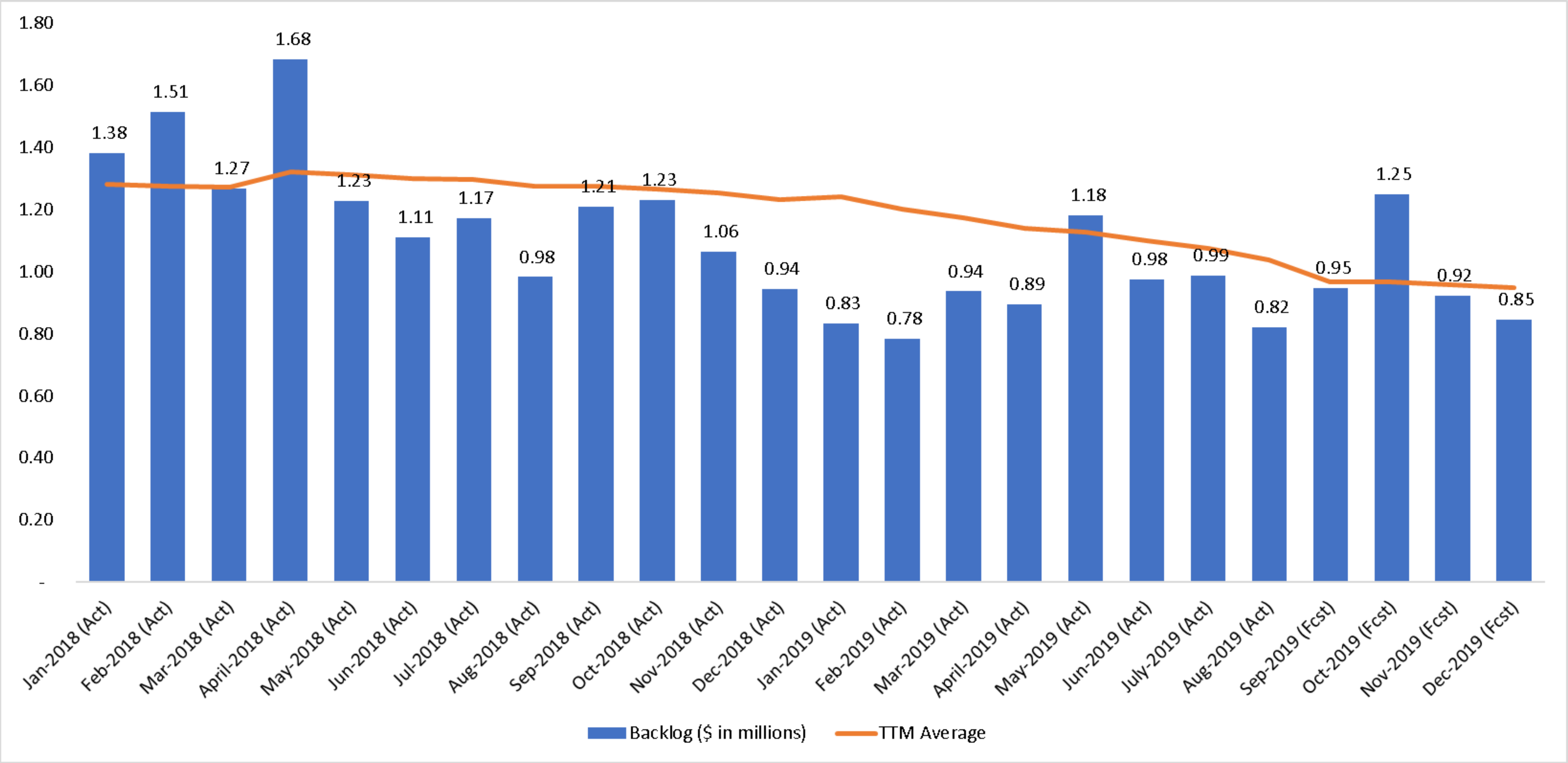
Trended Monthly Bookings (20 month act + 4 month fcst)

