

May 5, 2020

# Fair Value Analysis of Duraco, Inc.

Valuation as of  
March 31, 2020

## Disclaimer and Confidentiality Statement

This report ("Report") has been prepared by Lincoln Partners Advisors LLC ("Lincoln" or "we") from materials and information supplied (whether orally or in writing) by or on behalf of OpenGate Capital (collectively with its subsidiaries and affiliates, "OGC") as well as publicly available data and information. This Report is delivered subject to the conditions, scope of engagement, limitations and understandings set forth herein and in our engagement letter dated November 17, 2016. The valuations herein shall represent the findings of Lincoln based solely upon the information furnished by or on behalf of OGC, and other publicly accessible sources, and shall be considered advisory in nature only.

In arriving at the valuations herein, Lincoln has relied upon and assumed the accuracy and completeness of the financial information supplied to us and considered in our analysis, and we do not assume any responsibility for independent verification of such information. The valuations herein assume that information and representations made by management regarding the portfolio companies are accurate in all material respects. For those cases in which information was not available as of the valuation date, Lincoln assumed that there was no material change between the date of the most current information provided to us and the valuation date.

Our valuations herein are based on a limited scope analysis, primarily based on information provided by OGC and discussions with the management of OGC. Lincoln has not made any independent valuation or appraisal of the assets and liabilities of any portfolio company, has not visited or made any physical inspection of the portfolio companies and has not interviewed the management of the portfolio companies.

Our analysis and the valuations herein are necessarily based on general economic, financial, market, operating and other conditions as they exist and can be evaluated by us as of the valuation date and must be considered in that context. Unanticipated events and circumstances may occur and actual results may vary from those assumed. The variations may be material. Lincoln makes no warranty and is not responsible for losses or damages arising out of errors, omissions or changes in market factors, or any conditions and circumstances beyond its control. Except where otherwise indicated, the analysis in this Report speaks as of the valuation date. Under no circumstances should the delivery of this Report imply that the analysis would be the same if made as of any other date.

In arriving at the valuations herein, Lincoln has relied upon certain statements, estimates and projections provided by OGC with respect to the historical and anticipated future performance of each portfolio company. Such statements, estimates and projections contain or are based on significant assumptions and subjective judgments made by management of OGC. These assumptions and judgments may or may not be correct, and there can be no assurance that any projected results are attainable or will be realized. Lincoln was not requested to and has not attempted to independently verify any such statements, estimates and projections, and as such, Lincoln makes no representation or warranty as to, and assumes no responsibility for, their accuracy or completeness and for the effect which any such inaccuracy or incompleteness may have on the results or judgments contained in this Report.

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We have acted as an independent financial advisor to the management of OGC and will receive a customary fee from OGC for our services. Our fees are not contingent upon the valuations provided herein, and neither Lincoln nor any of its employees have a present or intended financial interest in OGC or the portfolio companies unless otherwise disclosed to OGC. We may have rendered in the past or may render in the future certain financial advisory services to the portfolio companies or parties involved in transactions with the portfolio companies.

We have not been engaged to identify prospective purchasers or to ascertain the actual prices at which and terms on which each of the portfolio companies could currently be sold. No opinion, counsel or interpretation is intended for use in matters that require legal, accounting, tax or other professional advice. It is assumed that such opinions, counsel or interpretations have been or will be obtained from the appropriate professional sources.

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# Executive Summary

## Section 1



## Executive Summary

### Terms of Engagement

- Lincoln Partners Advisors LLC (“Lincoln”) has been retained by OpenGate Capital (“OGC”) as an independent financial advisor for the purpose of providing written valuations (each, a “Valuation”) as of March 31, 2020 (the “Valuation Date”) of certain control, affiliate and non-control/non-affiliate investments of preferred stock, common stock, membership interests and warrants (individually, the “Investment”; collectively, the “Investments”). The portfolio company in which OGC owns an Investment is herein referred to as the “Portfolio Company.” The Valuation will be used by OGC to assist with its determination of the fair value of the Investment in accordance with the fair measurement principles of Accounting Standards Codification Topic 820, Fair Value Measurements and Disclosure (ASC 820), issued by the Financial Accounting Standards Board (FASB).

### Scope of Analysis

- In connection with Lincoln’s activities on behalf of OGC and the performance of its services hereunder, we have, among other things:
- Reviewed credit agreements and amendments for debt when available;
- Reviewed audited and/or unaudited financial statements when available, as well as internal financial statements as provided by OGC, for the most current period prior to the close of the quarter;
- Reviewed certain business, financial and other information relating to the Portfolio Company, including financial budgets or forecasts prepared by management of the Portfolio Company;
- Reviewed investment report memoranda prepared on the Investment by OGC;
- Discussed with OGC the investment thesis and business, financial outlook and prospects of the Portfolio Company;
- Reviewed certain financial and other information for the Portfolio Company and compared that data and information with certain stock trading and corresponding data and information for companies with publicly traded securities that we deemed relevant; and
- Considered such other information, financial studies, analyses and investigations and financial, economic and market criteria that we deemed relevant.

	Notes	Weighting	Fair Value		
			Low	Mid	High
<b>Enterprise Value Indications:</b>					
<b>Market Approach:</b>					
Selected Public Companies Analysis		25.0%	79,311	84,529	89,747
Precedent Transactions Analysis		25.0%	81,920	87,138	92,356
<b>Income Approach:</b>					
Discounted Cash Flow Analysis		50.0%	82,971	88,466	94,168
<b>Indicated Enterprise Value</b>			<b>81,793</b>	<b>87,201</b>	<b>92,609</b>
Add: Excess Cash	(1)		2,000	2,000	2,000
Less: Total Debt	(2)		(49,397)	(49,397)	(49,397)
<b>Indicated Total Equity Value</b>			<b>34,396</b>	<b>39,805</b>	<b>45,213</b>

Security	Mar 31, 20 Cost Basis	Fair Value			Fair Value as % Cost		
		Low	Mid	High	Low	Mid	High
OGC Share of Class A Units	38,500	TBD	TBD	TBD	TBD	TBD	TBD
Class B Units	n/a	TBD	TBD	TBD	TBD	TBD	TBD
Class C Units	n/a	TBD	TBD	TBD	TBD	TBD	TBD
Participation Plan	n/a	TBD	TBD	TBD	TBD	TBD	TBD

**Footnotes:**

(1) Excess cash of \$2.0 million used in current period given the precautionary nature of the March 2020 Revolver draw as well as the projected Revolver repayment totaling \$4.0 million expected in the 13-week cash flow provided to Lincoln.

(2) Total debt provided by Duraco management as of April 10, 2020

# Duraco, Inc.

## Section 2



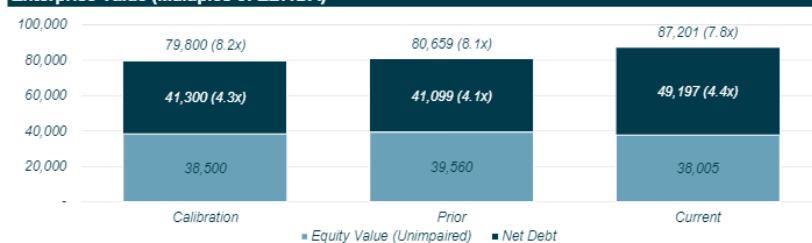
**Business Description**

Duraco, Inc. ("Duraco") is a manufacturer of specialty tape, adhesives, and gaskets that was previously part of Essentra, a UK based diversified industrial company. Duraco produces specialty tapes and adhesives used primarily in point of purchase retail displays (70% of sales) and industrial applications/appliances (30% of sales).

**Lincoln Valuation History (Midpoint of Concluded Range)**

	Jun 28, 19	Dec 31, 19	Mar 31, 20	Change vs. Prior Valuation Period
Indicated Total Equity Value	38,500	39,560	39,805	245

Indicated Total Equity Value increased from the prior period given the expansion of EBITDA related to organic growth of the Duraco base business and the March 2020 Infinity Tape acquisition, offset by a decline in the selected public companies' observed Enterprise Value multiples.

