Monthly Operating Review

September 2019



Agenda

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



Executive Summary



Executive Summary

Good news / positives to business and plan

- EBITDA in line with plan and higher than PY and reforecast, although current P&L is not fully burdened with standalone costs like the plan
- Revenue exceeded previous year and forecast due to positive month in POP, Wall Hanging customers, and the Service Centers
- Ampac food delivery bag sealing momentum continues to be positive and identified second manufacturer of food delivery bags, NOVOLEX
- Key number of new hires; Executive Assistant, IT Manager, Inside Sales Rep, Customer Service Rep

Risks / challenges to business and plan

- GE Appliance Duraco High Bond opportunity initial production pilot failed for the Oven Door project, however rerunning pilot in November, this will challenge the current F2 forecast
- Whirlpool volume continues to decline with their lack of new product launches to the market. Whirlpool did sign 2.5 year agreement and
 actively trying to move business by requesting a quote on \$500k of new parts

Other material items

 Second consecutive month with a loss time accident; focus on communicating safety practices to operations and rest of company, puts the TRIR at 1.66, end of September



Monthly Financial Metrics

0.0

Feb

Jan

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Apr

May

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Jul

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Sep



1.0 0.5

Feb

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Sep

Oct

Nov

Dec

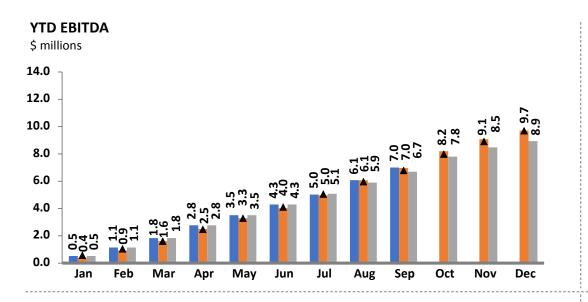
Jan

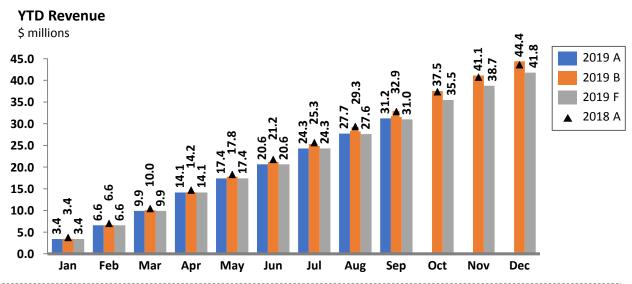
Oct

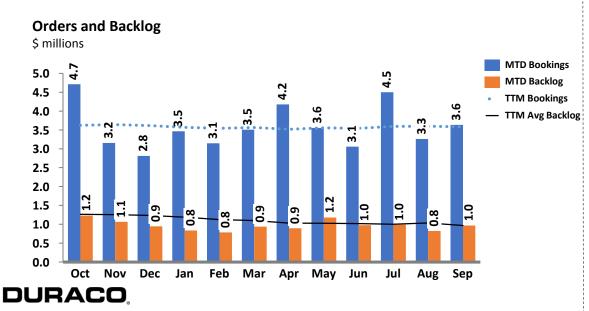
Nov

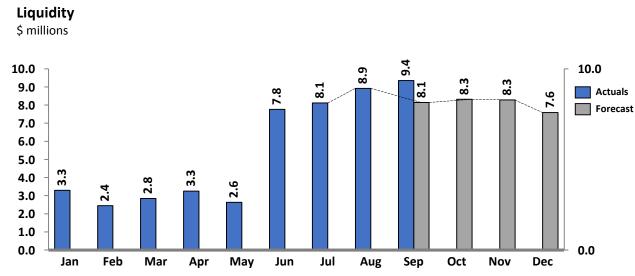
Dec

Monthly Financial Metrics – con't









Status of Key Initiatives

Status Update: Project Details

Status	Project	Current Status & Next Steps	Timing	Annualized EBITDA Impact (\$MM)	
		·	J	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)	 SmartVentures is engaged completing assessment and recommendation by Nov Commercial Kick off meeting held September 10th & 11th Danelz to work with new VP Sales on final organization structure 	• Dec 2019	TBD	TBD
	Define needs and begin implementation on new ERP Platform (Gray, Schechtman)	 ERP negotiations are underway with the consensus first choice, expected to conclude by the end of October. Provisional schedule has Go-Live around May 1, though will look to pull in wherever possible Web and e-commerce sites are not part of the ERP effort, but will be included in integration requirements 	• Q2 2020	TBD	TBD
	Define needs and begin implementation on new website platform (Lang)	 Conducted face-to-face interviews with 3 agency candidates Selected "Avenue" as our agency vendor Discover meeting and project plan development in progress 	• 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 Held a cost savings meeting to review new potential cost savings targets, cost saving higher than expected. New Material Manager to focus on additional cost savings for 2020. \$51K savings in Sept. to a \$45K plan. 	• Dec 2019	\$584K	YTD- \$439K
	Complete 5-year STRAT plan (Danelz)	 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















Key Positions to be Filled

Position	Function	Status and Next Steps
VP, Sales	Commercial	 Beckway engaged for search Final interview stage (assessment testing) Brian Kady In-process Jay Richardson Reviewing additional candidates
Regional Sales Manager (2) – SE and SW	Commercial	 Beckway engaged for search Offer Stage: Aaron Thornton (SW) Phone interviews: 2 candidates in progress Pending interview feedback: Edwin Soto (SE) Reviewing additional candidates
Inside Sales Manager	Commercial	 Offer in process for Teresa Newton In-person interview: Phil Lejcar 10/22
IT Manager	IT	Robert Beatty hired- started 9/30



Risks and Challenges

	Description	Potential Impact	Plan to address
	Large POP Accounts finish H2 2019 with negative growth (5%)	August - December (\$365k)	 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%)	August - December (\$55k)	Working to sign 2.5 year supply agreement giving Duraco more access to new projects and convert competitive business
Risks	Paroc quality of roll concerns: Gaposis & liner separation from adhesive, poor adhesion at lower application temperatures.	Potential Rejected Material (\$160k)	 9/19 Paroc has made some adjustments to machines and it seems to be working. 9/19 We increased our tension on converter and the rolls seem to be tighter. 9/19Paroc sampled a 3:1 liner that ran very well. 10/19: Paroc now having issues with tape adhering at lower temperatures(5 degrees C)
	Supplier quality issues: tight release on Liner supplied	Customer has issues with release and returned the product.	 Quarantined suspect product, Raw, WIP & FG Working with Vendor on 8D and credit. \$88K currently Suspect material being stored at vendors warehouse
	GE Appliance – Duraco High Bond failed production pilot testing	October – December (\$160k)	 Engineering Team is focused on passing product pilot test in November Working with Sales Team to overdeliver current forecast



Opportunities

	Description	Potential Impact	Plan to address		
	Continuous Improvement Specialist added	Gained Efficiencies in troubled work centersCurrently running at 50% efficiencyProfitability 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 in line with September F2 forecast Established H2 quota for Outside and Inside Sales Teams Focus on increased activity in pipeline Marketing to support with H2 digital marketing campaigns 		
Opportunities	Win Webcor / USPS box closure business	• Q4 - \$100k	 Webcor received 3rd party test and the results were mixed Webcor sent Duraco competitive samples and asking for retest Resubmitting test results from end of October 		
	Investigate sourcing opportunities	Cost SavingsRisk MitigationSecond Sourcing	 Steven Spayer now on board as Materials Manager 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 sections Silicone 		



Wins and Loses

Key Wins

- KD Services awarded 4581 FingerLift tape for Pharm Tubes - \$200k/year
- Pollock Packaging awarded 4581 FingerLift tape for general business vs 3M - \$45k/year
- Quad Graphics won Hi-Lo FingerLift -\$40k/year
- Octa Inc. part & pricing approved for copper tubing application - \$18k/year
- Big Ink (Service Center account) converted Hook n Loop business - \$25k/year

Key Losses

- GE Duraco High Bond passed destructive test
 - Initial production pilot failed for the Oven Door
 - Expecting to rerun production run in November
- ULINE not adding secondary competitor to 3M on 4481 / 4581 FingerLift tape
- Bruegmann Group customer not moving forward with POP project - \$500k
- Lauren Plastic DHB opportunity, customer not willing to switch from 3M



Strategy Review



Duraco Vision, Strategic Pillars, and Strategic Initiatives

Vision	Pillar 1	Pillar 2	Pillar 3	Pillar 4	Pillar 5
Strategi	Build a world-class sales & marketing engine to expand in new and existing markets	Invest in product development capabilities to deliver innovative application solutions	Drive operational excellence throughout the organization	Create a winning culture via hiring, empowering, engaging and retaining best in class talent	Leverage technology to be a competitive advantage
Initiatives	 Define roles, responsibilities and align inside sales, outside sales, customer service, and marketing efforts (VP Sales) Design and buildout sales organizational structure (VP Sales) Define & scope what markets we want to be in (Greg Z) Evaluate and determine channel strategy by / across segments (VP Sales) Develop and implement standardized sales process, training and best practice sharing (VP Sales) Develop and implement sales product training process by application (Greg Z) Develop and implement a plan to expand presence in Canada and Mexico (Greg Z) Define and expand further global opportunities; Asia, Europe etc (Greg Z) Develop and implement Build-a-moat strategy for PoP (Pat) Develop and pilot eComm / Amazon strategy (Chris) Develop & implement a plan for Teacher's Tape (brand, distribution, channel, etc.) (Chris) Develop pricing strategy by segment (Greg Z) Improve & implement lead generation program (Chris) 	Evaluate and expand product management team (Greg) Develop growth plan for technical department including new capabilities, new staff members, new services (Daniel) Benchmark competitive products and offerings by applications (Greg Z) Implement VoC process capturing innovative application solutions (Greg Z) Enhance and implement new product development process crossfunctionally to deliver more, innovative new products (Greg Z) Develop custom sampling & test services program (Daniel) Evaluate R&D work for R&D tax credit (Efrain) Develop strategic partnerships with suppliers (Steven S)	 Reduce total cost to cover inflation + 2% annually while maintaining quality (Phil M) Develop and implement a plan to drive continuous improvement throughout the organization (Laura) Create and implement growth plan for factory to support revenue growth including machinery, layout, staffing and shift structure (Phil) Develop and deploy automation strategy by value stream map (Laura) Optimize OEE at all work centers (Laura) Provide yellow/green belt training to all employees (Kevin H) Develop and implement supply chain policies & procedures (Steven S) Develop and implement sourcing strategy (Steven S) Process standardization and centralization throughout the company (Susan) Create / update contingency (business continuity) plan (Bill V) Improve quality performance to be industry leading and support growth (Susan) 	 Drive and sustain world-class safety standards (John) Develop company branding campaign in the hiring markets (Chris) Relaunch Duraco recognition and rewards program (Danielle) Establish formal onboarding processes & plan (Danielle) Analyze and develop competitive compensation plans for sales (Danielle) Analyze and develop competitive compensation plans for non-sales functions (Danielle) Create, enhance and implement internal communications plan (Danielle) Create and implement employee health & wellness programs (Danielle) Develop recruiting strategy (Danielle) Capture voice of employee e.g., survey, suggestion box, focus groups (Danielle) Develop performance management process (Danielle) Develop talent management and succession planning processes (Danielle) 	Determine and develop robust IT structure (Rob) Implement new ERP (PM TBD) Design and implement BI / mgmt dashboards (Rob) Implement live production status at every work center including OEE (Laura) Evaluate, develop and implement best in class CRM (Andy) Implement new website with back end data layer to drive leads and insights into customer behavior (Chris) Implement one phone system with call mgmt system that gives real time status (Rob) Evaluate new technologies for data analytics (Rob) Implement HRIS (Danielle) Determine VoC i.e., what does the customer want in terms of technology informing them of what happening (VP Sales) Design and implement RPA for ord entry when received via email or fa (Rob)