$ in millions



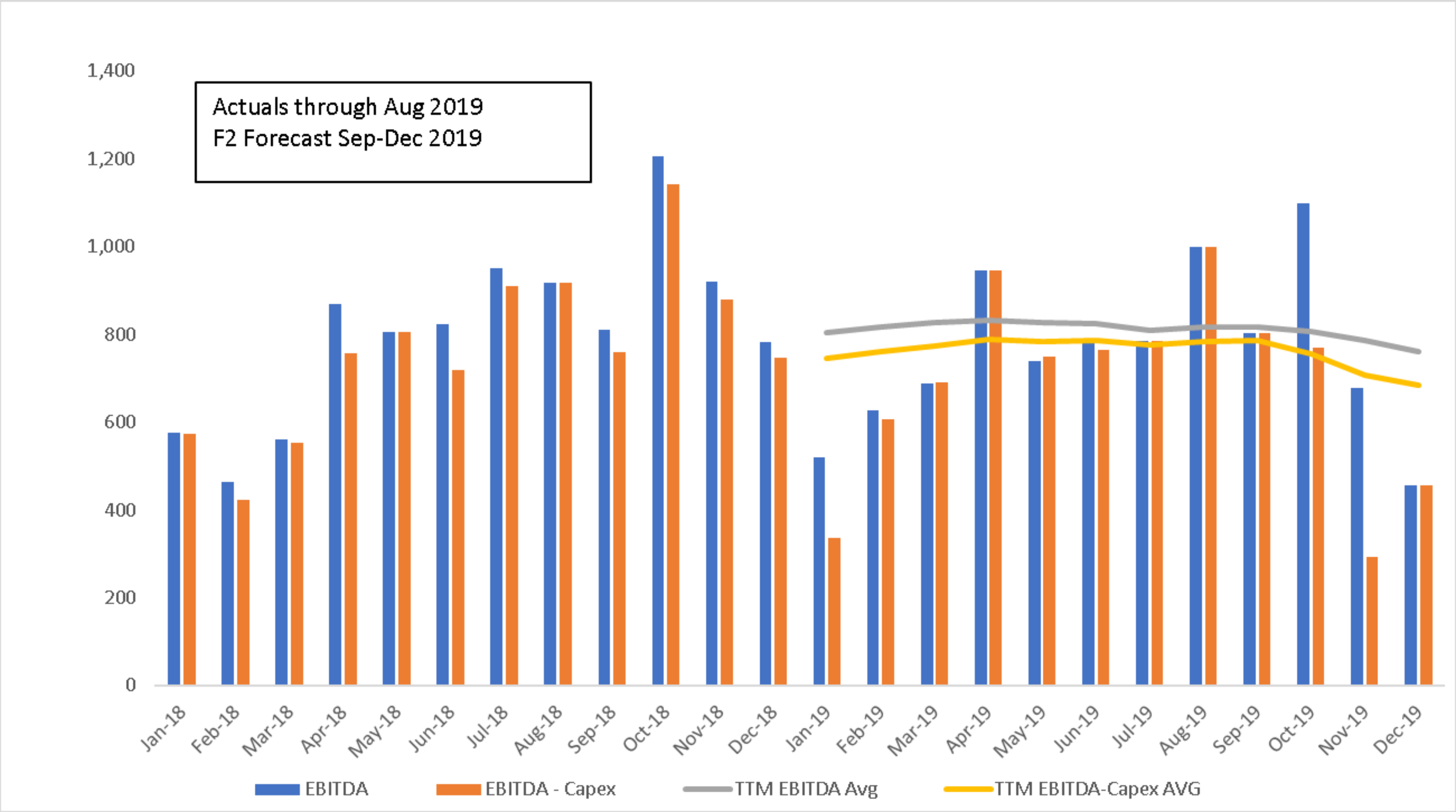
Trended Monthly Backlog (20 month act + 4 month fcst)