**Enterprise Value (Multiples of EBITDA)****Financial Statistics**

	Notes	Calibration	Prior	Current	Change (%)
LTM Revenue	(1)	43,600	41,728	41,785	0.14%
LTM EBITDA		9,700	9,947	11,132	11.92%
% Margin		22.25%	23.84%	26.64%	
NCY Revenue		43,200	43,358	53,409	23.18%
NCY EBITDA		9,600	8,883	9,739	9.64%
% Margin		22.22%	20.49%	18.24%	

**Lincoln Valuation Assumptions**

	Calibration (Jun 28, 19)	Prior Valuation Period (Dec 31, 19)			Current Valuation Period (Mar 31, 20)			Change vs. Prior Valuation Period		
		CVM (100%)			CVM (100%)			No Change		
<b>Lincoln Fair Value Conclusion</b>		<b>Low</b>	<b>Mid</b>	<b>High</b>	<b>Low</b>	<b>Mid</b>	<b>High</b>	<b>Low</b>	<b>Mid</b>	<b>High</b>
<b>Enterprise Value</b>										
Selected Public Companies Analysis		76,296	81,003	85,711	79,311	84,529	89,747	3,015	3,525	4,036
Precedent Transactions Analysis		77,085	82,059	87,032	81,920	87,138	92,356	4,835	5,079	5,324
Discounted Cash Flow Analysis		74,856	79,788	84,913	82,971	88,466	94,168	8,114	8,679	9,255
<b>Indicated Enterprise Value</b>	<b>79,800</b>	<b>75,773</b>	<b>80,659</b>	<b>85,642</b>	<b>81,793</b>	<b>87,201</b>	<b>92,609</b>	<b>6,020</b>	<b>6,542</b>	<b>6,967</b>
Implied LTM Revenue Multiple	1.83x	1.82x	1.93x	2.05x	1.96x	2.09x	2.22x	0.14x	0.15x	0.16x
Implied LTM EBITDA Multiple	8.23x	7.62x	8.11x	8.61x	7.35x	7.83x	8.32x	(0.27x)	(0.28x)	(0.29x)
Implied NCY Revenue Multiple	1.85x	1.75x	1.86x	1.98x	1.53x	1.63x	1.73x	(0.22x)	(0.23x)	(0.24x)
Implied NCY EBITDA Multiple	8.31x	8.53x	9.08x	9.64x	8.40x	8.95x	9.51x	(0.13x)	(0.13x)	(0.13x)
<b>Indicated Total Equity Value</b>	<b>38,500</b>	<b>34,674</b>	<b>39,560</b>	<b>44,543</b>	<b>34,396</b>	<b>39,805</b>	<b>45,213</b>	<b>(278)</b>	<b>245</b>	<b>670</b>
% of Cost		90.04%	102.86%	115.67%	89.34%	103.39%	117.44%	(0.70%)	0.53%	1.76%

**Footnotes:**

(1) LTM Revenue in the current period representative of only the Duraco base business as YTD March 2020 financials for Infinity Tape were not available as of the Valuation Date.

**Commentary:**

- Q1 2020 was a strong quarter for Duraco with revenue and EBITDA both exceeding plan.
- In recent trading, revenues attributable to the point of purchase tape and the appliance category saw declines as a result of COVID-19, but the transit packaging division has seen significant revenue uplift given the higher volume of consumer shipping caused by ecommerce during the COVID-19 crisis.
- On March 1, 2020 Duraco closed on a small add-on acquisition of Infinity Tapes for \$6.3 million, 7.5x 2019E EBITDA of \$840 thousand. Infinity Tapes manufactures transit packaging, an advantageous segment given the transit tailwinds discussed above, with the acquisition funded with a \$2.8 million Revolver draw, \$2.0 million Term Loan upsize, and a \$1.8 million Earnout (payable over three years).
- Duraco's manufacturing plants have been deemed essential businesses given their production of transit related products, and are therefore operating through the current shelter in place orders. OpenGate noted that there was one instance of COVID-19 infection at the company's facilities. This discovery led to down time in order to sterilize the plant, but increased safety measures were being taken as a result.
- Duraco actioned cost saving measures including reduced capex, reduced executive salaries, moving SG&A staff to partial furloughs (three weeks on and one week off), and right sizing production staff to fit facility output.
- In March, following the Infinity acquisition, the company drew the remaining commitment under its Revolver as a precautionary measure given the uncertainty at that time. Duraco projected positive cash flows through the week of July 18, 2020 in the 13-week cash flow document provided to Lincoln and additionally expects to repay \$4.0 million of the \$7.0 million Revolver in this period.
- EBITDA multiples of the selected public companies declined from the prior period as a result of the continuing uncertainty stemming from the COVID-19 crisis. As a result, Lincoln decreased the selected LTM and NCY EBITDA multiples under the Selected Public Company methodology and the terminal EBITDA multiple under the Income Approach to reflect this observed decline in trading multiples. The selected LTM EBITDA multiple under the Precedent Transaction Analysis was lowered to approximate the weighted average LTM EBITDA multiple of the combined Duraco and Infinity business.

**Common**

Initial Investment - OpenGate	38,500
Initial Cost Basis - OpenGate	38,500
Initial Investment Date	Jun 28, 19

**Footnotes:**

(1) *Equity capitalization table not provided in the current period.*

	Notes	Actual Dec 31, 18	Actual Dec 31, 19	Revised Dec 31, 20	Revised Dec 31, 21	Revised Dec 31, 22	Revised Dec 31, 23	Revised Dec 31, 24
<b>Revenue</b>								
Underwriting Projections		43,600	43,200	46,300	47,700	48,800	49,800	51,100
January 2020 Projections		43,600	41,827	43,358	46,235	49,206	52,017	54,424
January 2020 Duraco Projections + Infinity	(2)	43,600	41,827	53,409	56,609	59,833	62,852	65,439
Actual Results / Revised Forecast		43,600	41,728	53,409	56,609	59,833	62,852	65,439
Over (Under) Underwriting Projections		-	(1,472)	7,109	8,909	11,033	13,052	14,339
<b>Adjusted EBITDA</b>								
Underwriting Projections		9,700	9,600	10,700	11,600	12,100	12,700	13,300
January 2020 Projections		9,700	9,947	8,883	9,590	10,814	12,009	12,935
January 2020 Duraco Projections + Infinity	(2)	9,700	9,947	9,739	10,666	12,433	13,856	14,795
Actual Results / Revised Forecast		9,700	9,947	9,739	10,666	12,433	13,856	14,795
Over (Under) Underwriting Projections		-	347	(961)	(934)	333	1,156	1,495
		-	3.6%	(9.0%)	(8.1%)	2.8%	9.1%	11.2%

**Footnotes:**

(1) Sources: IC Memo, December 2019 Flash, Duraco Financial Projections 2020-2024 (Jan 2020), Infinity Tapes - IC Deck - V30

(2) Actual results representative of only the Duraco base business, forward projections include Infinity Synergized EBITDA