Preliminary Transition and Strategic Plan Calendar

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



▲ Steering Committee Meeting

Operational Review



Commercial and Sales



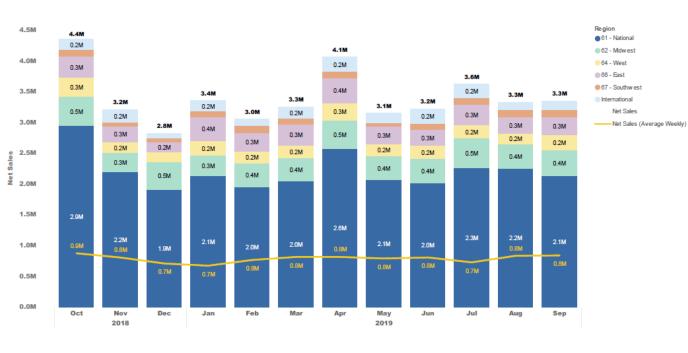
Commercial Bowling Chart

										I		I			
	2018 YTD														
PRIORITY	ACT		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	FY2019
GROWTH															
	\$31,174	PY	\$3,644	\$3,034	\$3,302	\$3,978	\$3,482	\$3,306	\$3,704	\$3,462	\$3,263	\$4,397	\$3,219	\$2,837	\$41,627
Specialty Tapes	\$32,139	Plan	\$3,357	\$3,081	\$3,301	\$4,025	\$3,445	\$3,386	\$4,072	\$3,869	\$3,602	\$4,577	\$3,610	\$3,284	\$43,610
	\$30,541	Fcst/Act	\$3,357	\$3,081	\$3,255	\$4,068	\$3,154	\$3,230	\$3,595	\$3,356	\$3,445	\$4,384	\$3,202	\$2,962	\$41,089
	\$9,198	PY	\$1,091	\$910	\$1,002	\$1,254	\$957	\$936	\$991	\$1,034	\$1,024	\$1,233	\$811	\$834	\$12,075
Express Sites	\$9,821	Plan	\$1,146	\$974	\$1,072	\$1,342	\$1,024	\$1,002	\$1,060	\$1,107	\$1,095	\$1,319	\$889	\$892	\$12,921
	\$9,368	Fcst/Act	\$1,048	\$1,000	\$1,026	\$1,257	\$895	\$969	\$1,142	\$953	\$1,077	\$1,319	\$889	\$892	\$12,468
	\$13,078	PY	\$1,528	\$1,244	\$1,351	\$1,589	\$1,443	\$1,384	\$1,540	\$1,640	\$1,360	\$1,970	\$1,430	\$1,207	\$17,683
Point of Purchase	\$13,018	Plan	\$1,282	\$1,219	\$1,326	\$1,539	\$1,444	\$1,387	\$1,641	\$1,726	\$1,454	\$1,999	\$1,584	\$1,402	\$18,003
	\$12,469	Fcst/Act	\$1,281	\$1,238	\$1,342	\$1,670	\$1,340	\$1,263	\$1,463	\$1,436	\$1,434	\$1,970	\$1,430	\$1,207	\$17,075
Consumer White	\$4,164	PY	\$439	\$423	\$480	\$543	\$489	\$434	\$606	\$310	\$438	\$592	\$440	\$373	\$5,568
Goods Appliance	\$4,210	Plan	\$471	\$390	\$403	\$504	\$434	\$453	\$604	\$470	\$481	\$604	\$482	\$482	\$5,777
Occus / ippiiaires	\$3,735	Fcst/Act	\$461	\$387	\$320	\$486	\$359	\$513	\$452	\$375	\$382	\$497	\$398	\$398	\$5,028
	\$3,028	PY	\$464	\$302	\$285	\$336	\$360	\$369	\$363	\$304	\$245	\$331	\$247	\$240	\$3,847
Industrials	\$3,094	Plan	\$375	\$302	\$303	\$355	\$302	\$303	\$500	\$327	\$327	\$375	\$427	\$302	\$4,198
	\$2,683	Fcst/Act	\$330	\$296	\$291	\$352	\$284	\$300	\$314	\$274	\$241	\$350	\$280	\$280	\$3,593
	\$0	PY	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Europe	\$280	Plan	\$0	\$0	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$400
	\$351	Fcst/Act	\$0	\$0	\$56	\$85	\$42	\$33	\$73	\$33	\$28	\$40	\$40	\$40	\$471
	\$540	PY	\$40	\$44	\$78	\$114	\$74	\$49	\$45	\$21	\$77	\$65	\$51	\$46	\$701
Distributors	\$577	Plan	\$40	\$58	\$58	\$70	\$68	\$65	\$77	\$70	\$71	\$87	\$66	\$64	\$794
	\$420	Fcst/Act	\$32	\$36	\$37	\$82	\$58	\$32	\$39	\$66	\$39	\$58	\$46	\$46	\$570
	\$856	PY	\$54	\$96	\$91	\$112	\$104	\$104	\$103	\$124	\$68	\$96	\$157	\$99	\$1,208
Other	\$1,100	Plan	\$120	\$100	\$100	\$150	\$120	\$120	\$150	\$120	\$120	\$150	\$120	\$99	\$1,469
	\$1,263	Fcst/Act	\$209	\$98	\$179	\$109	\$120	\$125	\$121	\$170	\$132	\$150	\$120	\$99	\$1,632
	\$0	PY	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Products	\$165	Plan	\$0	\$0	\$0	\$0	\$5	\$5	\$40	\$40	\$75	\$95	\$50	\$40	\$350
	\$70	Fcst/Act	\$0	\$0	\$ 0	\$0	\$1	\$8	\$10	\$16	\$34	\$95	\$50	\$40	\$255



Sales Trend Overview

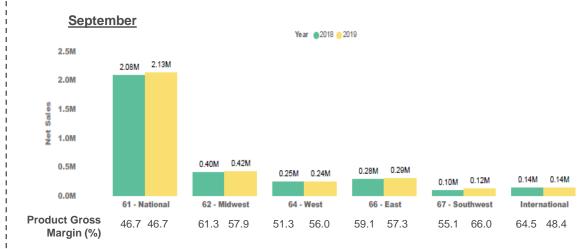
Monthly Net Sales by Fiscal Month¹

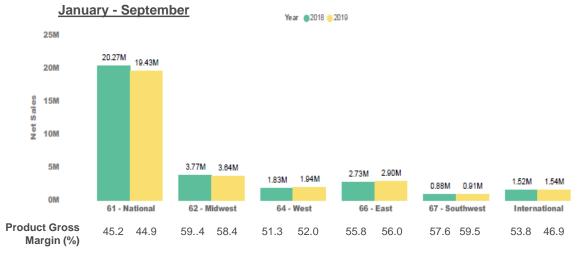


1. 5/4/4/ weeks per quarter (i.e. January, April, July, and October are 5 weeks, while other months are 4 weeks)

DURACO.

Net Sales CY vs. PY





Comparable Sale by Customer Segment

Net Revenue by Customer Segment

POP

54.7

55.0

Product Gross

Margin (%)



Industrial

25.1

31.2

Express Sites

56.4

56.6

Other

52.0

45.7

White Goods

26.0

Management Discussion:

POP segment positive September, up MoM; continued overall instability

- Large POP accounts up 5.6% MTD, down 2.1% YTD
- WestRock up \$154k YTD, meet with Rob Kincad, VP of Purchasing, "our business is soft"
- Menasha down \$336k YTD, Hana Holodniak, Director of Purchasing, display business is behind last year, focused on larger customers
- Increase geographic sales coverage model will support medium size POP accounts and reduce churn

Whirlpool continues to pull White Goods segment negative (rest of Appliance segment growing)

- Whirlpool struggling in the market and Duraco lost key parts in 2018 down \$569k YTD
 - Whirlpool agreed to 2.5 year agreement
 - Whirlpool asked Duraco to quote \$500k of conversion products
- Rest of Appliance including other customers and Tier's up 12.1%
- GE Appliance delayed in awarding new DHB business, retest in November

Industrial down 13.2% YTD

- 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)

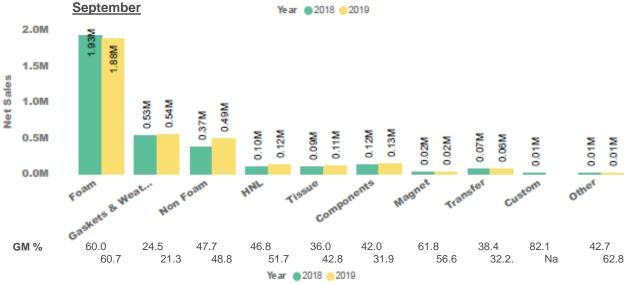
Wall Hanging customer beginning holiday ramp; Mixtiles, Circle Graphics

Express Sites missing plan but still showing positive YOY growth

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

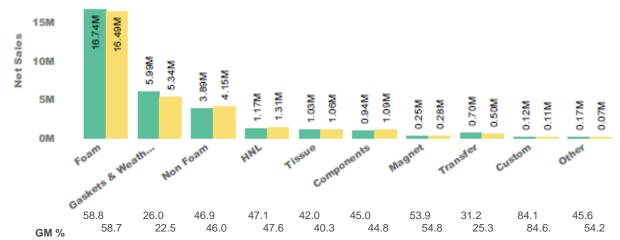
Comparable Sales by Product Category





January - September

DURACO



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:

New products continue to generate and increase activity. New marketing activities are generating more leads to speed up growth for 4581

- September 4581 \$26,458, Remo One Plus \$7,826
- YTD 4581 \$48,344, Remo One Plus \$21,503

Weather Stripping & Gaskets saw 2.5% MTD increase, led by:

- Plastic Products Company Up \$16k
- Stoughton Trailers Up \$15k
- TH Plastics Up \$6k
- Within this line Whirlpool continues to struggle being down \$33k (-14%) for the month and down \$616k (-23%) YTD

The Film Tape line has continued its surge, being up \$114k (31%) MTD. This is being led by:

- 4581 Up \$26k (New product launch)
- DK Film Up \$24k
- Tear Tape Up \$24k (Factored item from Essentra)

Tissue also had a strong month, being up 18.6%, being led by:

- TCG Legacy Up \$8k
- Butler Merchandising Solutions Up \$8k
- B&R Moll Up \$6k

Foam Tape down 4.3% MTD, down 1.6% YTD. Driven by a drop in September of Duraco High Bond by \$70k. This was led by:

- La France Down \$38k
- Best Buy Down \$13k
- Vulcan Industries Down \$7k

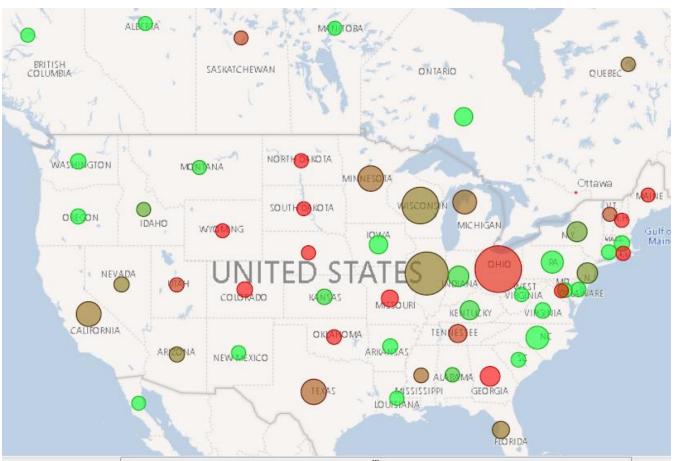
Hook and Loop continues to grow being up \$19k (20%) for the month and \$128k (11%) YTD. This is being led YTD by:

- Bradford Up \$70k
- King International Up \$43k
- IDL Instachange Up \$32k

Sales by Geography

YTD Sales by State and YoY % Change in Sales

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







Management Discussion:

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

Top 25 YTD

Parent_Name	MTD_2019	MTD_2018	MTD_GM	PMTD_GM	MTD Change	YTD_2019	YTD_2018	YTD Change	YTD_GM	PYTD_GM
Whirlpool	\$229,237	\$263,428	24.7%	23.0%	-13.0%	\$2,363,283	\$2,931,549	-19.4%	24.6%	25.3%
MENASHA	\$69,524	\$96,876	56.1%	54.6%	-28.2%	\$771,334	\$1,096,580	-29.7%	53.5%	55.4%
MIDNIGHT OIL	\$129,734	\$69,958	69.8%	66.9%	85.4%	\$742,919	\$740,519	0.3%	69.5%	68.9%
Westrock	\$49,606	\$38,228	56.6%	66.9%	29.8%	\$644,669	\$490,136	31.5%	54.3%	57.7%
RR DONNELLEY	\$77,634	\$98,843	50.5%	55.5%	-21.5%	\$619,947	\$688,676	-10.0%	56.3%	57.3%
PCA	\$84,032	\$45,811	67.7%	70.7%	83.4%	\$511,594	\$406,621	25.8%	68.2%	71.0%
Freeman	\$49,743	\$86,356	49.3%	48.1%	-42.4%	\$504,345	\$476,131	5.9%	48.6%	48.2%
SIFFRON FLORENCE	\$21,997	\$24,869	44.9%	54.9%	-11.5%	\$351,135	\$329,504	6.6%	43.6%	42.3%
Hennessy Industries - Bada	\$40,949	\$41,510	42.8%	44.8%	-1.4%	\$314,415	\$322,830	-2.6%	42.0%	43.8%
Rapid Displays - Ca	\$41,153	\$39,943	61.3%	59.2%	3.0%	\$300,255	\$251,190	19.5%	60.0%	62.3%
La France Corporation	\$29,822	\$68,934	64.2%	67.7%	-56.7%	\$299,998	\$331,617	-9.5%	66.3%	66.4%
Circle Graphics	\$43,879	\$72,542	38.9%	38.0%	-39.5%	\$295,287	\$330,637	-10.7%	38.7%	38.4%
Concept Imaging Group	\$18,269	\$78,164	65.4%	66.4%	-76.6%	\$289,636	\$351,439	-17.6%	64.6%	63.9%
Ampac	\$49,267	\$21,793	17.6%	-9.1%	126.1%	\$288,128	\$168,893	70.6%	5.6%	-13.1%
Serigraph Incorporated	\$19,715	\$5,163	65.0%	64.9%	281.8%	\$271,248	\$111,616	143.0%	62.2%	63.2%
DONALDSON SA DE CV	\$26,367	\$23,962	23.9%	32.9%	10.0%	\$266,513	\$375,631	-29.0%	18.2%	25.2%
Alliance Laundry Systems LLC	\$34,069	\$31,456	23.9%	23.9%	8.3%	\$259,066	\$271,208	-4.5%	22.4%	22.6%
MixTiles	\$50,133	\$7,188	72.7%	69.6%	597.4%	\$249,100	\$51,866	380.3%	72.1%	71.2%
Flower City Printing Company	\$21,452	\$18,404	61.1%	44.5%	16.6%	\$244,883	\$273,616	-10.5%	60.1%	49.0%
Plastic Products Company Incorporated	\$22,264	\$6,750	4.4%	1.1%	229.8%	\$235,284	\$106,498	120.9%	380.0%	5.1%
Stoughton Trailers Incorporated	\$26,815	\$12,261	-11.3%	-7.8%	118.7%	\$211,891	\$196,504	7.8%	-10.6%	9.3%
Paroc AB	\$28,232	\$0	14.0%	0.0%	#DIV/0!	\$207,961	\$0	#DIV/0!	11.5%	na
Bay Cities Container Corporation	\$49,269	\$39,868	73.2%	69.4%	23.6%	\$202,810	\$129,109	57.1%	72.0%	71.1%
Stumps Shindigz	\$25,568	\$4,551	21.7%	15.9%	461.8%	\$199,050	\$55,957	255.7%	18.9%	22.6%



Sales Breakdown by Company and Segment

YoY Net Sales

Company	POP	White Goods	Industrial	Other	Total
61 - National	-281K	-379K	-164K	-14K	-838K
62 - Midwest	-254K		70K	54K	-129K
64 - West	17K		83K	17K	117K
66 - East	51K		12K	107K	170K
67 - Southwest	-5K		-2K	40K	32K
International	-245K	-39K	147K	157K	20K
Total	-716K	-418K	146K	361K	-628K

YoY % Change in Net Sales

Company	POP	White Goods	Industrial	Other	Total
61 - National	-2%	-10%	-6%	-1%	-4%
62 - Midwest	-10%		13%	8%	-3%
64 - West	1%		42%	12%	6%
66 - East	2%		7%	34%	6%
67 - Southwest	-1%		-4%	42%	4%
International	-31%	-12%	47%	185%	1%
Total	-4%	-10%	4%	13%	-2%

YoY Gross Margin

Company	POP	White Goods	Industrial	Other	Total
61 - National	-219K	-136K	-138K	69K	-424K
62 - Midwest	-154K		16K	24K	-114K
64 - West	5K		51K	21K	77K
66 - East	34K		2K	76K	111K
67 - Southwest	22K		-1K	21K	42K
International	-120K	-31K	-30K	105K	-76K
Total	-432K	-167K	-100K	315K	-384K

YoY % Change in Gross Margin

Company	POP	White Goods	Industrial	Other	Total
61 - National	-3%	-14%	-16%	11%	-5%
62 - Midwest	-10%		5%	6%	-5%
64 - West	1%		58%	26%	8%
66 - East	3%		2%	39%	7%
67 - Southwest	5%		-2%	36%	8%
International	-28%	-14%	-26%	177%	-9%
Total	-4%	-14%	-7%	21%	-2%

Management Discussion:

POP segment makes up 64% of sales and 73% 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 loss 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

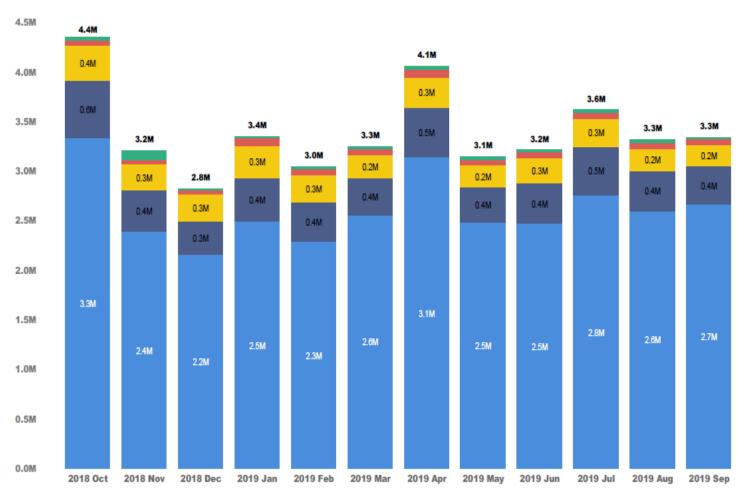
West and Southwest combined makes up less than 10% of sales

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



Sales Trend Overview

Sales by Ordering Channel



Management Discussion:

Ordering Mechanism

Net Sales

Email

Phone

EDIWebsite

Other

Email is ~82% of current ordering method

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

EDI is exclusively for Whirlpool, but not true EDI

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

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

• The majority of revenue in this category comes from faxes

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



Comparable Sales by Customer Size

Sales by Customer Size¹



January - September



Management Discussion:

\$250k+ (20 accounts)

- Whirlpool represents the biggest decline, down \$534k YTD or (19%)
- Chung Lam is project-based business that is not repeating, down \$334k
- Menasha is down \$325k (30%) YTD and WestRock is up \$155k (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. GE Appliances has also grown 68% 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 \$653k 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 \$297k 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

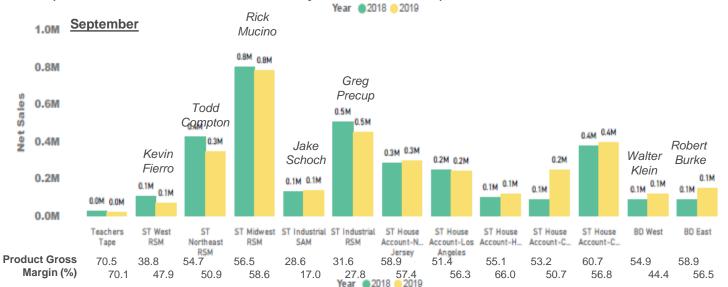


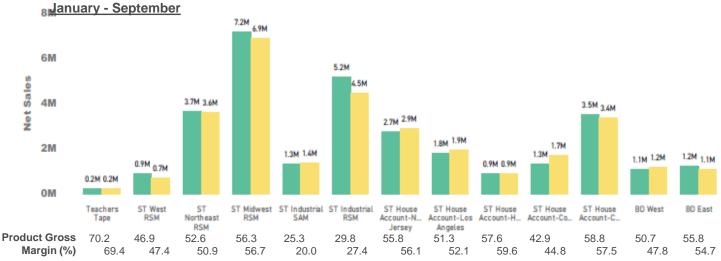
1. "Other" customers are those that joined in the current or prior fiscal year

Sales Trend Overview

Sales by territory

Express Site Sales are tied to a territory rather than salesperson





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

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

Industrial RSM down \$721k YTD primarily Whirlpool down \$569k

- · GE Appliance DHB retest scheduled for November
- Up MoM; Plastic Products Co, \$15.5k or 230%, TH Plastics, \$6 or 54%, Alliance Laundry, \$2.6k or 8.3%
- Down YTD; Undercover \$182k, Donaldson \$105k

Midwest RSM responsible for all large POP customers; September, up 1.1% Mom, YTD down \$220k or -3.1%

- Up MoM; WestRock \$11k or 29%, Imagine Print, \$60k or 86%, TMS, \$30k, Classic Graphics, \$33k or 890%
- Down YTD; Menasha \$336k or -30%, Artemax \$84k or 67%, Atlantic Packaging \$92k or -31%, RR Donnelley, \$69k or -10%

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

- HAVI competing against Ampac for the McDonald's "to go" bags
- Up MoM; Ampac, \$38k, Packaging Corp of America \$38k or 83%, Oliver Printing, \$15k or 295%
- Down YTD; Miller Studio \$78k or -40%, Commercial Cutting & Graphics, \$52k or -57%, Summit Manufacturing \$60k or -82%

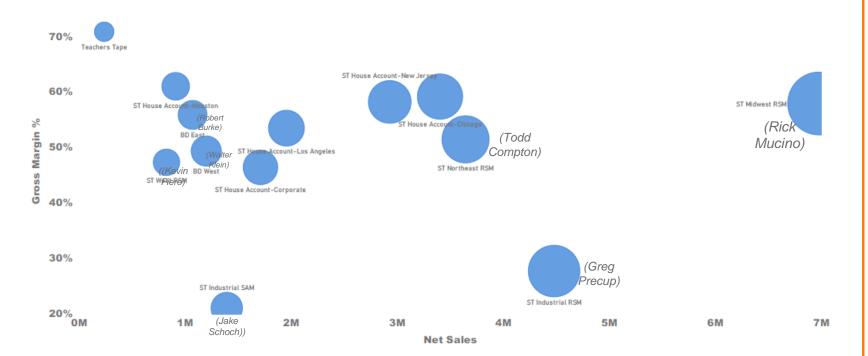
Positive performance within the month by Business Development; up 69% & 33% MoM



Sales Representative 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
- POP drives scale and profit in Sales geographies
- Action Plan and Road Map for implementation starting 2020

Details:

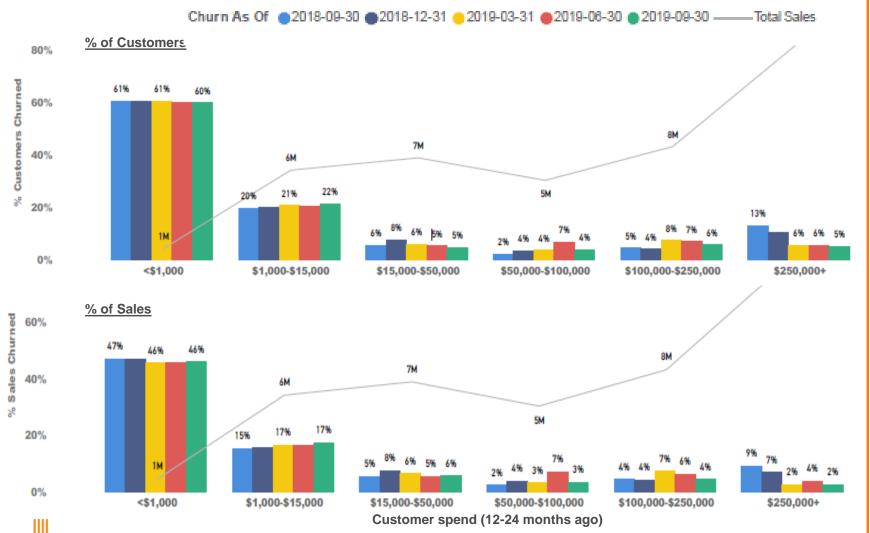
- Rick Mucino (Midwest) has the majority of large POP customers
- Greg Precup (Industrial / Appliance) supports Whirlpool and other appliance customers
- Kevin Fierro (West) the volume is low for the greater geography
 - Duraco is underpenetrated in the Texas market...lack sales resource
- Todd Compton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



Sales Trend Overview

Customer churn

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



Management Discussion:

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

Duraco understands the churn for each account

Between \$15k - \$50k is made up by 12 accounts

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 Store

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 (3 accounts)

- Adam's McClure: we believe this is project based. Sales to explore.
- Specialty Print Communications: Their customer either changed the Kinro: Account was at a negative profit margin. Left after price increase

Customers \$15k - \$50k (12 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 (305 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 (2934 accounts)

 Churn is flat and could potentially reduced by a more user friendly website **Marketing Overview**



Marketing Workstream

The main focal points can be broken up into 3 categories. Project Highlight included in appendix.

Brand Transition (July 2019 – October 2019)

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

Brand Refresh (July 2019 – April 2019

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

Marketing Strategy (July 2019 – December 2020)

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



Understanding Marketing Growth

We strive to achieve the following quantifiable impacts + outputs

Marketing Intelligence

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

Lead + Customer Acquisition

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

Analytics + Attribution

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

Sales Enablement

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

User Experience + Customer Experience

- Website launch
- Brand book/guidelines
- Enhanced NPS scores
- Positive customer surveys
- Positive customer reviews

eCommerce Optimization

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



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

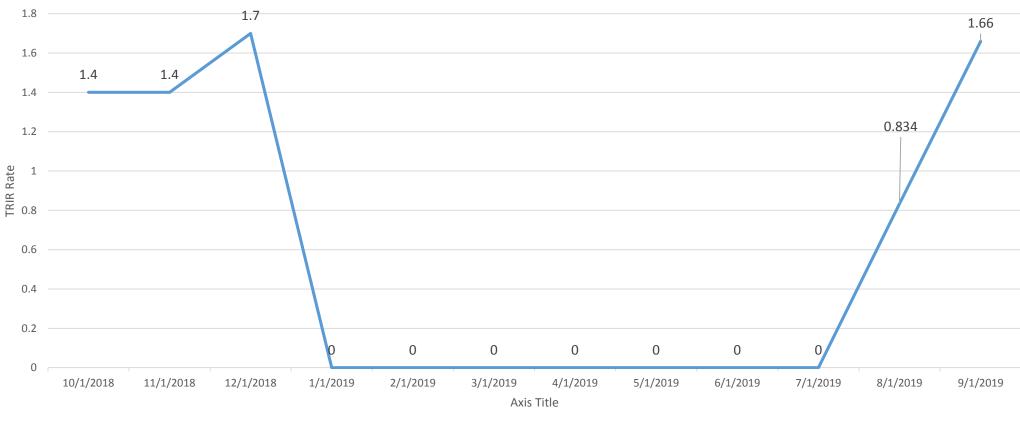


Operations and Manufacturing



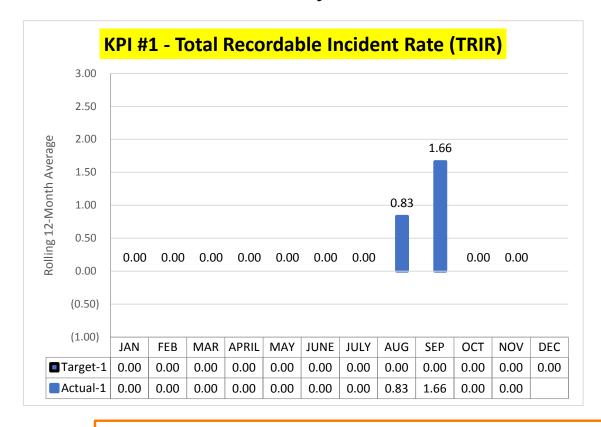
Health and Safety

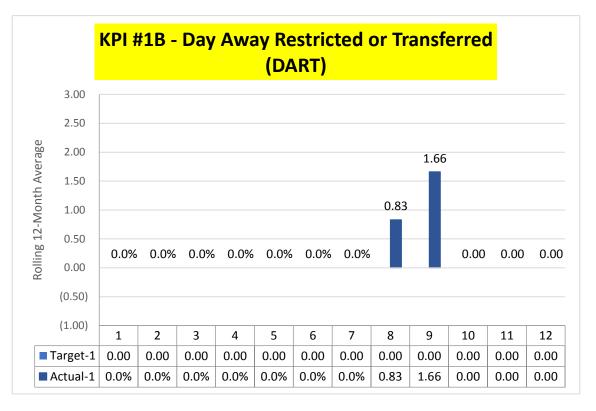






Health and Safety





Management Discussion:

Had a 2nd accident in as many months incident on DK Laminator, hand contusion resulting in restrictions. We had a safety stand down discussion with all employees.

Other Corrective action:

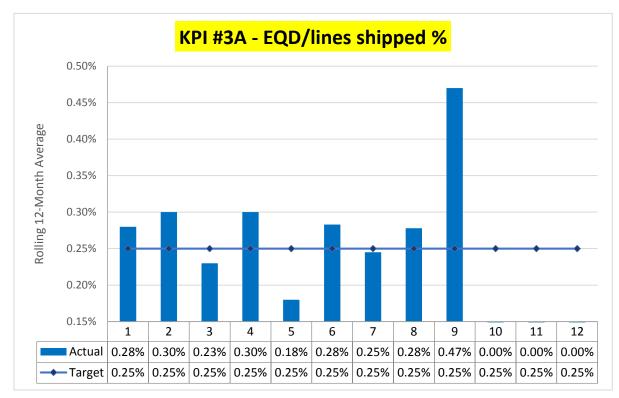
- · Had a stand down with all operators
- · Identified some corrections that need to be made to the machine, work orders put in.
- · Additional pinch point identified and is being addressed with the implementation of a light curtain

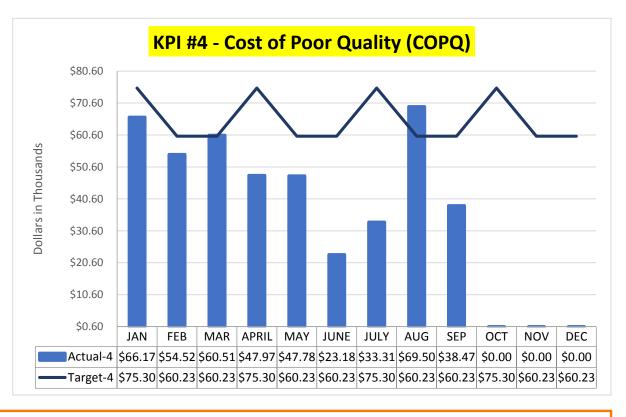


Quality

EQD % of Lines Shipped

Defective order lines as % of total order lines





Management Discussion:

EQD%: higher than goal, main drivers were packaging around our Finger lift line and quality of cut. A packing engineer was brought in to evaluate Duraco packaging

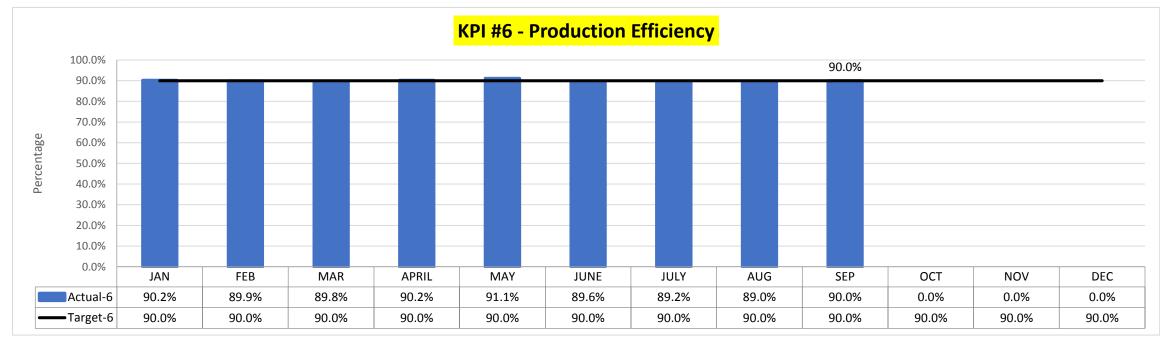
COPQ: YTD date compared to 2018: \$661 Vs 2019 \$441 (down 34%), 25% below plan Main drivers were from Material scrap and CS Credits issued were down.



Productivity

Production Efficiency

% of standard throughput achieved



Management Discussion:

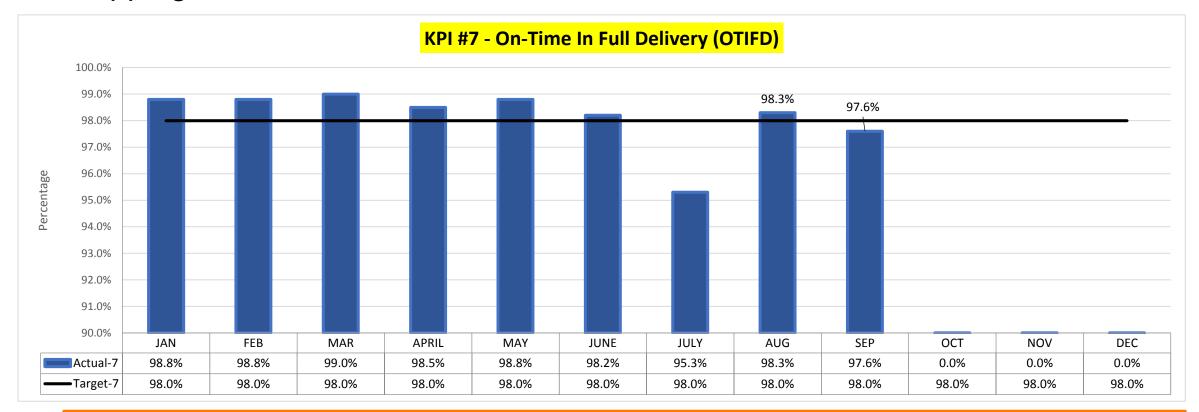
Two work centers that are driving the efficiency down are the Converters and Spooler, which are the two WC's that we are seeing and increase in utilization.