$ in millions



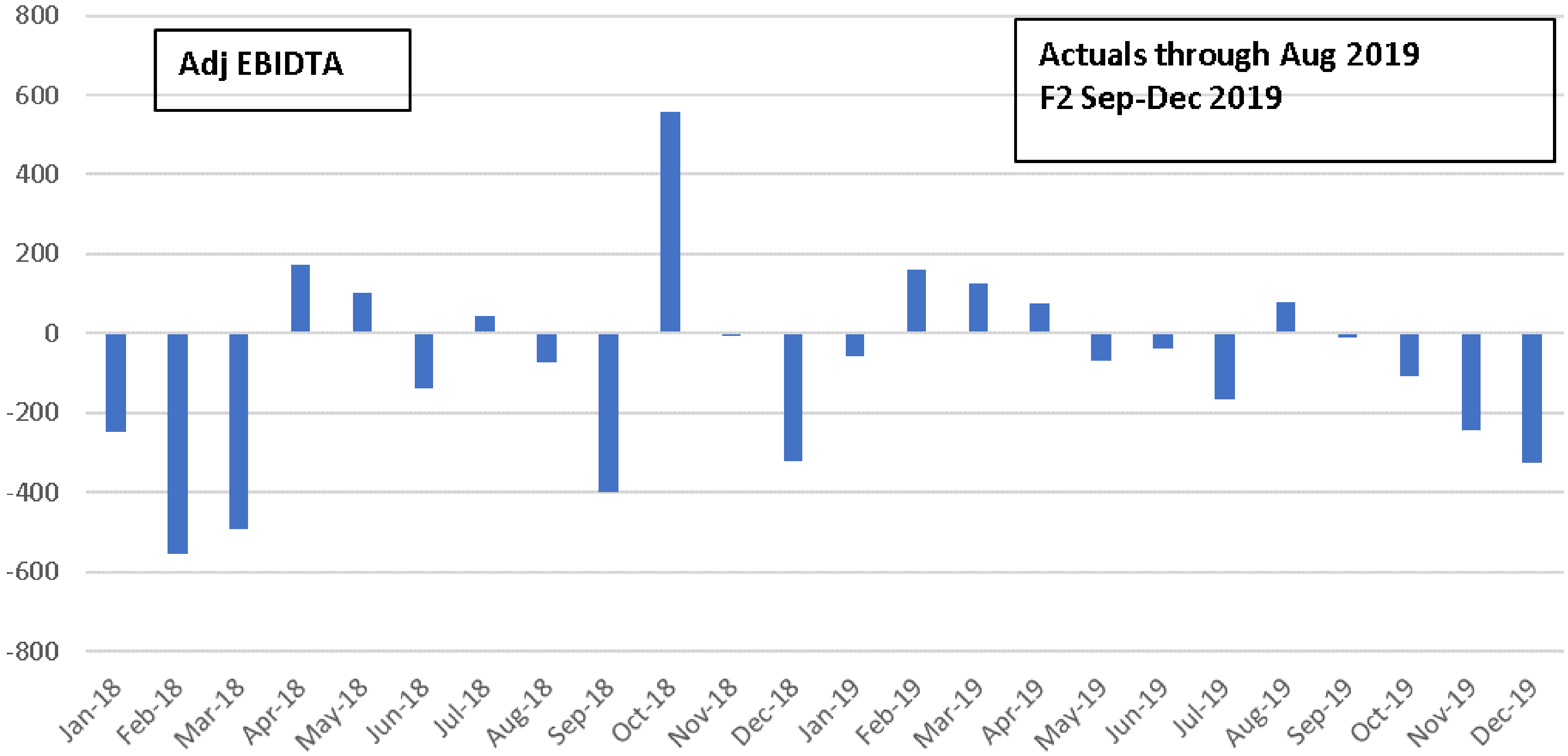
EBITDA and EBITDA-CapEx

$ in millions



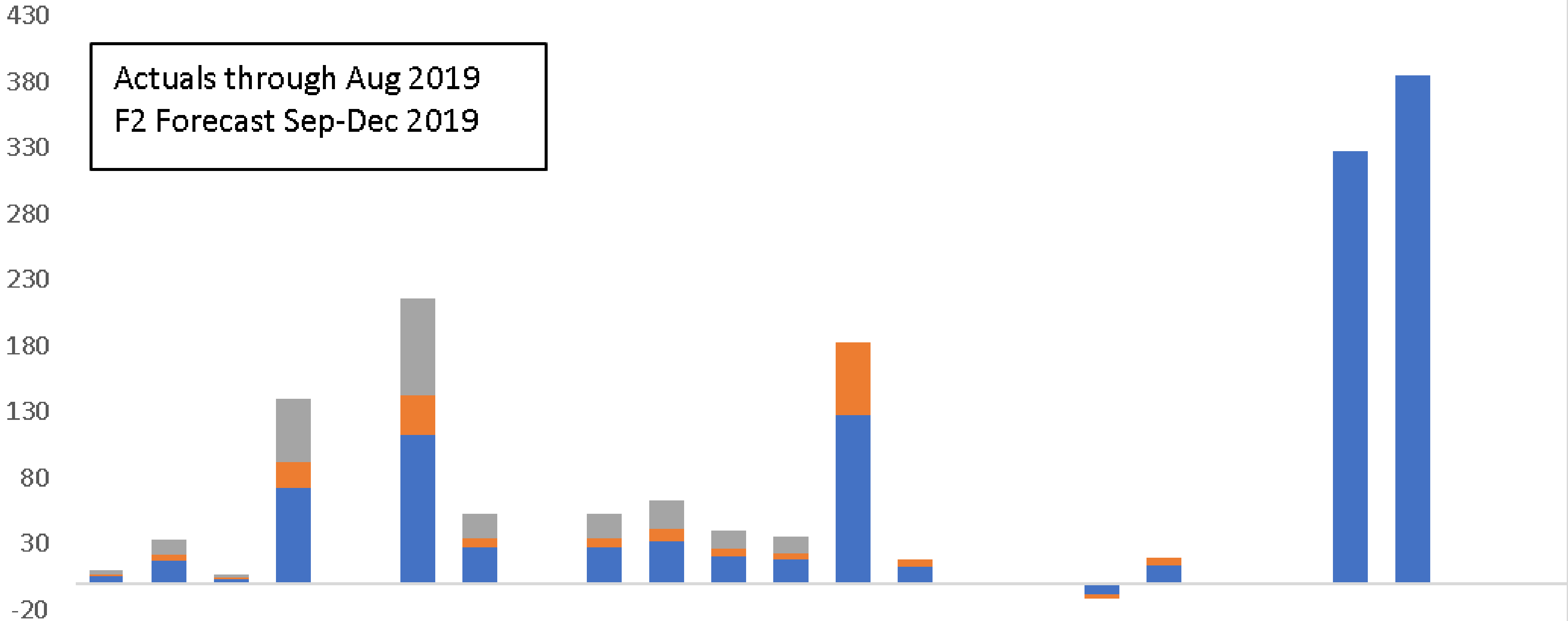
Y-o-Y $ EBITDA Change

$ in thousands



Capital Expenditures

$ in thousands



	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Reg/Enviromental	3.5	11.7	2.5	48.1	0.0	74.4	18.0	0.0	18.3	21.7	14.0	12.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Maintenance	1.4	4.6	1.0	19.0	0.0	29.5	7.1	0.0	7.2	8.6	5.5	4.8	55.2	5.5	0.0	0.0	-3.3	5.9	0.0	0.0	0.0	0.0	0.0	0.0
Growth	5.4	17.6	3.8	72.6	0.0	112.5	27.2	0.0	27.6	32.7	21.2	18.3	128.0	12.7	0.0	0.0	-7.7	13.6	0.0	0.0	327.0	385.0	0.0	0.0