Source: Period: End Date:	Internal		Internal		Calculated LTM Mar 31, 20	Management		Management		Management	
	FYE Dec 31, 18	FYE Dec 31, 19	YTD Mar 31, 19	YTD Mar 31, 20		NCY Dec 31, 20	NCY+1 Dec 31, 21	NCY+2 Dec 31, 22	NCY+3 Dec 31, 23	NCY+4 Dec 31, 24	
Duraco-Base Business	43,600	41,728	9,891	9,948	41,785	43,358	46,235	49,206	52,017	54,424	
Infinity Tapes	-	-	-	-	-	10,051	10,374	10,627	10,835	11,015	
Revenue	43,600	41,728	9,891	9,948	41,785	53,409	56,609	59,833	62,852	65,439	
% Growth	NA	(4.29%)		0.57%	0.14%	27.99%	5.99%	5.69%	5.05%	4.12%	
Gross Profit	17,400	17,670	NA	NA	NA	20,883	22,434	24,065	25,666	27,006	
% Margin	39.91%	42.35%	NA	NA	NA	39.10%	39.63%	40.22%	40.84%	41.27%	
EBITDA	9,700	10,878	NA	NA	NA	9,652	10,467	11,833	13,064	14,003	
% Margin	22.25%	26.07%	NA	NA	NA	18.07%	18.49%	19.78%	20.79%	21.40%	
Adjustments	-	(931)	-	-	860	87	199	600	792	792	
<b>Adjusted EBITDA</b>	<b>9,700</b>	<b>9,947</b>	<b>1,834</b>	<b>2,160</b>	<b>11,132</b>	<b>9,739</b>	<b>10,666</b>	<b>12,433</b>	<b>13,856</b>	<b>14,795</b>	
% Margin	22.25%	23.84%	18.54%	21.72%	26.64%	18.24%	18.84%	20.78%	22.05%	22.61%	
% Growth	NA	2.54%		17.77%	11.92%	(2.08%)	9.51%	16.57%	11.44%	6.78%	
CapEx	n/a	1,218	-	-	1,218	1,525	1,655	1,380	1,280	1,280	
CapEx (% of Revenue)	NA	2.92%	0.00%	0.00%	2.91%	2.86%	2.92%	2.31%	2.04%	1.96%	
Adjusted EBITDA-CapEx	NA	8,729	NA	NA	9,914	8,214	9,011	11,053	12,576	13,515	
<b>Adjustments</b>											
Bank Allowed EBITDA Addbacks	-	614	-	-	-	87	-	-	-	-	
Infinity Addbacks	-	-	-	-	-	-	199	600	792	792	
Infinity LTM March EBITDA Estimate (2)	-	-	-	-	860	-	-	-	-	-	
Total Adjustments	-	(931)	-	-	860	87	199	600	792	792	

**Footnotes:**

(1) Sources utilized: IC Memo, December 2019 Flash, Duraco Financial Projections 2020-2024 (Jan 2020), Infinity Tapes - IC Deck - V30

(2) Infinity LTM March EBITDA Estimate calculated based on 75% FY 2019E EBITDA and 25% FY 2020E EBITDA

Notes	Initial Investment (1)			Add-on Acquisition			Prior Valuation Period			Current Valuation Period			
	Jun 28, 19 Amount	Net Leverage	% of EV	Mar 1, 20 Amount	Net Leverage	% of EV	Dec 31, 19 Amount	Net Leverage	% of EV	Mar 31, 20 Amount	Net Leverage	% of EV	
Excess Cash	-	-	-	-	-	-	-	-	-	2,000	-	-	
Revolver	100	0.01x	0.13%	4,797	0.44x	5.52%	-	0.00x	0.00%	7,000	0.45x	5.73%	
First Lien Term Loan	41,200	4.26x	51.75%	41,099	4.25x	52.78%	41,099	4.13x	50.95%	42,397	4.26x	54.35%	
Earnout	-	4.26x	51.75%	1,800	4.41x	54.85%	-	4.13x	50.95%	1,800	4.42x	56.42%	
Total Debt	41,300	4.26x	51.75%	47,696	4.41x	54.85%	41,099	4.13x	50.95%	51,197	4.42x	56.42%	
Net Debt	41,300			47,696			41,099			49,197			
Total Equity	38,500		48.25%	39,263		45.15%	39,560		49.05%	38,005		43.58%	
Enterprise Value	(2)	79,800	8.23x	100.00%	86,959	8.05x	100.00%	80,659	8.11x	100.00%	87,201	7.83x	100.00%
Reference Financial Statistic		9,700		10,808			9,947			11,132			
Financial Statistic Description		LTM EBITDA as of Dec 31, 18		LTM EBITDA as of Dec 31, 19			LTM EBITDA as of Dec 31, 19			LTM EBITDA as of Mar 31, 20			

**Transaction Overview:**

- On June 28, 2019, OpenGate Capital ("OGC") purchased Duraco for \$79.8 million (including fees and expenses), or 8.2x LTM December 2018 EBITDA of \$9.7 million. The transaction was financed with \$100 thousand draw on the Revolver (total commitment of \$7.0 million), a \$41.2 million of Term Debt, and \$38.5 million of equity.
- On March 1, 2020 Duraco acquired Infinity Tapes for \$6.3 million, 7.5x 2019E EBITDA of \$840 thousand, funded with a \$2.8 million Revolver draw, \$2.0 million Term Loan upsize, and a \$1.8 million Earnout to be paid down over three years.

**Recent Developments:**

- In March 2020, Duraco drew the remaining committed balance of its Revolver due to the uncertainty surrounding the on-going COVID-19 crisis. Given that the Revolver draw was precautionary in nature and Duraco is projecting positive cash flow through July 2020 as well as projecting \$4.0 million of Revolver repayment, Lincoln has included \$2.0 million of Excess Cash in the current period.

**Footnotes:**

(1) Lincoln included transaction expenses of \$3.9 million in enterprise value at close.

(2) Initial enterprise value implied based on invested capital amounts as of the close of the initial acquisition. Subsequent enterprise valuations reflect Lincoln's estimates.

Valuation Multiple	Selected Multiples		Financial Statistic	Enterprise Value			Selected Weight
	Low	High		Low	Mid	High	
EV / LTM EBITDA	7.25x	-	8.25x	11,132	80,709	86,275	91,841
EV / NCY EBITDA	8.00x	-	9.00x	9,739	77,913	82,783	87,652
<b>Indicated Enterprise Value</b>				<b>79,311</b>	<b>84,529</b>	<b>89,747</b>	

**Commentary:**

- In concluding on its valuation multiple range, Lincoln considered the following:
  - Lincoln selected six public companies in the adhesives and tape industries that serve similar end markets and experience similar supply and demand economics as Duraco. The selected companies provide a general proxy for market movements and represent industry multiples as a whole.
  - Lincoln selected its LTM and NCY EBITDA multiple ranges with consideration to the enterprise value of Duraco at close, the 7.5x acquisition multiple of Infinity Tapes in March 2020, and the decline in the selected public companies' Adjusted Mean multiples since the prior period.
  - In the current period, the selected LTM EBITDA multiple implies a 13.6% discount to the Adjusted Mean EV / LTM EBITDA multiple of the selected public companies, which compares to the 24.0% discount in the prior period. The selected NCY EBITDA multiple implies a 6.8% discount to the Adjusted Mean EV / NCY EBITDA multiple of the selected public companies, which compares to the 13.1% discount in the prior period. Lincoln determined the discounts in the current period to be reasonable given the significantly smaller size of Duraco as compared to the selected public companies.

USD in millions

Company Name	Stock Price	% of 52 Week High	Market Capitalization	Enterprise Value	Net Debt / EBITDA	LTM Financial Statistics		LTM Margins	2-Yr. Historical CAGR (2)		1-Yr. Projected Growth (3)	
						Revenue	EBITDA	EBITDA	Revenue	EBITDA	Revenue	EBITDA
3M Company	136.51	62.12%	78,529	97,440	2.16x	32,136	8,729	27.16%	0.75%	0.34%	1.23%	(3.80%)
Avery Dennison Corporation	101.87	72.20%	8,485	10,281	1.84x	7,070	975	13.79%	3.39%	5.30%	1.15%	3.43%
Henkel AG & Co. KGaA	80.44	74.85%	33,263	36,216	0.70x	22,572	4,175	18.49%	(3.12%)	(5.44%)	(4.88%)	(7.34%)
Huntsman Corporation	14.43	56.24%	3,217	5,644	3.22x	6,797	712	10.48%	(0.35%)	(15.96%)	(5.62%)	(3.05%)
H.B. Fuller Company	27.93	53.30%	1,436	3,387	5.03x	2,871	388	13.52%	12.08%	32.78%	(6.68%)	(2.27%)
Intertape Polymer Group Inc.	7.08	51.91%	418	889	3.37x	1,159	149	12.90%	13.58%	12.37%	(1.11%)	11.52%
<b>Mean</b>	<b>61.38</b>	<b>61.77%</b>	<b>20,891</b>	<b>25,643</b>	<b>2.72x</b>	<b>12,101</b>	<b>2,521</b>	<b>16.06%</b>	<b>4.39%</b>	<b>4.90%</b>	<b>(2.65%)</b>	<b>(0.25%)</b>
<b>Adjusted Mean</b>	<b>56.17</b>	<b>60.96%</b>	<b>11,600</b>	<b>13,882</b>	<b>2.65x</b>	<b>9,827</b>	<b>1,562</b>	<b>14.68%</b>	<b>3.97%</b>	<b>3.14%</b>	<b>(2.62%)</b>	<b>(1.42%)</b>
<b>Median</b>	<b>54.18</b>	<b>59.18%</b>	<b>5,851</b>	<b>7,963</b>	<b>2.69x</b>	<b>6,934</b>	<b>844</b>	<b>13.66%</b>	<b>2.07%</b>	<b>2.82%</b>	<b>(3.00%)</b>	<b>(2.66%)</b>
<b>Duraco, Inc.</b>					<b>4.42x</b>	<b>42</b>	<b>11</b>	<b>26.64%</b>	<b>NA</b>	<b>NA</b>	<b>27.99%</b>	<b>(2.08%)</b>

**Footnotes:**

- (1) Source: S&P Capital IQ and company filings.
- (2) CAGR calculated based on LFY vs. LFY-2
- (3) Forward growth calculated based on NFY vs. LFY.