Counter Measures being taken:

- 5S+1 scheduled for the converter area. Completed in August
- There was a SMED Kaizen completed in Oct. for the converter area. Results showing a potential for a 70% set up reduction time
- We have re-assigned a person to a CI role to focus on constraints and efficiencies



Shipping



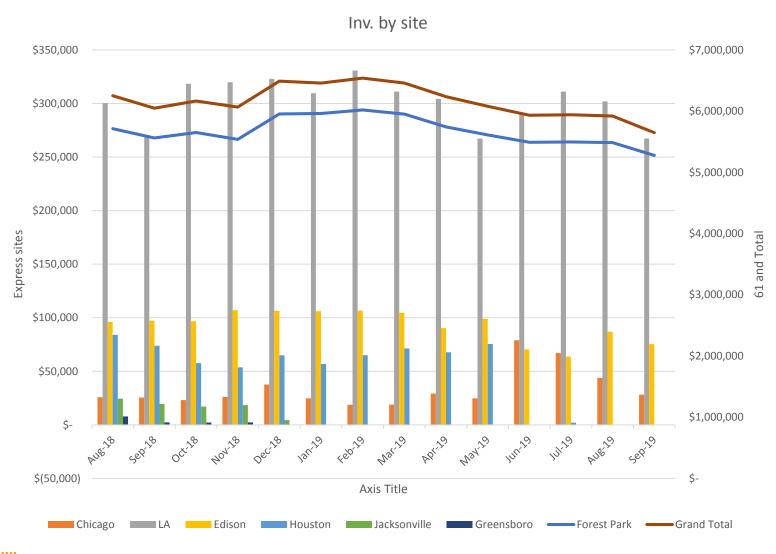
Management Discussion:

A continued team priority. Main drivers below

Execution Failure	21	9.0%
Partially Filled (Multiple Lines)	20	8.5%
Lead-time Violation	19	8.1%



Inventory

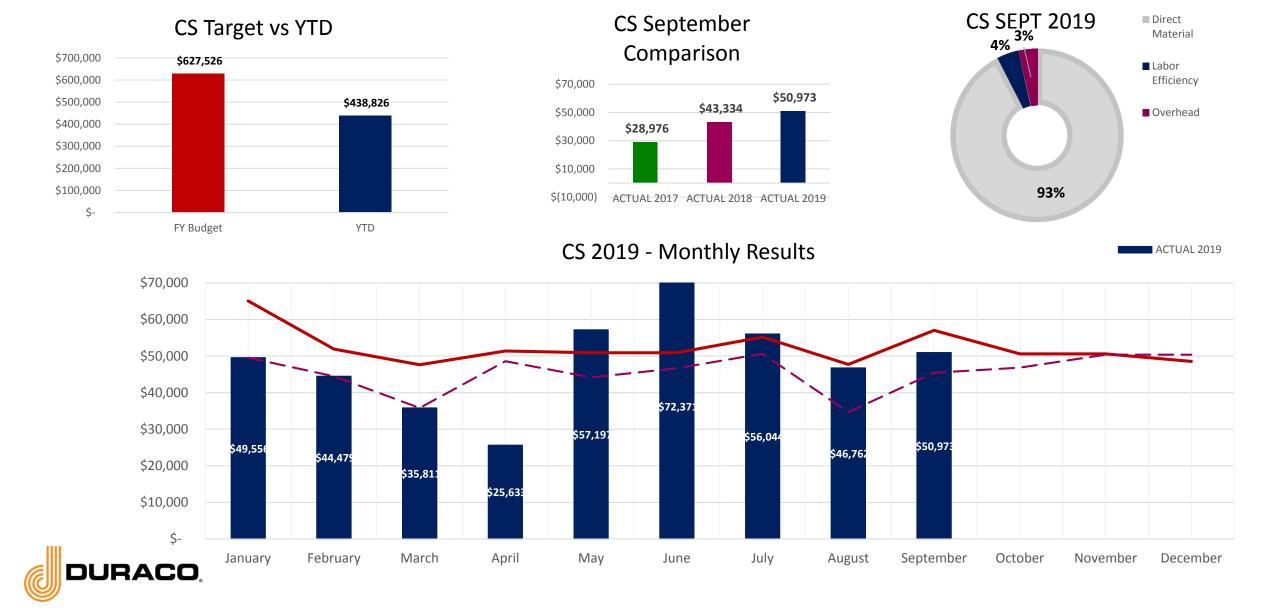


Management Discussion:

- Jacksonville and Greensboro Express sites were shut down Jan. 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. Some Minimums and lot sizes have been adjusted down
- Gross inventory down 4.6% from last month or \$270k. A majority was the disposal of Finished Goods that was over 3 years old.
 \$61k down at all express sites. Forest park did a lot of direct shipments
- Gross inventory down 6.6% compared to end of 2018



Duraco Cost Savings 2019- Specialty tapes



Smart Ventures - Logistics



Supply Chain Project Update (1/2)

- Have concluded all UPS parcel analytics for the Project.
- Sutton Transport is now fully implemented and savings are being monitored daily/weekly.
- Have finalized agreement with AAA Cooper Transportation for the South region (South Central, Southeast, Southwest) and held initial meeting between AAA Cooper sales team and Duraco Supply Chain team.
- 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.
- Have advised Stephen at Essentra that the intent is to keep Duraco small parcel with UPS (Essentra Agreement until 2022); will need to work out payment arrangements with them.
- Have secured a quote from Dynamex for the Rush-Same Day business ex-Forest Park, IL, and comparing with SD Direct rates.
- Participated in the Infor TMS demo for Duraco. It has the functional ability to meet Duraco shipping requirements. However, SmartVentures would recommend that the fees for integration with carriers be negotiated out of the implementation costs with the vendor.
- 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.



Supply Chain Project Update (2/2)

TO DO PROJECT ACTIONS:

- Finalize and Implement Fusion Transport for LTL services
- Finalize Same Day Business out of Forest Park, IL
- Finalize SOP template for Duraco Supply Chain team to implement
- Finalize Draft Shipping Policy and Procedures for Duraco

Savings are being seen on the switch to Sutton Transport of almost \$100.00 per BOL in many cases with shipments to/from IL and WI

Known Estimated Cost Improvements

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

•Need to understand potential customer impact



Financial Review



EBITDA Definition

		Act	tual	
	YTD June	July	August	September
Reported Bank EBITDA	4,301	784	999	924
IT TSA Costs		(41)	(41)	(41)
Other TSA Costs		(57)	(57)	(57)
Warehouse Rent				
Adjusted Bank EBITDA	4,301	686	901	826
Other Standalone Costs				
IT		(30)	(15)	(15)
Inside Sales Manager		(11)	(9)	(9)
Finance		(3)	(3)	(3)
Indicative EBITDA	4,301	643	874	799

	Forecast	
July	August	September
784	814	801
(41)	(41)	(41)
(57)	(57)	(57)
	27	27
686	743	730
(30)	(15)	(15)
(11)	(9)	(9)
(3)	(3)	(3)
643	716	703

Plan											
YTD June	July	August	September								
4,023	944	1,098	907								
4,023	944	1,098	907								
4,023	944	1,098	907								

	YTD	
Actual	F2	Plan
7,008	6,700	6,972
(123)	(123)	-
(171)	(171)	-
6,714	6,406	6,972
(61)	(61)	_
(28)	(28)	-
(8)	(8)	-
6,618	6,310	6,972

YTD Var t	o PL	FY	'
Actual	F2	F2	Plan
308	36	8,950	9,70
-	(123)	(246)	-
-	(171)	(342)	-
		134	-
308	(258)	8,496	9,70
		-	-
		-	-
-	(61)	(121)	-
-	(28)	(28)	-
-	(8)	(16)	-
		-	-
308	(354)	8,331	9,70

FY		
	Plan	FY Var
50	9,706	(756
46)	-	(246
42)	-	(342
34	-	134
96	9,706	(1,209
	-	
	-	
21)	-	(121
28)	-	(28
16)	-	(16
	-	
31	9,706	(1,374

Management Discussion:

Adjusted Bank EBITDA

- Duraco will begin presenting a new EBITDA measure on all internal financial reports beginning in October. This is intended to better represent the future EBTIDA as they are proxies for standalone costs.
- It will be bank EBITDA TSA costs.

Indicative EBITDA

- Further reduces Adjusted Bank EBITDA to account for standalone costs that are not included in Adjusted bank EBITDA.
- FY EBITDA shortfall to plan is \$1.37m due to lower volume and incremental headcount not included in the plan (CFO, VP of Sales, additional commercial heads)



^{**}YTD June has already been burdend with BDO QOE standalone costs.

^{**}Plan has already been burdened with BDO QOE standalone costs.

Summary P&L – Sept 2019

\$'000	M	TD		Var (Fcs	t)	Bud	MTD		Var (B	ud)	PY MT	D	Va	r (PY)			YTD		TTM
	Act	F	cst	\$	%	-	Act	\$		%	Act		\$	%	Act		Fcst	Bud	\$
Gross Revenue	\$ 3,523	\$	3,384 \$	139	4.1%	\$	3,661	\$ ((139)	(3.8%) \$	3	335	\$ 187	5.6%	31,36	4 \$	31,125	\$ 33,004 \$	41,995
Net Revenue	3,503		3,376	127	3.7%		3,654	((151)	(4.1%)	3	407	96	2.8%	31,23	6	31,002	\$ 32,933	42,063
Material	1,178		1,131	(47)	(4.2%)		1,225		47	3.8%	1	125	(53)	(4.7%)	10,50	16	10,450	\$ 11,150	13,824
DM %	33.6%		33.5%	(0)	(0.4%)		33.5%		(0)	(0.3%)	33	.0%			33.69	6	33.7%	\$ 0	32.9%
Labor	384		391	8	2.0%		382		(1)	(0.3%)		374	(10)	(2.6%)	3,55	9	3,576	\$ 3,705	4,867
DL %	11.0%		11.6%	0	5.5%		10.5%		(0)	(4.6%)	11	.0%			11.49	6	11.5%	\$ 0	11.6%
Other COGS	450		448	(3)	(0.6%)		428		(23)	(5.3%)		399	(51)	(12.8%)	4,01	.4	4,049	\$ 4,241	5,310
Total COGS	2,012		1,970	(42)	(2.1%)		2,035		23	1.1%	1	899	(113)	(6.0%)	18,08	:0	18,075	19,097	24,001
Gross Margin	1,491		1,407	84	6.0%		1,618	((127)	(7.9%)	1	508	(17)	(1.2%)	13,15	7	12,928	13,837	18,062
Gross Margin %	42.6%		41.7%				44.3%				44	.3%			42.19	6	41.7%	42.0%	515.1%
R&D	25		20	(4)	(21.5%)		20		(5)	(26.4%)		21	4	19.7%	22	9	219	209	293
Sales & Marketing	342		376	35	9.2%		335		(6)	(1.9%)		331	10	3.2%	3,04	1	3,119	3,312	3,940
Administrative	278		209	(69)	(33.1%)		134	((144)	(107.3%)		119	159	134.3%	1,54	1	1,474	1,346	1,893
Other Opex	-		-	-	0		-		-	0		-	-	0		-	-	-	2
Total Opex	644		605	(39)	(6.4%)		489	((155)	(31.8%)		470	174	36.9%	4,81	.1	4,812	4,867	6,128
EBITDA	847		798	48	6.1%		1,130	((283)	(25.0%)	1	038	(191)	(18.4%)	8,34	6	774,734	8,969	11,934
EBITDA %	24.2%		23.6%				30.9%				30	.5%			26.79	6	26.2%	27.2%	28.4%
Bank allowable EBITDA add-backs	77		-	77	0		(222)		299	(134.7%)		227)	304		(1,33	8)	(1,415)	(1,998)	(2,019)
Bank EBITDA	924		801	122	15.3%		908		16	1.8%		811	113	13.9%	7,00	18	6,700	6,971	9,915
	26.4%		23.7%				24.8%												
Adj. EBITDA	924		801	122	15.3%		908		16	1.8%		811	113	13.9%	7,00	18	6,700	6,971	9,915
Adj. EBITDA %	26.4%		12.1%				24.8%				23	.8%			22.49	6	21.6%	21.2%	23.6%
Net Income (Loss)	\$ 87	\$	(65) \$	152	(233.0%)	\$	676	\$ ((589)	(87.2%) \$		651	\$ (564)	86.7%	\$ 4,80	7 \$	4,513	\$ 5,263 \$	6,896