Headcount Trending by Month

	1/23/2019	2/28/2019	3/31/2019	4/30/2019	5/31/2019	6/30/2019	7/31/2019	8/31/2019	9/30/2019	10/31/2019	11/30/2019	12/31/2019
Direct Labor	78	78	77	77	78	78	78	78	78	78	78	78
Operations - Hourly	6	6	6	7	7	7	7	7	7	7	7	7
Operations - Salary	18	18	18	18	19	19	20	20	20	20	20	20
Research & Development	2	2	2	2	2	2	2	2	2	2	2	2
Sales & Marketing	23	22	23	23	24	23	24	24	31	31	31	32
Administrative	7	7	7	7	7	7	7	8	11	12	14	14
Other	–	–	–	–	–	–	–	–	–	–	–	–
Agency FTE & Temps	–	–	–	–	1	1	1	–	–	–	–	–
Total Headcount	**134**	**133**	**133**	**134**	**138**	**137**	**139**	**139**	**149**	**150**	**152**	**153**

Management Discussion

•Sales: Inside Sales Manager, Customer Service/Inside Sales Rep (6), Regional Sales Managers (2), VP Sales, Appliance Sales Rep
•Administrative: Staff Accountant, AP Specialist, AR Specialist, Senior Accountant, Executive Assistant/Office Manager, IT Manager

DURACO

Headcount Hires and Attrition

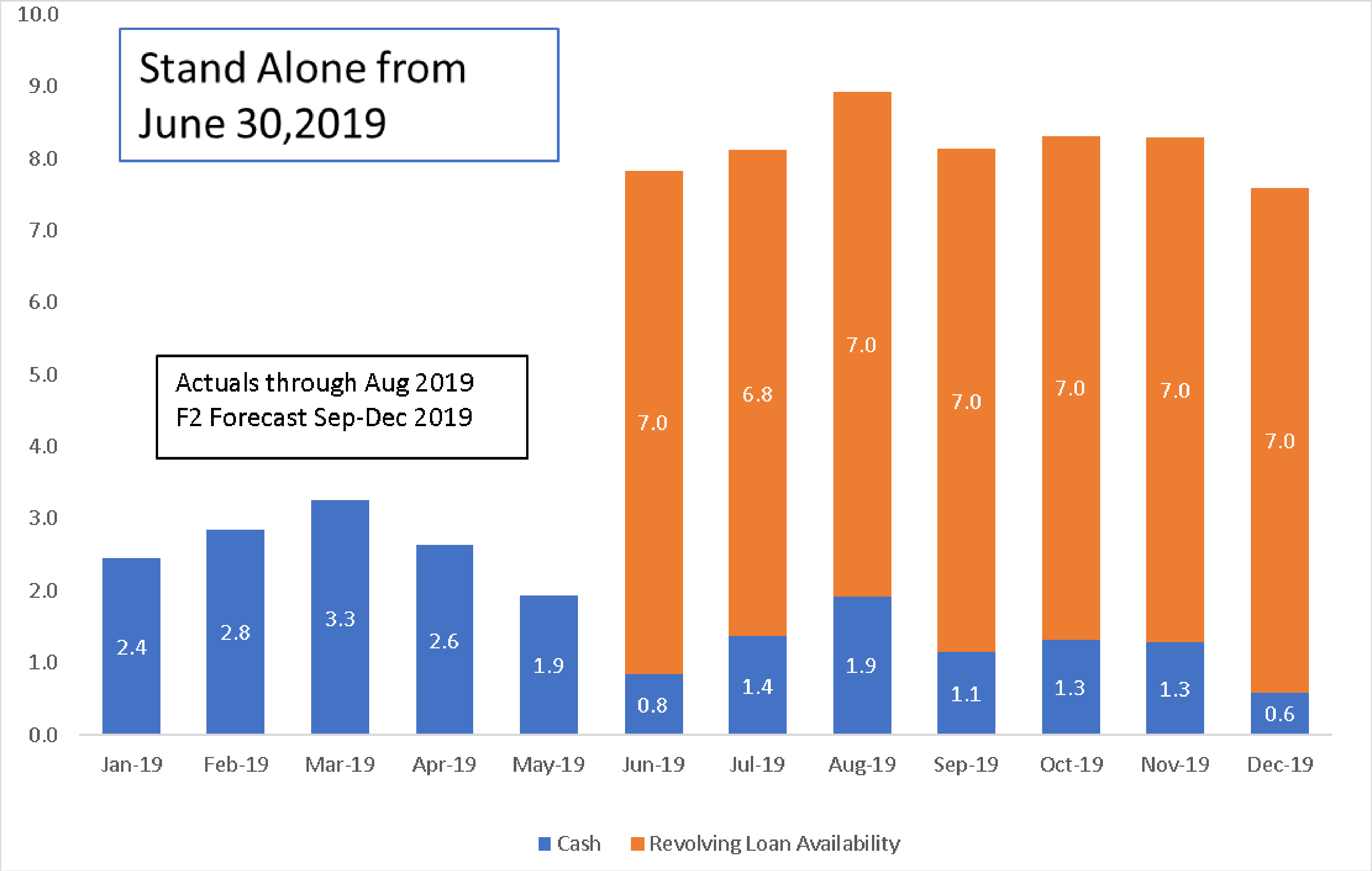
Functional Area	Start of Month	Hires	Involuntary Term	Voluntary Term	End of Month
Direct Labor	78	-	-	-	78
Operations - Hourly	7	-	-	-	7
Operations - Salary	20	-	-	-	20
Research & Development	2	-	-	-	2
Sales & Marketing	24	-	-	-	24
Administrative	7	1	-	-	8
Other	-	-	-	-	-
Agency FTE & Temps	1	-	-	1	0
Total Headcount	139	1	0	1	139