Company Name	EV / LTM Revenue			EV / LTM EBITDA			EV / NCY Revenue			EV / NCY EBITDA		
	Jun 28, 19	Dec 31, 19	Mar 31, 20	Jun 28, 19	Dec 31, 19	Mar 31, 20	Jun 28, 19	Dec 31, 19	Mar 31, 20	Jun 28, 19	Dec 31, 19	Mar 31, 20
3M Company	3.5x	3.6x	3.0x	13.9x	14.4x	11.2x	3.5x	3.4x	3.0x	13.1x	12.6x	11.6x
Avery Dennison Corporation	1.7x	1.8x	1.5x	12.3x	13.2x	10.5x	1.6x	1.8x	1.4x	11.6x	12.2x	10.2x
Henkel AG & Co. KGaA	1.9x	2.0x	1.6x	9.9x	10.4x	8.7x	1.8x	1.9x	1.7x	9.5x	10.5x	9.4x
Huntsman Corporation	0.8x	0.9x	0.8x	6.3x	7.5x	7.9x	0.8x	1.1x	0.9x	6.0x	8.9x	8.2x
H.B. Fuller Company	1.5x	1.6x	1.2x	10.9x	11.4x	8.7x	1.5x	1.6x	1.3x	9.8x	9.9x	8.8x
Intertape Polymer Group Inc.	1.3x	1.1x	0.8x	9.8x	8.5x	5.9x	1.2x	1.1x	0.8x	8.5x	7.4x	5.3x
<b>Mean</b>	<b>1.8x</b>	<b>1.8x</b>	<b>1.5x</b>	<b>10.5x</b>	<b>10.9x</b>	<b>8.8x</b>	<b>1.8x</b>	<b>1.8x</b>	<b>1.5x</b>	<b>9.8x</b>	<b>10.2x</b>	<b>8.9x</b>
<b>Adjusted Mean</b>	<b>1.6x</b>	<b>1.6x</b>	<b>1.3x</b>	<b>10.7x</b>	<b>10.9x</b>	<b>9.0x</b>	<b>1.5x</b>	<b>1.6x</b>	<b>1.3x</b>	<b>9.9x</b>	<b>10.4x</b>	<b>9.1x</b>
<b>Median</b>	<b>1.6x</b>	<b>1.7x</b>	<b>1.3x</b>	<b>10.4x</b>	<b>10.9x</b>	<b>8.7x</b>	<b>1.6x</b>	<b>1.7x</b>	<b>1.3x</b>	<b>9.7x</b>	<b>10.2x</b>	<b>9.1x</b>

**Footnotes:**

(1) Source: S&amp;P Capital IQ and company filings.

Company Name	Raw Valuation Multiples as of the Valuation Date (1)				Size and Profitability Adjusted Valuation Multiples (2)(3)			
	EV / LTM		EV / NCY		EV / LTM		EV / NCY	
	Revenue	EBITDA	Revenue	EBITDA	Revenue	EBITDA	Revenue	EBITDA
3M Company	3.0x	11.2x	3.0x	11.6x	2.5x	6.6x	1.8x	6.8x
Avery Dennison Corporation	1.5x	10.5x	1.4x	10.2x	2.7x	7.4x	1.8x	7.2x
Henkel AG & Co. KGaA	1.6x	8.7x	1.7x	9.4x	2.1x	5.8x	1.6x	6.0x
Huntsman Corporation	0.8x	7.9x	0.9x	8.2x	2.0x	6.0x	1.4x	6.1x
H.B. Fuller Company	1.2x	8.7x	1.3x	8.8x	2.2x	6.8x	1.5x	6.9x
Intertape Polymer Group Inc.	0.8x	5.9x	0.8x	5.3x	1.6x	5.3x	1.0x	4.8x
<b>Mean</b>	<b>1.5x</b>	<b>8.8x</b>	<b>1.5x</b>	<b>8.9x</b>	<b>2.2x</b>	<b>6.3x</b>	<b>1.5x</b>	<b>6.3x</b>
<b>Adjusted Mean</b>	<b>1.3x</b>	<b>9.0x</b>	<b>1.3x</b>	<b>9.1x</b>	<b>2.2x</b>	<b>6.3x</b>	<b>1.6x</b>	<b>6.4x</b>
<b>Median</b>	<b>1.3x</b>	<b>8.7x</b>	<b>1.3x</b>	<b>9.1x</b>	<b>2.2x</b>	<b>6.3x</b>	<b>1.5x</b>	<b>6.4x</b>

**Footnotes:**

- (1) Source: S&P Capital IQ and company filings.
- (2) Size adjustments based on comparative risk premium for companies of varying sizes as measured based on seven statistics as per the C Exhibits within the 2020 Valuation Handbook. Size adjustments apply to all multiples.
- (3) Profitability adjustments based on comparative margins for comparative periods. Profitability adjustments apply only to revenue multiples.