\$'000	M	TD	Variance	(Fcst)	Bud MTD	Variano	e (Bud)	PY MTD	Vari	ance		D		
	Act	Fcst	\$	%	Act	\$	%	Act	\$	%	Act	Fcst	Bud	\$
Opex Overview:														
Payroll (Payroll, OT, SS & Taxes, Temp \$	245	\$ 264	18	6.9%	\$ 225	(21)	(9.3%) \$	232 \$	14	5.8% \$	2,131 \$	2,142 \$	2,172	2,884
Benefits (Medical, Dental, Life, AD&D	42	46	4	9.4%	36	(6)	(16.2%)	39	3	8.4%	352	349 \$	347	474
Bonus	67	62	(5)	(8.3%)	31	(36)	(116.8%)	31	36	114.7%	378	376 \$	319	516
Marketing	104	79	(25)	(31.6%)	72	(32)	(43.8%)	97	7	7.7%	703	678 \$	702	750
Commissions	8	8	(0)	(0.6%)	8	(0)	(0.6%)	(28)	36	(129.3%)	82	82 \$	80	77
Travel and Entertainment	22	25	2	9.4%	17	(6)	(35.6%)	21	1	4.3%	158	181 \$	143	206
Rent and Facilities	-	27	27	100.0%	16	16	100.0%	16	(16)	(100.0%)	130	166 \$	176	178
Insurance	14	14	-	0.0%	3	(10)	(301.0%)	4	9	215.5%	69	69 \$	33	85
Professional Fees	81	6	(74)	(1186.6%)	6	(74)	(1186.6%)	3	78	2592.7%	117	45 \$	59	107
Utilities, Repairs, Maint. & Security	1	1	1	56.1%	3	3	83.7%	4	(3)	(85.1%)	31	33 \$	40	44
Office Supplies	5	4	(1)	(31.5%)	4	(1)	(31.5%)	2	3	130.3%	50	49 \$	46	61
IT	18	21	3	15.7%	21	3	15.7%	10	8	75.7%	227	233 \$	218	281
Bad Debt	8	3	(5)	(162.9%)	3	(5)	(162.9%)	10	(2)	(21.2%)	24	32 \$	35	25
Real Estate Taxes	13	13	(0)	(0.0%)	13	(0)	(0.0%)	10	2	22.9%	122	122 \$	122	155
Other Expenses	16	32	16	49.7%	31	14	46.8%	19	(2)	(13.0%)	236	255 \$	374	284
Total Opex \$	644	\$ 605 \$	(39)	(6.4%)	\$ 489 5	\$ (155)	(31.8%) \$	470 \$	174	36.9% \$	4,811 \$	4,812 \$	4,867	\$ 6,128

Management Discussion:

Revenue

- September net revenue is favorable to F2 forecast 3.7% and favorable to prior year September 2.8%
- YTD net revenue favorable 0.8% to F2, but remains behind plan.

COGS

- September GM is higher than forecast due largely to increased volume.
- Other COGS is higher than forecast due to inventory depletion partially offset by lower freight expense and spending across all departments.
- Compared to Plan, GM is lower due largely to lower volume and the impact of inventory depletion in the month (Plan had the benefit of an inventory build).

OPEX

 September OPEX is unfavorable to F2 forecast due to \$75k of recruitment fees, partially offset by lower express site rent and payroll costs.

EBITDA

• Bank EBITDA, including the recruitment add back, is \$122k higher than forecast and \$16k higher than plan.

Balance Sheet

		Sep-19		Varia	nce	_	Aug-19	S	ep-19	_	Varian	ce
\$'000	- 1	Act	г	\$	%		Act		Fcst		\$	%
Current Assets			П									
Cash and cash equivalents	\$	2,353	\$	430	22.4%	\$	1,922	\$	1,139	\$	1,214	106.5%
Short term investments		-	l	-	0		-		_		-	0
Accounts receivable, gross		6,181	l	463	8.1%		5,718		5,513		(668)	(12.1%)
Accounts receivable, reserves		(83)		(9)	11.5%		(74)		(83)		(0)	0.1%
Accounts receivable, net		6,098	l	454	8.0%		5,644		5,430		(668)	(12.3%)
Inventory, gross		5,655	l	(265)	(4.5%)		5,920		5,887		232	3.9%
Inventory, reserves		(953)		129	(11.9%)		(1,082)		(846)		107	(12.6%
Inventory, net		4,702	l	(136)	(2.8%)		4,838		5,041		339	6.7%
Prepaid expenses and other current assets		308		(120)	(28.1%)		428		341		33	9.7%
Current portion of deferred taxes		_	l	_	0		_		_		_	0
Other current assets		_	l	_	- 0		_		_		_	0
Total Current Assets	\neg	13,461	Т	628	4.9%		12,833		11,951		1,510	12.6%
Non-Current Assets												
Property, plant & equipment, gross		19.841	l	50	0.3%		19,791		20,183		342	1.7%
Accumulated depreciation		(7,524)	l	(85)	1.1%		(7,438)		(7,524)		0	(0.0%)
Property, plant & equipment, net		12,318	l	(35)	(0.3%)		12,353		12,660		342	2.7%
Identifiable intangible assets, gross		_	l	_	0		_		_		_	0
Accumulated amortization		(17,324)		(116)	0.7%		(17,207)		(17,324)		(0)	0.0%
Identifiable intangible assets, net		61,654	l	(84)	(0.1%)		61,738		61,621		(32)	(0.1%)
Deferred financing cost		- 01,007	l	(04)	0.170)						(02)	0.170
Other non-current assets		_	l	_	0		_		_		_	0
Total Non-Current Assets	-	73,971	\vdash	(119)	(0.2%)		74,091		74,281		310	0.4%
Total Assets	Ś	87,432	Ś	509	0.6%	Ś	86,923	Ś	86,232	Ś	(1,200)	(1.4%)
	Ť	67,432	7	303	0.076	-	80,323	-	80,232	,	(1,200)	(1.470)
Current Liabilities			l,									
Current portion of long-term debt		-	\$	- 070	0	\$		\$	_	\$	-	0
Line of Credit		891	l	279	45.6%		612		-		891	0
Accounts payable		1,905	l	(66)	(3.3%)		1,971		1,924		(19)	(1.0%)
Accrued liabilities		1,800	l	178	11.0%		1,622		1,703		97	5.7%
Accrued compensation		_	l		0		_		_		-	0
Income taxes payable		148	l	31	26.3%		117		26		121	460.8%
Other current liabilities		_	╙	-	0		-		_		_	0
Total Current Liabilities		4,744		422	9.8%		4,322		3,654		1,091	29.8%
Long-term liabilities			l									
Long-term debt less current maturities		42,474	l	-	0.0%		42,474		42,209		265	0.6%
Deferred income taxes		-	l	-	0		-		-		-	0
Other non-current liabilities		-		-	0		-		-		-	0
Total Long-Term Liabilities		42,474		-	0.0%		42,474		42,659		(185)	(0.4%)
Total Liabilities		47,218		422	0.9%		46,796		46,313		906	2.0%
Shareholders' Equity												
Common stock		39.007	l	_	0.0%		39,007		39.007		_	0.0%
Capital in excess of stated value		50,007	l	_	0.070		- 00,007		20,007		_	0.070
Retained earnings		1,206	l	87	7.7%		1,120		912		294	32.3%
Accumulated other comprehensive income		1,200	I	-	7.7%		1,120		312		2.54	32.370
Other equity transactions		_	l	_	0		_		_		_	0
Total Shareholders' Equity	-	40,214	\vdash	87	0.2%		40,127	_	39,919		294	0.7%
, , , , , , , , , , , , , , , , , , ,	_					_				_		
Total Liabilities and Shareholders' Equity	\$	87,432	\$	509	0.6%	\$	86,923	\$	86,232	\$	1,200	1.4%

Management Discussion:

- Cash difference is mainly due to timing as the payment of the LBC loan and the accumulated interest were paid on 9/30/2019 which falls into the October accounting period.
- Increase in A/R is mainly due to increase on sales compared to forecast for the last two months. Also, a small decrease in collections as 94.2% of the total A/R falls in the current categories compared to 96.9% in August 2019
- September inventory activity required a depletion of stocked finished goods to satisfy sales orders.
- Accrued liabilities includes accrual for income tax payables (21% Federal, 5% State). 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

\$'000

		YTD			Explanation of '	Variance		Variance Impact				
			Variance	One-Time /		Change in		Total Variance	YoY Impact	Annualized		
	Act	Forecast	B/(W)	Non-recurring	Timing	Run-rate	Other	B/(W)	B / (W)	Impact B / (W)		
Payroll (Payroll, OT, SS & Taxes, Temp Labor, Share Options)	\$ 2,131	\$ 2,142 \$	10	\$	- \$	10 \$	_	\$ 10	\$ 10	\$ 62.50		
Benefits (Medical, Dental, Life, AD&D & 401K	352.35	349.24	(3)	(3)	_		_	(3)	_	-		
Bonus	378.06	376.34	(2)	(2)	_		_	(2)	_	-		
Marketing	702.55	677.55	(25)			_		-	_	_		
Commissions	82.20	82.11	(0)	(0)	_	_	_	(0)	_	_		
Travel and Entertainment	157.79	181.32	24	24	- <u> </u>	<u> </u>	_	24	_	_		
Rent and Facilities	130.08	166.08	36			36	_	36	36	216		
Insurance	68.98	68.98	-		_	_	_	-	_	_		
Professional Fees	117.23	44.69	(73)	(73)	_	_	_	(73)	_	_		
Utilities, Repairs, Maint. & Security	31.41	33.21	2	2	_	_	_	2	_	_		
Office Supplies	50.19	48.92	(1)	(1)	_	_	_	(1)	_	_		
IT	226.53	233.43	7	7		_	_	7	_	_		
Bad Debt	24.37	31.53	7	7	_	_	-	7	_	_		
Real Estate Taxes	122.16	122.16	(0)	(0)	_	_	_	(0)	_	-		
Other Expenses	235.88	255.12	19	19		_	_	19	=	_		
Total Opex	\$ 4,811	\$ 4,812 \$	1	\$ (20) \$	- \$	46 \$	-	\$ 26	\$ 46	\$ 279		

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
- Increase in Marketing spending is just an over accrual for the month 9/19 not true spending
- Professional Fees: Recruiting Fees for search and hire. Inside Sales, IT Manager, Customer Service, and Executive Assistant. These were taken as an EBITDA addback.