Management Discussion

- Turnover trend remains below monthly target of 1%

Liquidity Forecast

$ in millions



Other consulting projects – under consideration

Management is considering other projects that are one off in nature that will help to drive EBITDA.

- Pricing – In one off cost budget for $150k. No spend committed at this time.
- Procurement/sourcing study. No spend committed at this time.

Direct Mail Campaign Overview

- With the new product launch – 4581, the marketing team concepted a direct mail campaign that would drive product awareness and demand to key target markets including POP, Print and Transit Packaging.
- The objective was to distribute 2 different direct mail pieces (POP/Print + Transit Packaging) that would be something individuals could interact with and get a true sense of how our tape would work on specific applications. We wanted o to deliver something tangible that would provide a real time example of the performance of the product.
- In the past, we have seen tremendous success with a direct mail campaign generating over 200 quality leads in 2019, including a high level prospect, Webcor.

Transit Packaging Dimensional Mailer

Overview

Product
- 4581 Dry Edge

Target Audience
- Packaging SIC Codes
  - 2631 - PAPERBOARD MILLS
  - 2652 - SETUP PAPERBOARD BOXES
  - 2653 - CORRUGATED & SOLID FIBER BOXES
  - 5113 - INDUSTRIAL & PERSONAL SERVICE PAPER
- Existing Customers- purchased since Jan 2017
  - DK Film
  - Finger Lift

Total Audience Reach:
- 7,429

CTA (Call to Action):
- Request free samples

Messaging:
- Strength Reengineered – 4481 on steroids
- Perfect for packaging, strong for overnight and international packaging