<b>Company Name</b>	<b>Ticker</b>	<b>Business Description</b>
3M Company	NYSE:MMM	3M Company develops, manufactures, and markets various products worldwide. It operates through four business segments: Safety & Industrial, Transportation & Electronics, Health Care, and Consumer. The Safety & Industrial segment offers personal safety products, adhesives and tapes, abrasives, closure and masking systems, electrical markets, automotive aftermarket, and roofing granules. The Transportation & Electronics provides electronics, such as display materials and systems, electronic materials solutions; automotive, aerospace, and commercial solutions; advanced materials; and transportation safety products. This segment serves transportation and electronic original equipment manufacturer customers. The Health Care segment offers medical solutions, oral care, separation and purification sciences, health information systems, drug delivery systems, and food safety products. The Consumer segment provides home improvement, home care, and consumer health care products, as well as stationery and office supplies. This segment is also involved in the retail auto care business. The company serves automotive, electronics and automotive electrification, appliance, paper and printing, packaging, food and beverage, construction, medical clinics and hospitals, pharmaceuticals, dental and orthodontic practitioners, health information systems, food manufacturing and testing, consumer and office retail, office business to business, home improvement, drug and pharmacy retail, and other markets. 3M Company was founded in 1902 and is headquartered in St. Paul, Minnesota.
Avery Dennison Corporation	NYSE:AVY	Avery Dennison Corporation produces and sells pressure-sensitive materials worldwide. The company's Label and Graphic Materials segment offers pressure-sensitive label and packaging materials; and graphics and reflective products under the Fasson, JAC, Avery Dennison, and Mactac brands, as well as durable cast and reflective films. It provides its products to the home and personal care, beer and beverage, durables, pharmaceutical, wine and spirits, and food market segments; architectural, commercial sign, digital printing, and other related market segments; construction, automotive, and fleet transportation market segments, as well as traffic and safety applications; and sign shops, commercial printers, and designers. The company's Retail Branding and Information Solutions segment designs, manufactures, and sells brand embellishments, graphic tickets, tags and labels, and sustainable packaging solutions, as well as offers creative services; item-level radio-frequency identification solutions; visibility and loss prevention solutions; price ticketing and marking solutions; care, content, and country of origin compliance solutions; and brand protection and security solutions. It serves retailers, brand owners, apparel manufacturers, distributors, and industrial customers. The company's Industrial and Healthcare Materials segment offers tapes; pressure-sensitive adhesive based materials and converted products; medical fasteners; and performance polymers under the Fasson, Avery Dennison, and Yongle brands. It serves automotive, electronics, building and construction, general industrial, personal care, and medical markets. The company was formerly known as Avery International Corporation and changed its name to Avery Dennison Corporation in 1990. Avery Dennison Corporation was founded in 1935 and is headquartered in Glendale, California.
Henkel AG & Co. KGaA	XTRA:HEN3	Henkel AG & Co. KGaA, together with its subsidiaries, engages in the adhesive technologies, beauty care, and laundry and home care businesses worldwide. The company's Adhesive Technologies segment offers adhesives, sealants, and functional coatings for various business areas, including packaging and consumer goods adhesives; transport and metal, general industry, electronics; and consumers, craftsmen, and building. This segment markets its products primarily under the Loctite, Technomelt, and Bonderite brand names. Its Beauty Care segment offers hair cosmetics; and body, skin, and oral care products, as well as operates professional hair salons. This segment markets its products primarily under the Schwarzkopf, Dial, and Syoss brands. The company's Laundry & Home Care segment offers heavy-duty and specialty detergents, fabric softeners, laundry performance enhancers, and other fabric care products; hand and automatic dishwashing products; cleaners for bathroom and WC applications; household, glass, and specialty cleaners; and air fresheners and insect control products for household applications. This segment markets its products primarily under the Persil, Bref, Purex, and all brand names. Henkel AG & Co. KGaA was founded in 1876 and is headquartered in Düsseldorf, Germany.
Huntsman Corporation	NYSE:HUN	Huntsman Corporation manufactures and sells differentiated organic chemical products worldwide. The company operates in four segments: Polyurethanes, Performance Products, Advanced Materials, and Textile Effects. The Polyurethanes segment offers polyurethane chemicals, including methyl diphenyl diisocyanate, polyols, thermoplastic polyurethane, propylene oxide, and methyl tertiary-butyl ether products. The Performance Products segment manufactures amines, maleic anhydrides, surfactants, linear alkyl-benzene, ethylene glycol, ethylene oxide, olefins, and technology licenses. The Advanced Materials segment offers epoxy, acrylic, and polyurethane-based polymers formulations; high performance thermoset resins and curing agents; and base liquid and solid resins. The Textile Effects segment provides textile chemicals, dyes, and inks. The company's products are used in a range of applications, including adhesives, aerospace, automotive, construction products, personal care and hygiene, durable and non-durable consumer products, digital inks, electronics, medical, packaging, coatings and construction, power generation, refining, synthetic fiber, textile chemicals, and dye industries. Huntsman Corporation was founded in 1970 and is headquartered in The Woodlands, Texas.

<b>Company Name</b>	<b>Ticker</b>	<b>Business Description</b>
H.B. Fuller Company	NYSE:FUL	H.B. Fuller Company, together with its subsidiaries, formulates, manufactures, and markets adhesives, sealants, coatings, polymers, tapes, encapsulants, and other specialty chemical products worldwide. The company operates through five segments: Americas Adhesives, EIMEA, Asia Pacific, Construction Adhesives, and Engineering Adhesives. It produces and supplies industrial adhesives products for applications in various markets, including appliances, filters, and insulating glass; food and beverage containers, flexible packaging, consumer goods, package integrity and re-enforcement, and durable and non-durable goods; corrugation, folding carton, tape and label, paper converting, envelopes, books, multi-wall bags, sacks, and tissue and towel; nonwoven and hygiene, such as disposable diapers, feminine care, and medical garments; windows, doors, and wood flooring; and insulating glass and textile. The company also provides specialty adhesives, including thermoplastic, thermoset, reactive, water-based, and solvent-based products; and products used for tile setting, commercial roofing, heating, ventilation, and air conditioning and insulation applications, as well as caulk and sealants for the consumer market and professional trade. In addition, it produces and supplies high performance industrial adhesives to the transportation, electronics, medical, clean energy, aerospace and defense, appliance, and heavy machinery markets. The company sells its products directly through distributors and retailers. H.B. Fuller Company was founded in 1887 and is headquartered in Saint Paul, Minnesota.
Intertape Polymer Group Inc.	TSX:ITP	Intertape Polymer Group Inc., together with its subsidiaries, provides packaging and protective solutions in Canada, Germany, the United States, and internationally. Its paper and film based tapes include pressure-sensitive and water-activated carton sealing tapes; industrial and specialty tapes, such as double-coated, duct, electrical and electronic, filament, flatback, foil, paper, polyethylene, process indicator, sheathing, sports, and stencil products; and complementary packaging systems. The company offers shrink films, stretch wraps, and polyethylene and polyolefin films; and protective packaging solutions comprising air pillows, bubble cushioning, mailers, paper void fills and cushioning, protective foam roll stocks, protective packaging systems, thermal solutions, and anti-corrosion packaging products. It also provides industrial packaging, protective covering, and barrier and liner products; and building and construction products, such as protective wraps for kiln dried lumber and membrane barrier products, as well as supplies packaging over-wrap sleeves. The company offers agro-environmental products, including geomembrane and poultry fabrics, hay wraps, and tarpaulins; billboard and poster, and other specialty fabrics; metal wraps and other industrial packaging products; and flexible intermediate bulk containers and bulk bags. It sells its products through paper, packaging, and industrial distributors; directly to large end-users, converters, and original equipment manufacturers; and retail channels. The company serves food processing, general manufacturing, fulfillment, transportation, building and construction, consumer, oil and gas, agriculture, aerospace, appliance, sports and entertainment, marine, composites, military, and medical applications. Intertape Polymer Group Inc. was founded in 1981 and is headquartered in Montreal, Canada.

**Footnotes:**

(1) Source: S&amp;P Capital IQ.

USD in 000s

Valuation Multiple	Selected Multiples		Financial Statistic	Enterprise Value			Selected Weight
	Low	High		Low	Mid	High	
EV / LTM EBITDA	7.50x	-	8.50x	11,132	83,492	89,058	94,624
EV / NCY EBITDA	8.25x	-	9.25x	9,739	80,348	85,218	90,087
<b>Indicated Enterprise Value</b>				<b>81,920</b>	<b>87,138</b>	<b>92,356</b>	

**Commentary:**

- In concluding on its valuation multiple range, Lincoln considered the following:
  - Lincoln referenced the initial purchase price and multiple of 8.2x at close of the June 2019 Duraco acquisition, the 7.5x acquisition multiple of Infinity Tapes in March 2020, and the identified transactions in the adhesives/tape and broader thin film/packaging industries.
  - Lincoln identified M&A transactions with publicly disclosed deal metrics. The identified transactions have an Adjusted Mean LTM EBITDA multiple of 9.8x. Of the identified transactions, Lincoln noted the June 2017 acquisition of Yongle Tape Co., Ltd ("Yongle") by Avery Dennison (one of the selected public companies) for 1.5x LTM Sales as the most comparable given the business similarities to Duraco. For comparison, Duraco's enterprise value to LTM revenue at close was 1.8x.
  - In the current period, Lincoln incorporated an NCY EBITDA multiple given NCY EBITDA is below LTM EBITDA. The enterprise value implied by the NCY EBITDA multiple selected in the current period approximates the combined enterprise value of Duraco and Infinity. Additionally, the 1.6x NCY Revenue multiple implied by the midpoint of the selected NCY EBITDA multiple range is broadly in line with the Revenue multiples of the selected precedent transactions.
  - Lincoln identified one transaction in which Lincoln acted as an advisor in the deal (details are not disclosed for confidentiality purposes), the LTM EBITDA multiple of the transactions was 9.6x.