One-time costs

\$'000												
		YTD				Explanatio	n of Variance				Variance Impact	
			Variance	One-Time /		Change in		Forecast (06/19 -	Forecast (07/10 -	Total Variance	YoY Impact	Annualized
	Act	Forecast	B / (W)	Non-recurring	Timing	Run-rate	Other	06/20)	06/20)	B / (W)	B / (W)	Impact B / (W)
Transaction Serives Agreement (TSA)	\$ 294 \$	294 \$	0	\$	0		-	\$ 785	\$ (25)	\$ 0	\$ 0	\$ 2
Opening Balance Sheet audit	-	5	5	\$	5	-	-	10		5	5	20
Asset Valuation Report	10	10	-	\$	-	-	-	40		-	_	_
ERP Implementation	_	-	-	\$	-	-	-	500		-	_	_
Website Build	_	-	-	\$	-	-	-	350		-	_	_
Data Analytics Platform	3	40	37	\$	37		-	123		37	37	148
IT System Upgrade	_	-	-	\$	-	-	-	300		-	_	_
Suppy Chain Specialist	60	60	-	\$	-	_	-	60		_	_	_
Pricing Specialist	_	-	-	\$	-	-	-		125	-	_	_
Sales Force Efficiency Specialist	65	60	(5)	\$	(5)	-	-	125		(5)	(5)	(20)
MOR Setup	_	25	25	\$	25	-	-	40		25	25	100
HR Specialist	107	100	(7)	\$	(7)	-	-	162		(7)	(7)	(27)
Interim CFO	171	187	16	\$	-	16	0	171		16	16	64
IT Specialist	22	20	(2)	\$	(2)	_	-	122	35	(2)	(2)	(9)
Recruitment of new personnel	9	88	79	\$	-	79	-	114		79	79	316
Marketing/product roadmap study	_	-	-	\$	-	_	-			_	_	_
Rebranding	15	40	24	\$	24	_	-	75		24	24	97
Other	_	-	-	\$	-	_	-			_	-	_

- \$

78 \$

0 \$

95 \$

2,977 \$

135 \$

173 \$

173 \$

ONE-TIME COSTS

Management Discussion:

- YTD includes one-time costs since Close
- HR specialist's work is winding down and will likely come in below original forecast.
- Forecast reductions from prior versions include
 - o TSA Financial reporting ending in October
 - o HR Costs, ERP Costs, Website Costs, Recruitment (using EBITDA add-backs)

757 \$

929 \$

173 \$



Total 1x Costs

691

Cashflow statement

		MTD		Varia	nce	PY-MTD	Varian	ce		YTD		Varianc	e	PY YTD	Varian	ice
\$'000		Act	Fcst	\$	%	Act	\$	%		Act	Fcst	\$	%	Act	\$	%
Cash flow from operations																
Net Income (Loss)	\$	87 \$	(65) \$	152	(233.0%) \$	- \$	87	0	\$	4,807 \$	4,513 \$	294	6.5% \$	- \$	4,807	
Depreciation, amortization and other		202	202	_	0.0%	_	202	0		1,816	1,816	0	0.0%	-	1,816	
Capitalized fees & expenses		_	_	_		_	_	0		_	_	_	0	_	_	
Gain (loss) on sale of fixed assets		_	_	_		_	_	0		_	_	_	0	_	_	
Non-cash interest expense		279	286	(7)	(2.5%)	_	279	0		896	904	(8)	(0.9%)	_	896	
Non-cash dividends		_	_	_		_	_			(2,702)	(2,702)	-	0.0%	-	(2,702)	
Deferred income tax		_	_	_		_	_			-	_	-		-	_	
Change in operating assets and liabilities:				_		_	_									
Accounts receivable		(454)	76	(531)	(693.9%)	_	(454)			(1,106)	(438)	(668)	152.7%	_	(1,106)	
Inventory		136	(35)	171	(489.2%)	_	136			786	447	339	75.9%	_	786	
Prepaid expenses and other current assets		120	23	97	425.7%	_	120			3,048	3,015	33	1.1%	_	3,048	
Accounts payable		(66)	46	(112)	(243.0%)	_	(66)			(1,051)	(1,032)	(19)	1.8%	_	(1,051)	
Accrued expenses		178	212	(34)	(16.2%)	_	178			305	658	(353)	(53.6%)	_	305	
Accrued income taxes		31	(28)	59	(210.2%)	_	31			(5,744)	(5,866)	121	(2.1%)	_	(5,744)	
Other changes in operating assets and liabilities		(32)	_	(32)		_	(32)			(26,484)	(26,451)	(32)	0.1%	_	(26,484)	
Other cash flow from operations		-	_	-		_	-			_				_		
Total Cash Flow from Operations	\$	480 \$	717 \$	(237)	(33.0%) \$	862 \$	(382)	(44.3%)	\$	(25,428) \$	(25,136) \$	(292)	1.2% \$	- \$	(25,428)	
Cash flow from investing																
Additions to property, plant and equipment	\$	(50) \$	(392) \$	342	(87.3%) \$	- \$	(50)		\$	1,853 \$	1,511 \$	342	22.7% \$	- \$	1,853	
Acquisitions of companies, net of cash acquired		_	- \$	_		_	-			_	_	_		_	· –	
Investment in intangibles		_	- \$	_		_	_			_	_	_		_	_	
Earnout payments		_	- \$	_		_	_			_	_	_		_	_	
Other cash flow from investing (goodwill)		_	- \$	_		_	_			_	_	_		_	_	
Total Cash Flow from Investing	\$	(50) \$	(392) \$	342	\$	- \$	(50)		\$	1,853 \$	1,511 \$	342	22.7% \$	- \$	1,853	
Cash flow from financing																
Proceeds from the issuance (repayment) of ST	\$	- \$	- \$	_	\$	- \$	_		\$	- \$	- \$	_	\$	- \$	_	
Proceeds from the issuance of debt		_	_	_		_	_			_	_	_		_	_	
Repayment of debt		_	(1,164)	1,164	(100.0%)	_	_			_	(1,164)	1,164	(100.0%)	_	_	
Capital lease		_	_	_		_	_			_	_	_		_	_	
Common stock issued (repurchased)		_	_	_		_	_			-	_	-		-	_	
Common stock cash dividends paid		_	_	_		_	_			-	_	-		-	_	
Preferred stock issued (repurchased)		_	_	-		_	_			_	_	_		_	_	
Other cash flow from financing costs		_	_	-		_	_			_	-	-		_		-
Total Cash Flow from Financing	\$	- \$	(1,164) \$	1,164	(100.0%) \$	- \$	-		\$	22,634 \$	21,470 \$	1,164	5.4% \$	- \$	22,634	
Effect of FX rates on cash and cash equivalents	\$	- \$	- \$	_	\$	- \$	_		\$	- \$	- \$	_	\$	- \$	_	
Net change in cash	\$	430 \$	(838) \$	1,269	(151.3%) \$	- \$	430		\$	(942) \$	(2,155) \$	1,214	(56.3%) \$	- \$	(942)	
Beginning cash	·	1,922	1,978	(55)	(2.8%)		1,922		•	20,473	20,528	(55)	(0.3%)	_	20,473 -	
Change in cash		430	(838)	1,269	(151.3%)	_	430			(942)	(2,155)	1,214	(56.3%)	_	(942) -	_
Ending cash	Ś	2,353 \$	1,139 \$	1,214	106.5% \$	- \$	2,353		Ś	19,531 \$	18,373 \$	1.158	6.3% \$	- \$	19,531	

Management Discussion:

- Cash flow from operations was lower than anticipated due largely to the higher A/R balance in the month partially offset by lower inventory
- Debt and interest payments were mistakenly forecast in September, which ended 9/28. Payments were made on 9/30 which is part of fiscal October



Debt Leverage Ratios

	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19	Jul 19	Aug 19	Sep 19	(Fcast) Oct 19	(Fcast) Nov 19	(Fcast Dec 1
BITDA Calculation												
Bank EBITDA	\$521	\$626	\$688	\$945	\$738	\$784	\$784	\$999	\$924	\$1,097	\$679	\$
TTM Bank EBITDA	\$9,631	\$9,792	\$9,919	\$9,994	\$9,926	\$9,886	\$9,721	\$9,803	\$9,915	\$9,808	\$9,566	\$9
Charge Coverage Ratio (Section 6.1)												
Bank EBITDA	\$521	\$626	\$688	\$945	\$738	\$784	\$784	\$999	\$924	\$1,097	\$679	ç
- Unfinanced Capital Expenditures	88	88	88	88	88	88	-	-	49	320	-	
- Management Fees paid or incurred	-	-	-	-	-	-	-	-	-	-	-	
- Income/franchise taxes paid or incurred	-	-	-	-	-	-	35	82	31	(23)	(72)	
- Restricted Distributions paid in cash	-	-	-	-	-	-	-	-	-	-	-	
- Contingent Purchase Price Obligations paid in cash		-	-	-	-	-	-	-	-	-	-	
Operating Cash Flow (Numerator)	\$433	\$538	\$600	\$857	\$650	\$696	\$749	\$917	\$844	\$800	\$751	
Net Cash Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$18	\$294	\$299	\$279	\$294	\$284	
Regularly scheduled principal payments	-	-	-	-	-	-	-	-	-	-	-	
Fixed Charges (Denominator)	\$ -	\$ -	\$ -	\$ -	\$ -	\$18	\$294	\$299	\$279	\$294	\$284	
TTM Numerator	\$9,070	\$9,186	\$9,268	\$9,298	\$9,185	\$9,100	\$8,942	\$8,986	\$9,062	\$8,701	\$8,574	\$8
TTM Denominator		-	-	-	-	18	313	611	890	1,184	1,469	2
Fixed Charge Coverage Ratio	N/A	N/A	N/A	N/A	N/A	496.53	28.60	14.70	10.18	7.35	5.84	
Covenant									1.10			
Status						Pass			Pass			- 1
Debt to EBITDA Ratio (Section 6.2)												
+ Outstanding amount of Revolving Loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
+ Outstanding Principal Balance - Term Loan	_	-	_	-	_	\$42,474	\$42,474	\$42,474	\$42,474	\$42,209	\$42,209	\$4
+ Outstanding Principal Balance - Other Debt	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
- Qualified Cash	_	-	-	-	-	(765)	(1,366)	(1,922)	(2,354)	(1,000)	(1,000)	
Bank Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$41,709	\$41,108	\$40,552	\$40,120	\$41,209	\$41,209	\$4
TTM Bank EBITDA	\$9,631	\$9,792	\$9,919	\$9,994	\$9,926	\$9,886	\$9,721	\$9,803	\$9,915	\$9,808	\$9,566	\$9
Leverage Ratio	N/A	N/A	N/A	N/A	N/A	4.22	4.23	4.14	4.05	4.20	4.31	
Maximum Permitted Total Debt to EBITDA Ratio for the defined period.									6.25			

Management Discussion:

- Fixed Charge Coverage Ratio is well above the minimum level required in the credit agreement for September.
 - It is also projected to be above the minimum in December.
- Total Debt to EBITDA ratio at the end of the year is projected to be 4.48. EBITDA would need to be \$11.3m to reduce the applicable margin at the first adjustment date. It needs to stay above \$8.4m to maintain the current applicable margin



13 Week Cash Forecast

13 Week Cash Flow Forecast	W/E	10/5/19	Act 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	1/4/20
Beginning Cash Balance		2,896,144	2,904,091	1,628,877	2,170,923	1,899,749	2,098,467	1,843,267	1,886,491	1,826,746	2,300,482	2,299,604	2,088,084	1,983,491	2,311,115	843,258
Total Cash Inflow	-	929.364	825.081	1.070.000	726,160	827.000	840.000	649.058	716,255	988,736	909.104	675,563	682,657	791,375	791.375	791,375
Total Cash limbw	-	323,004	020,001	1,070,000	720,100	027,000	040,000	048,000	110,200	300,730 ;	303,104 ;	070,000	002,007	191,010	791,070	191,010
Cash Outflow																
Accounts Payable		370,700	290,491	360,000	385,000	396,282	368,200	337,500	335,000	360,000	379,482	335,000	337,500	335,000	354,482	285,000
Payroll		267,000	264,986	70,000	297,000	70,000	297,000	70,000	305,000	70,000	305,000	70,000	310,000	70,000	310,000	70,000
Union Benefits		5,000	63,581	1,000	-	-	62,000	1,000	55	-	62,000	1,000	5,000	-	62,000	-
Non-Union Benefits		100	5,269	-	20,000	65,000	-		-	-	65,000		-	100	65,000	
401k		26,000	-	19,954	26,000	-	26,000	-	26,000	-	26,000		26,000	-	26,000	-
Taxes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CAPEX		114,860	51,769	-	65,000	-	240,000	-	30,000	-	-	320,000	-	2	-	
Term Loan Interest Payments		857,000	861,207	-		-	-						-	0	857,000	
Term Loan Payments		265,000	265,000	-	23	-	-	2	28			-	723	82	265,000	-
Revolver Interest Payments		1,670	1,701	-	20	-	-	2	2	-		-	-	92	-	-
Revolver Payments		-	-	-	-	-	-	-	-	-	-	-	-	194	-	-
Unused Line Fee Payments		35,000	9,031	-	-	-	-	~	*	- 1	-	-	-	· ·	11,000	-
OGC Quarterly Management Fee Payment		250,000	250,000	-	-	-	-	-		-	-	-	-	-	250,000	
One Time Costs		164,334	37,260	77,000	204,334	97,000	102,000	197,334	80,000	85,000	72,500	161,084	108,750	58,750	58,750	161,084
Total Cash Outflow	_	2,356,564	2,100,295	527,954	997,334	628,282	1,095,200	605,834	776,000	515,000	909,982	887,084	787,250	463,750	2,259,232	516,084
Weekly Cash Inflow/(Outflow)	-	(1,427,200)	(1,275,214)	542,046	(271,174)	198,718	(255,200)	43,224	(59,745)	473,736	(878)	(211,521)	(104,593)	327,625	(1,467,857)	275,291
2 Designed (17 green et al.) 2000 100 / 100 17 (200 100 100 100 100 100 100 100 100 100												- tourness to				
Ending Cash Balance		1,468,945	1,628,877	2,170,923	1,899,749	2,098,467	1,843,267	1,886,491	1,826,746	2,300,482	2,299,604	2,088,084	1,983,491	2,311,115	843,258	1,118,549
Outstanding Checks		(460,000)	(583,890)	(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	-	1,008,945	1,044,987	1,710,923	1,439,749	1,638,467	1,383,267	1,426,491	1,366,746	1,840,482	1,839,604	1,628,084	1,523,491	1,851,115	383,258	658,549