POP/Print Direct Mailer

Overview

Product:
- 4581 DE, FL and EE

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

Total Audience Reach:
- 92,609

CTA (Call to Action):
- Request free samples

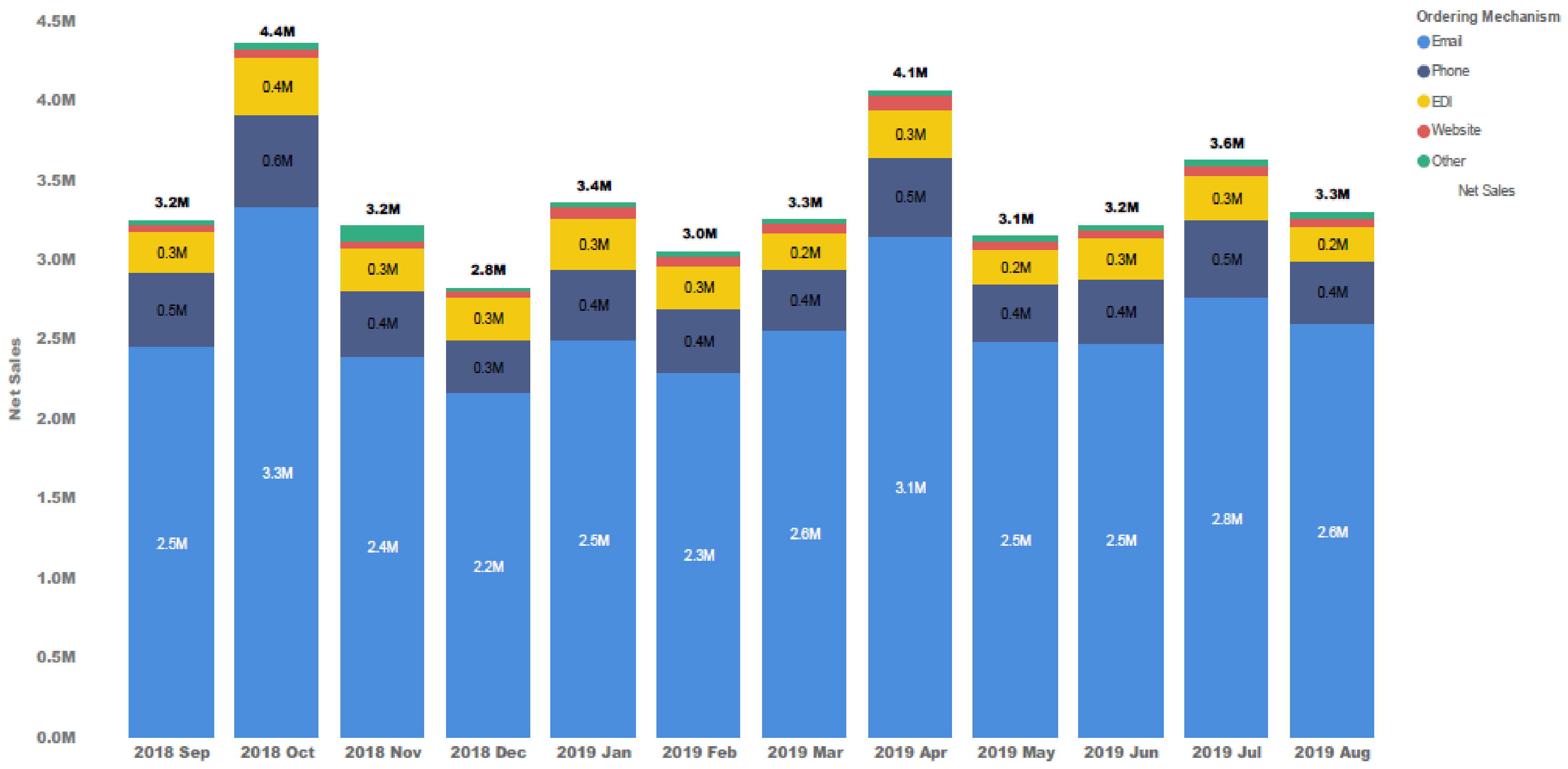
Messaging:
- Imagine the possibilities

Q4 Marketing Communications Calendar

Vertical	Product Focus	Product Messaging	Media Mix
POP	Remo One Plus 4581 (All)	• Product Messaging: Use for Holiday displays, our tape can sustain countless restocks • Tagline: Tis the season to stick	• Direct Mail Ad • Shop! (Print ad, Sponsored Webinar. In-Email Ad) • Google Adwords • Social Media (Facebook, Instagram, LinkedIn) • Design:Retail (Digital banners, eBlast) • Facebook Sponsored Ad • LinkedIn Sponsored Ad • Taboola Ad • Live Intent (In-Email Ad)
Print	4581 Fingerlift	• Product Messaging: use our tape to hold up your signage, reliability • Tagline: Strength Reengineered	• Direct Mail Ad • Google Adwords • Printing Impressions • Social Media (Facebook, Instagram, LinkedIn) • Facebook Sponsored Ad • Linkedin Sponsored Ad
Transit Packaging	4581 Dry Edge	• Product Messaging: Strength, Optimization, Seal Reliability • Tagline: Strength Reengineered	• Direct Mail Ad • Google Adwords • Social Media (Facebook, Instagram, LinkedIn) • Boxscore (Digital banners, In-email ad) • Facebook Sponsored Ad • Taboola Ad • Live Intent In-Email Ad • LinkedIn Sponsored Ad
Industrial	Duraco High Bond	• Product Messaging: Replacing screws, fasteners with DHB. • Tagline: Many Applications. One Solutions	• Google Adwords • Social Media (Facebook, Instagram, LinkedIn) • Linkedin Sponsored Ad • Facebook Sponsored Ad • Taboola Ad • Live Intent In-Email Ad
Education	Teacher Tape	• Product Messaging: Use teachers tape to replace residue or damage with tacks, goo, etc. • Tagline: We've Got Your Back. Decorate Damage Fee.	• Learning Magazine • Social Media (Facebook, Instagram, LinkedIn) • Google Adwords • Facebook Sponsored Ad • LinkedIn Sponsored Ad

Sales Trend Overview

Sales by Ordering Channel



Management Discussion:

Email is ~80% of current ordering method

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

EDI is exclusively for Whirlpool, but not true EDI

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

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

- The majority of revenue in this category comes from faxes

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

Product Family List

1. Foam
   - Twin Stick