USD in millions

Closed Date	Target	Acquirer	Target Description	Enterprise Value	Enterprise Value / LTM Revenue	EBITDA	EBITDA Margin
Oct-19	LORD Corporation	Parker-Hannifin Corporation	LORD Corporation develops, manufactures, and markets adhesives, coatings, motion management devices, and sensing technologies.	3,675	3.6x	16.5x	22.10%
Aug-19	Three Flexible Packaging Plants in the United Kingdom and Ireland of	Nelipak Corporation	As of August 8, 2019, Three Flexible Packaging Plants in the United Kingdom and Ireland of Amcor plc were acquired by Nelipak Corporation.	394	2.3x	NA	NA
Jun-19	Bemis Company, Inc.	Amcor Limited (nka:Amcor plc)	Bemis Company, Inc. manufactures and sells packaging products in the United States, Brazil, other Americas, Europe, and the Asia-Pacific.	6,778	1.6x	11.6x	14.18%
May-19	MPM Holdings Inc.	KCC Corporation; Wonik QnC Corporation; SJL Partners	MPM Holdings Inc., through its subsidiaries, produces and sells silicones and silicone derivatives worldwide.	2,665	1.0x	6.9x	14.12%
Feb-19	Caraustar Industries, Inc.	Greif Packaging LLC	Caraustar Industries, Inc. manufactures and supplies recycled paperboard and converted paperboard products.	1,800	1.3x	10.3x	12.65%
Nov-18	KapStone Paper and Packaging Corporation	WestRock Company	KapStone Paper and Packaging Corporation produces and sells a range of containerboards, corrugated products, and specialty paper products in the United States and internationally.	5,036	1.4x	8.6x	15.68%
Aug-18	A. Schulman, Inc.	LyondellBasell Industries N.V.	A. Schulman, Inc. manufactures and supplies plastic compounds and resins.	2,216	0.8x	11.9x	7.00%
Oct-17	Sacramento Container Corporation and Northern Sheets, LLC and Central Sheets, LLC and Central	Packaging Corporation of America	Sacramento Container Corporation and Northern Sheets, LLC and Central California Sheets, LLC represent the combined operations of Sacramento Container Corporation, Northern Sheets, LLC, and Central California Sheets, LLC in their sale to Packaging Corporation of America.	265	NA	5.0x	NA
Jul-17	Grace Darex Packaging Technologies	Henkel AG & Co. KGaA	Grace Darex Packaging Technologies manufactures and supplies sealants and coatings for cans and closures to packaged food and beverage industries in the United States and internationally.	1,050	3.5x	NA	NA
Jun-17	Yongle Tape Co.,Ltd	Avery Dennison Corporation	Yongle Tape Co.,Ltd. manufactures PVC films, PSA products, tapes, and tape manufacturing equipments.	245	1.5x	NA	NA
Jun-17	Multi Packaging Solutions International Limited	WestRock Company	Multi Packaging Solutions International Limited prints, manufactures, and sells paperboard, paper, and plastic packaging products in North America, Europe, and Asia.	2,257	1.5x	10.8x	13.49%
Jun-16	Alusa S.A.	Amcor Limited (nka:Amcor plc)	Alusa S.A. manufactures plastic and paper packaging products.	435	1.2x	8.5x	13.65%
<b>Mean</b>				<b>2,235</b>	<b>1.8x</b>	<b>10.0x</b>	<b>14.11%</b>
<b>Adjusted Mean</b>				<b>1,979</b>	<b>1.7x</b>	<b>9.8x</b>	<b>13.96%</b>
<b>Median</b>				<b>2,008</b>	<b>1.5x</b>	<b>10.3x</b>	<b>13.88%</b>
<b>Jun-19</b>	<b>Duraco, Inc.</b>	<b>OpenGate</b>		<b>80</b>	<b>1.8x</b>	<b>8.2x</b>	<b>22.25%</b>

**Footnotes:**

(1) Source: S&P Capital IQ and company filings.

Notes	Projected Year Ending					Projected CAGR (1)
	Dec 31, 20	Dec 31, 21	Dec 31, 22	Dec 31, 23	Dec 31, 24	
Revenue	53,409	56,609	59,833	62,852	65,439	5.21%
% Growth		5.99%	5.69%	5.05%	4.12%	
EBITDA	9,739	10,666	12,433	13,856	14,795	11.02%
% Margin	18.24%	18.84%	20.78%	22.05%	22.61%	
EBIT	8,259	9,097	10,775	12,114	12,982	11.97%
Less: Income Taxes at 25.00%	(2,065)	(2,274)	(2,694)	(3,029)	(3,245)	
NOPAT	6,194	6,823	8,081	9,086	9,736	
Plus: Depreciation	(2)	1,480	1,569	1,658	1,742	1,813
Less: Restructuring & Other Admin	(3)	(2,100)	(200)	(100)	(100)	(100)
Less: CapEx		(1,525)	(1,655)	(1,380)	(1,280)	(1,280)
Less: Increase in Net Working Capital	(3)	200	(155)	(136)	(131)	(471)
Unlevered Free Cash Flow		4,249	6,381	8,123	9,316	9,698
Partial Period Factor		0.75	1.00	1.00	1.00	1.00
Discount Period		0.38	1.25	2.25	3.25	4.25
Discount Factor	13.75%	0.9528	0.8513	0.7484	0.6579	0.5784
<b>PV of Unlevered Free Cash Flow</b>		<b>3,037</b>	<b>5,432</b>	<b>6,079</b>	<b>6,129</b>	<b>5,609</b>
Present Value of Discrete Cash Flows		26,286				Terminal EBITDA
Present Value of Terminal Value		62,181				Exit Multiple
<b>Indicated Enterprise Value</b>		<b>88,466</b>				Terminal Value
						Discount Factor
						<b>PV of Terminal Value</b>
						<b>62,181</b>
						Implied Perpetual Growth Rate
						4.88%

#### Enterprise Value Sensitivity Analysis

##### Discount Rate

	14.25%	13.75%	13.25%	
Terminal	7.25x	<b>82,971</b>	84,455	85,975
EBITDA	7.75x	86,899	<b>88,466</b>	90,071
Multiple	8.25x	90,828	92,478	<b>94,168</b>

#### Footnotes:

- (1) CAGR calculations from FY 2020 to FY 2024.
- (2) Depreciation calculated as a percentage of sales based on 2019 FY base Duraco business financials.
- (3) Working Capital and Restructuring & Other Administrative sourced from January 2020 Projections and do not contemplate the Infinity Tape acquisition, which Lincoln determined to be reasonable given the minimal expected impact of the Infinity Tape acquisition on these line items.

Company Name	Total Debt	Preferred Equity	Market Capitalization	Total Capital	Debt to Equity	Debt to Total Capital (Wd)	Effective Income Tax Rate (1)	2-Yr Weekly Levered Beta (2)	2-Yr Weekly Unlevered Beta (Bu)
3M Company	21,299	-	78,529	99,828	27.12%	21.34%	19.78%	0.88	0.72
Avery Dennison Corporation	2,080	-	8,485	10,565	24.51%	19.69%	25.00%	1.12	0.94
Henkel AG & Co. KGaA	5,060	-	33,263	38,323	15.21%	13.20%	25.19%	0.45	0.41
Huntsman Corporation	2,815	-	3,217	6,032	87.50%	46.67%	25.00%	1.21	0.73
H.B. Fuller Company	2,030	-	1,436	3,465	141.34%	58.57%	28.76%	1.11	0.55
Intertape Polymer Group Inc.	510	-	418	928	122.05%	54.97%	28.35%	0.87	0.46
<b>Mean</b>	<b>5,632</b>	-	<b>20,891</b>	<b>26,524</b>	<b>69.62%</b>	<b>35.74%</b>	<b>25.35%</b>	<b>0.94</b>	<b>0.64</b>
<b>Adjusted Mean</b>	<b>2,996</b>	<b>NA</b>	<b>11,600</b>	<b>14,596</b>	<b>65.30%</b>	<b>35.66%</b>	<b>25.88%</b>	<b>0.99</b>	<b>0.62</b>
<b>Median</b>	<b>2,447</b>	-	<b>5,851</b>	<b>8,299</b>	<b>57.31%</b>	<b>34.00%</b>	<b>25.09%</b>	<b>1.00</b>	<b>0.64</b>
<b>Selected as Most Comparable to Duraco</b>						<b>66.67%</b>	<b>40.00%</b>	<b>25.00%</b>	<b>0.80</b>

<b>Cost of Equity</b>	Prior	Current	<b>Notes</b>
Risk-Free Rate (Rf)	2.25%	1.15%	Long-term (20-year) U.S. government debt yield
Equity Risk Premium (ERP)	6.14%	6.17%	2020 Valuation Handbook: Long-horizon expected equity risk premium (supply-side)
Relevered Equity Beta (Bl)	1.28	1.20	$Bl = Bu \times [1 + (Wd / We) \times (1 - T)]$
Industry Adjusted Equity Risk Premium	7.83%	7.40%	$Bl \times ERP$
Size Premium (SP)	5.22%	4.99%	2020 Valuation Handbook: CRSP Decile 10
Company Risk Premium (CRP) (3)	3.00%	5.00%	Calculated based on enterprise value at close
Cost of Equity (COE)	18.30%	18.54%	$COE = Rf + (Bl \times ERP) + SP + CRP$
<b>Cost of Debt</b>			
Pre-Tax Cost of Debt	7.20%	8.80%	Based on the Lincoln's observed cost of debt capital rates for similar sized companies
Estimated Tax Rate	25.00%	25.00%	$COD = Pre-Tax Cost of Debt \times (1 - T)$
Cost of Deductible Interest Expense	5.40%	6.60%	Expense above the 30.0% threshold given assumed capital structure and pre-tax cost of debt
Cost of Non-Deductible Interest Expense	0.00%	0.00%	$COD = Pre-Tax Cost of Debt \times (1 - T)$
After-Tax Cost of Debt (COD)	5.40%	6.60%	
<b>Weighted Average Cost of Capital (WACC)</b>			
Debt % of Capital (Wd)	40.00%	40.00%	
Cost of Debt (COD)	5.40%	6.60%	
Weighted Cost of Debt	2.16%	2.64%	$Wd \times COD$
Equity % of Capital (We)	60.00%	60.00%	
Cost of Equity (COE)	18.30%	18.54%	
Weighted Cost of Equity	10.98%	11.13%	$We \times COE$
<b>WACC (Rounded)</b>	<b>13.00%</b>	<b>13.75%</b>	

**Footnotes:**

(1) Effective income tax rates greater than 45.0% or less than 10.0% have been normalized at 25.0%

(2) Source: S&amp;P Capital IQ

(3) CRP calculated by backtesting to Enterprise Value at transaction close using projections at close.

Duraco, Inc. [lengland@opengatecapital.com](mailto:lengland@opengatecapital.com) - Aug 25, 2020 Schedule 17  
 Enterprise Value Summary & Current Value Method Allocation Valuation Date: March 31, 2020  
 USD in 000s

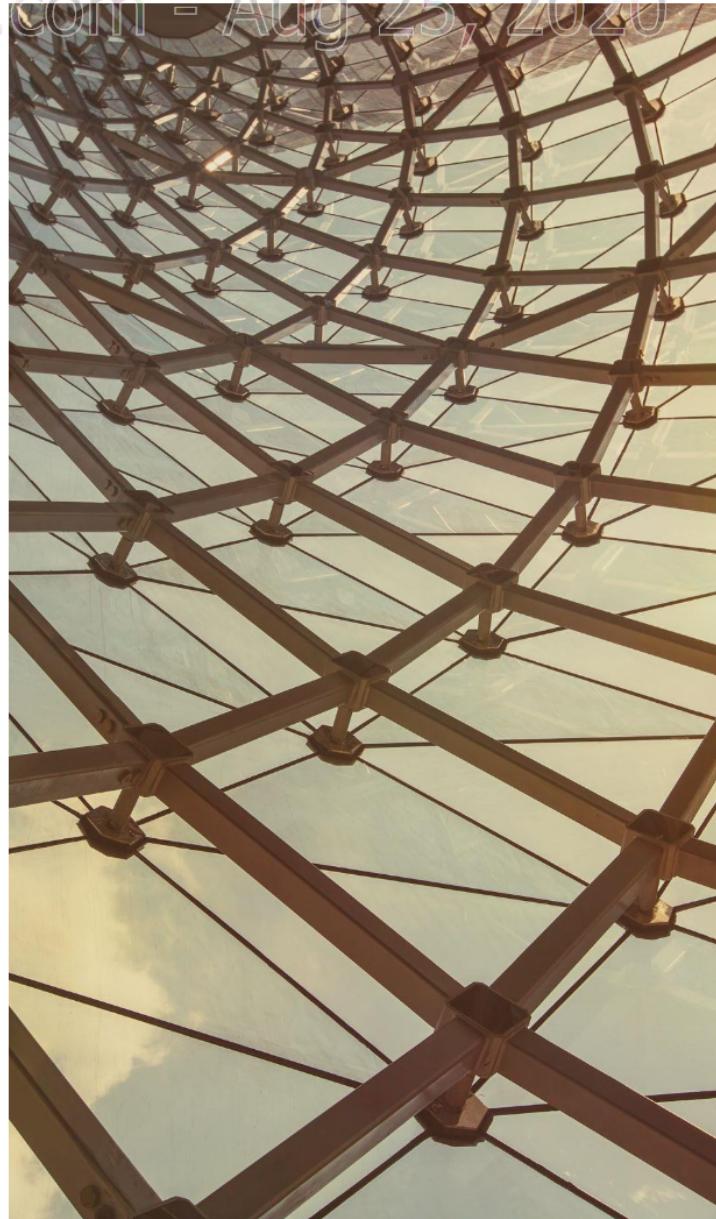
	Notes	Indicated Range			Selected Weight
		Low	Mid	High	
<b>Enterprise Value Indications:</b>					
Market Approach: Selected Public Companies Analysis		79,311	84,529	89,747	25.00%
Market Approach: Precedent Transactions Analysis		81,920	87,138	92,356	25.00%
Income Approach: Discounted Cash Flow Analysis		82,971	88,466	94,168	50.00%
<b>Indicated Enterprise Value</b>		<b>81,793</b>	<b>87,201</b>	<b>92,609</b>	
Plus: Excess Cash		2,000	2,000	2,000	
<b>Market Value of Invested Capital</b>		<b>83,793</b>	<b>89,201</b>	<b>94,609</b>	
Less: Revolver, First Lien Term Loan		(49,397)	(49,397)	(49,397)	
<b>Indicated Total Equity Value</b>		<b>34,396</b>	<b>39,805</b>	<b>45,213</b>	

*USD in 000s, except share count and per share amounts*

Security	Fair Value			% of Indicated Total Equity at Close		
	Low	Mid	High	Low	Mid	High
Indicated Total Equity Value	34,396	39,805	45,213	89.34%	103.39%	117.44%

# Summary of Valuation Methodologies

## Appendix A



## Valuation Methodology and Key Assumptions

### Overview

- Lincoln utilizes several methodologies to estimate the fair value of the Investments. Lincoln's fair value estimates are generally expressed as a range and are considered by the Client in its determination of a single estimate of fair value for each individual security.

### Definition of Fair Value

- The valuations presented herein reflect the ASC-820-20 definition of "fair value" defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."
- The valuation method for each Portfolio Company varies depending upon industry and company specific considerations. We generally perform a fundamental analysis to establish a risk profile for each company in addition to the application of one or more of the following: (i) market method; (ii) income method; and (iii) enterprise valuation waterfall method.

### Fundamental Analysis

- A fundamental analysis of each Portfolio Company considers such factors as major developments affecting the business, financial outlook, industry dynamics, overall risk profile and other qualitative factors impacting valuation. These considerations are discussed throughout the Report.