   - Dubl Kote
   - Remo One
   - Remo One Plus
   - Remo Two
   - Thick Twin Stick
   - Thick Remo One
   - Thick Remo Two
   - Teachers Tape
   - No Skid
   - Metal Shelf Tape
   - Duraco High Bond
   - CD Hubs
2. Film
   - DK Film
   - Remo One Film
   - Duraco Red
   - Duraco Gold
   - Tear Tape
   - 4581
   - 4481
   - 4181
   - 4081
   - Speedy Tabs
3. Tissue
   - DSTF
   - 2461
   - 2811
   - 2161
4. Transfer
   - DKOF
   - 1431
   - 1531
   - 1571
   - Duraco ATG
   - Duraco Transfer
5. Hook and Loop
   - Duraco Hook and Loop
   - Low Profile
   - Sew On
   - Thick Hook and Loop
6. Magnet
   - Magnetic Tape
   - Mag Receptive Tape
   - Matched Pole Tape
   - Printable Magnetic
7. Weather Stripping & Gasket
   - Low Density PVC
   - Medium Density PVC
   - VNN
   - Hyden
   - Neoprene EPDM
   - Neoprene Nitrile PVC
   - Polyethlene
   - Urethane (Poron)
   - Voltoid
   - Polyurethane
   - Silicone
   - Neoprene
8. Components
   - Glue Dots
   - Bumpers
   - Essentra Components (20 groups)

Transit Packaging and POP Growth Strategies

New Product Development is key to deliver Transit Packaging and POP growth Strategies

- Launched 4581 adhesive system in 3 put-ups; Dry Lane (Box Closure), Extended Liner (FingerLift), Edge-to-Edge – positive response

Recent Wins & New Opportunities

- Ampac recently won bag closure spools to support growing food delivery industry - $360k+
  - Currently working with 2 customers that would add $500k each
  - Researching to find other like manufacturer to Ampac – brown paper bags
- Webcor is the primary shipping box manufacturer for the US Postal Service - $2.5m
  - Duraco provide samples for running in production and testing – results positive
  - One of two manufacturers being sent to Chemsultants for final testing
  - Scheduling a meeting and plant tour in September
- Won RippaTape specification for Amazon mailer at Quality Innovators - $300k
- Duraco is working to replace competitor (3M 476XL) with new FingerLift
  - Recently won Flower City Printing vs competitor - $100k+
  - Imagine Print currently evaluating performance of 4581 vs competitor - $500k
  - ULINE soliciting a request to add film tape offering to 2020 catalog - $300k+

Availability and quality will be imperative to support current customers and growth

- Current capacity able to support current demand with some overtime
- Manufacturing Team developing CAPEX plan to support fast growth in transit packing & POP segments