## Valuation Methodology and Key Assumptions

### Market Method

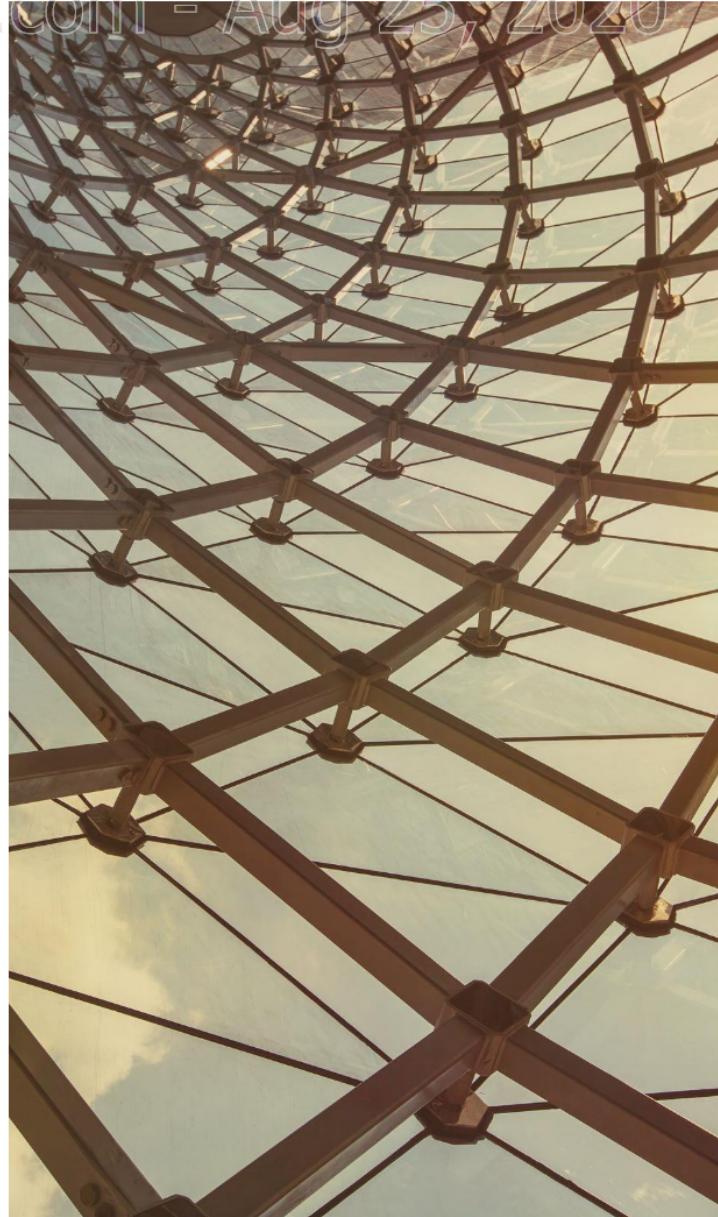
- The market method values the enterprise value of each Portfolio Company based on the observable prices of similar companies. We consider comparable public companies and precedent M&A transactions for both public and private companies, if available. Lincoln also draws on its institutional knowledge of private middle-market M&A valuations.
- The Market Method involves the determination of representative levels of earnings or other operating metrics, such as operating income (EBIT) and earnings, before interest, taxes, depreciation and amortization (EBITDA). Normalizing adjustments may be made based upon the facts and circumstances such as add-backs to EBITDA for non-recurring items. Lincoln selects an appropriate range of market multiples based on analysis of comparable public companies and/or M&A transactions as of the measurement date. We then apply the selected market multiples to the Portfolio Company to determine its enterprise value.
- Because many of the Portfolio Companies are often smaller than larger, publicly-traded companies, the private company M&A metrics may be used.

### Income Method

- The discounted cash flow method (DCF) estimates the present value of the projected cash flows to be generated by the subject company. In the DCF approach, a discount rate is applied to the projected future cash flows to arrive at its present value. The discount rate is intended to reflect all risks of ownership and the associated risks of realizing the stream of projected cash flows.
- Generally, multi-year forecasts for the Portfolio Companies are not available and, as such, the Income Method is used infrequently as a primary method to determine enterprise value. Lincoln may, however, corroborate the reasonableness of its determined multiples derived under the Market Method using the Income Method, based on various estimates and assumptions.
- Lincoln may also utilize a leverage buy-out (LBO) analysis to determine the enterprise value based on a third-party investor's required rate of return over a typical hold period.

# Certifications

Appendix B



## Background of Patricia J. Luscombe, CFA

Patricia is currently a Managing Director and Co-Head of the Valuations & Opinions Group at Lincoln. Ms. Luscombe joined Lincoln in August 2007. She has more than 20 years experience in financial advisory and valuation services. She has delivered a broad range of corporate finance advice that resulted in the successful completion of corporate transactions and valuation and fairness opinions. Ms. Luscombe has advised portfolio companies of private equity firms and provided them with fairness opinions for transactions, including divestitures and recapitalizations, intra-fund transfer, and fair value accounting. Ms. Luscombe has also advised Boards of Directors of public companies and rendered fairness opinions in mergers and acquisitions and going private transactions. In addition, she has worked with the valuation of many closely held businesses for corporate transactions including acquisitions and divestitures, leveraged buyouts and restructuring/recapitalizations, ESOPs, and related party transactions, for general tax, accounting, litigation and regulatory purposes.

Previously, she spent 16 years at Duff & Phelps Corporation as a Managing Director in the firm's valuation and financial advisory business. Ms. Luscombe was a founding member and Managing Director at Duff & Phelps in a management led buyout which occurred in 1995. Prior to joining Duff & Phelps, Ms. Luscombe was an associate at Smith Barney, a division of Citigroup Global Markets, Inc. where she managed a variety of financial transactions, including mergers and acquisitions, leveraged buyouts and equity and debt financings.

Ms. Luscombe is a member of the Chicago Chapter of the Association for Corporate Growth, the Chartered Financial Analyst Society of Chicago and a former president of the Chicago Finance Exchange.

Ms. Luscombe holds a Bachelor of Arts degree in economics from Stanford University, a Master's Degree in economics from the University of Chicago and a Master of Business Administration degree from the University of Chicago, Booth School of Business.

## Certification

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, unbiased professional analyses, opinions, and conclusions;
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.

Patricia J. Luscombe, CFA

## Certifications (continued)

### Background of Michael R. Fisch, CPA

Michael is a Managing Director of Lincoln's Valuations & Opinions Group where he manages or participates in valuation assignments and markets the firm's services.

Prior to Lincoln International, Michael worked in the M&A department at RBC Capital Markets and spent five years at Ernst & Young LLP, primarily in the Transaction Services Group, providing due diligence and tax structuring services to private equity groups, and restructuring and bankruptcy advice to a variety of corporate clients.

Michael received a Masters of Business Administration degree with concentrations in Finance and Strategic Management from the University of Chicago, Booth School of Business, a Master of Business Taxation degree from the University of Southern California and Bachelor's Degree in Business Administration from California Polytechnic State University. Michael is also a Certified Public Accountant.

### Certification

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, unbiased professional analyses, opinions, and conclusions;
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.



Michael R. Fisch, CPA

## Background of Larry Levine, CPA/ABV, ASA

Larry is a Managing Director of Lincoln's Valuations & Opinions Group where he manages or participates in valuation assignments and markets the firm's services. Prior to joining Lincoln International, Larry was a Partner in McGladrey LLP's Financial Advisory Services Group – Valuations and Corporate Finance Department.

Larry received a Masters of Business Administration degree with concentrations in Finance and Strategic Planning from the Wharton Graduate School of Business, University of Pennsylvania and a Bachelor's Degree in Accounting and Economics from the University of Albany. Larry is an accredited appraiser from both the American Society of Appraisers and American Institute of Certified Public Accountants, a Certified Public Accountant, on the National Roster of Commercial Arbitrators from the American Arbitration Association, including serving on their Alternative and Complex Investments Committee Advisory Group on Alternative and Complex Investments, and a Certified Licensing Professional from the Licensing Executives Society. He currently serves on committees for the American Society of Appraisers and International Valuation Standards Council.

He has been published or quoted in the following periodicals: Journal of Applied Finance, CNBC, The Washington Post, The New York Times, The Wall Street Journal, Bloomberg, The Deal, Fiduciary and Investment Risk Management Association magazine, Accountancy Age, Journal of Alternative Investments, Mergers & Acquisitions magazine, Valuation Strategies, CFO magazine and CFO.com. He has published three peer reviewed papers on the attributes of securities trading on the over-the-counter bulletin board stock market as well as a paper quantifying illiquidity discounts for stock options.

## Certification

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, unbiased professional analyses, opinions, and conclusions;
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.



Larry Levine