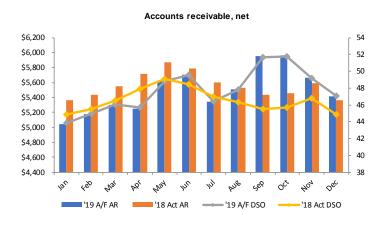
MANAGEMENT DISCUSSION

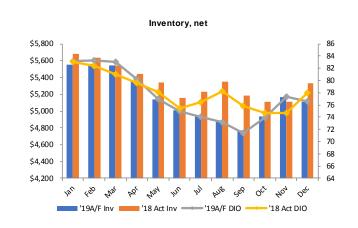
- . (w/e 10/5) Loan Payment Initial quarterly \$265K repayment of loan.
- (w/e 10/5) Loan Interest Initial quarterly \$857K interest payment.
- (w/e 10/5) Mgmt. Fee Initial \$250K quarterly management fee.
- (w/e 10/5) Capex \$51.6K payment on Converter machine modification.

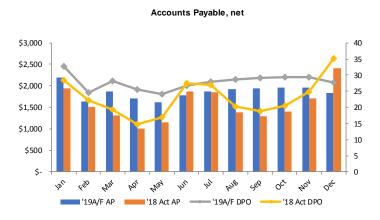
- (w/e 10/19) IT Projects Est. weekly cost to begin ERP conversion, Website Build and Systems upgrade.
- (w/e 10/19) Capex \$65K for new Air Compressor.
- (w/e 10/19) Payment for September TSA charges.
- . (w/e 11/2) Capex Initial \$240K payment for the Duplex Slitter machine cost.

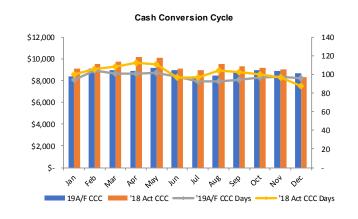


Working capital and cash conversion cycle







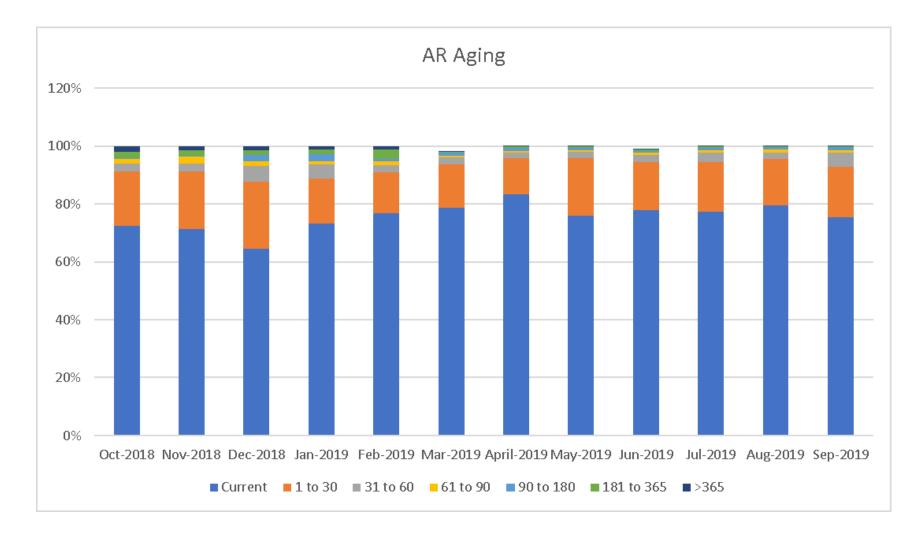


Management Discussion:

- '19 CCC has improved due largely to lower inventory balances and higher A/P partially offset by higher A/R
- Sales activity required a depletion of stocked finished goods to satisfy customer orders. Additionally, \$50K of goods shipped but not invoiced in August were invoiced in September
- A/P is higher due partially to one off restructuring costs which will not be at this level at this time next year. Team is working to track how much is in A/P each month to make sure we have a clean benchmark
- A/P is lower at the end of the year as there will not be an A/P hold; former parent held A/P at the end of each year



Accounts Receivable Aging



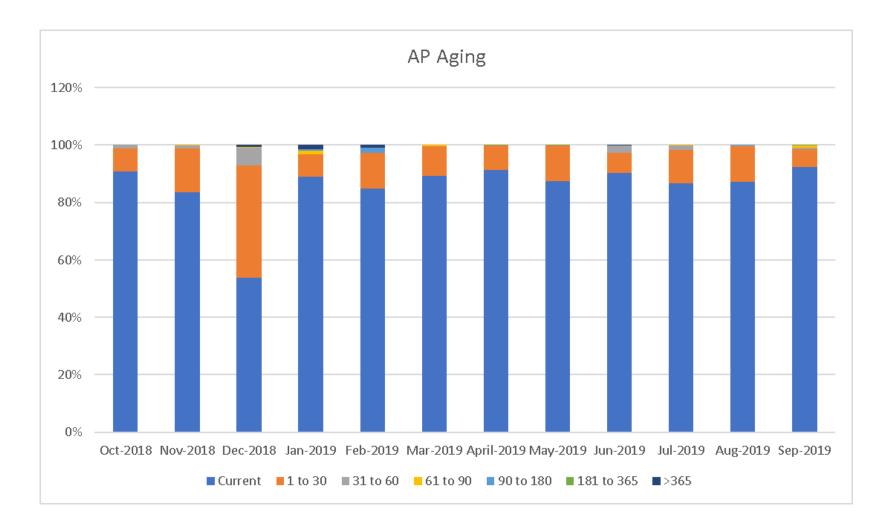
Management Discussion:

Accounts Receivable

- 94% of Invoices fall into the Current or 1 to 30 day aging buckets
- There is a total of 5,416 open invoices with 1,387 customer accounts and an average balance of \$4,652
- The average past due open balance is \$2,421 with 678 customers having debit past due balances
- Past due invoices from Ampac for \$30K and Essentra Packaging Puerto Rico for \$30K
- We believe that there was a small A/P hold by some of our customers at the end of the quarter. This should sort itself out in the first couple of weeks of October.



Accounts Payable Aging



Management Discussion:

Open A/P invoices

- 92% of open A/P invoices are current
- 4% are past due 1 to 15 days
- 2% are past due 16 to 30 days.



Working Capital

	;	2019	2019	September	2018
	Α	ugust	September	Fcast	December
Net Inventories		4,838	4,702	5,041	5,582
External Trade Receivables		5,644	6,098	5,430	4,977
External Other Receivables		428	308	341	182
External Trade Payables		(1,971)	(1,905) (1,924)	(2,957)
External Other Payables		(1,622)	(1,800) (1,703)	(1,495)
Net Working Capital	\$	7,317	\$ 7,402	\$ 7,184	\$ 6,290

Management Discussion:

Working Capital

- Inventory continues to hold at levels below forecast. September activity required a depletion of finished goods from inventory to satisfy sales orders thereby reducing it from August levels
- Accounts Receivable is increasing due to increase in sales for the last two months compared to forecast.
 There are slightly more past due invoices this month than normal, but we believe most of this was a small A/P hold at some of our customers.
- Significant increase in Other Receivables that is caused by the increase on General Insurance that is booked to prepaids.
- External Other Payables has increase on the accrual for Marketing Spending of \$98K and accrual for tax payable for \$147K



Information Systems and Technology



Status of Key IT Initiatives

Status Update: Project Details

				Annualize Impact	ed EBITDA : (\$MM)
Project	Status	Current Status & Next Steps	Timing	Projec ted	Actual
A. Infrastructure		 Office 365 established, with email roll-out completed. New primary Internet connection through AT&T has been delivered. Network separation staging tasks planned for October 14-15 as Essentra resources will be on-site. Additional email filtering (ProofPoint) being added. 	Q4 2019 Completion	N/A	N/A
B. ERP		 Moving ahead with Infor and their CloudSuite Industrial product. Licensing and implementation arrangement discussions are underway. Expecting project start in October. 	Q2 2020	N/A	N/A
C. Enterprise applications (other than ERP)		No new developments. CRM evaluation will occur in parallel with ERP evaluation.	Q2 2020	N/A	N/A
D. Telephony		More details being gathered around numbers that need porting and specific Customer Service/Inside Sales management needs.	Q4 2019	N/A	N/A
E. End-points		 Highly dependent upon network separation so that we can take responsibility for our own security profile and actively manage our computers. Hoping that separation can be accomplished earlier than planned. 	Q4 2109	N/A	N/A















Acquisitions and Other Transactions



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

Geography	Duine and Dua de ata			
	Primary Products	Est. Revenue	Est. EBITDA	Status
S				
US	Double Coated, Transfer, Tamper Evident Tapes	\$10M	\$1m	Submitted IOI. Expect response week of Oct 21
es				
US	Tapes, Rigid, Flexible, Converting	\$22M	NA	Call completed, waiting on NDA
US	Pressure Sensitive, Transfer, Finger-lift	\$10M	NA	Aaron following up with owner.
US	Tape and Cap Liner	\$15M	NA	Trying to contact owner.
US	Pressure Sensitive, Woven, Double Coated	\$15M	NA	Attempting to Penetrate
US	Rubber and Roam Gaskets	\$15M	NA	Attempting to Penetrate
Global	Seals, Gaskets, Films	\$200M	\$36M	NDA Signed
US	Converter	\$100M	\$15M	Teaser received, waiting for CIM.
portunities				
US	Converter /Distributor	\$22M	\$3M	Declined: Duraco management passed due to lack of synergies.
US	Converter	\$25M	\$3M	Deferred: Owner wants to complete an acquisition prior to selling
Mexico	Foam Gaskets, Molded Polyethylene	\$22M	\$2M	Duraco deferred: Not pursuing at this time
	US U	US Double Coated, Transfer, Tamper Evident Tapes US Tapes, Rigid, Flexible, Converting US Pressure Sensitive, Transfer, Finger-lift US Tape and Cap Liner US Pressure Sensitive, Woven, Double Coated US Rubber and Roam Gaskets Global Seals, Gaskets, Films US Converter portunities US Converter Mexico Foam Gaskets,	US Double Coated, Transfer, Tamper Evident Tapes US Tapes, Rigid, Flexible, Converting US Pressure Sensitive, Transfer, Finger-lift US Tape and Cap Liner \$15M US Pressure Sensitive, Woven, Double Coated US Rubber and Roam Gaskets Global Seals, Gaskets, Films \$200M US Converter \$100M portunities US Converter \$22M Mexico Foam Gaskets, \$22M	US Double Coated, Transfer, Tamper Evident Tapes US Tapes, Rigid, Flexible, Converting US Pressure Sensitive, Transfer, Finger-lift US Tape and Cap Liner \$15M NA US Pressure Sensitive, Woven, Double Coated US Rubber and Roam Gaskets Global Seals, Gaskets, Films \$200M \$36M US Converter \$100M \$15M Portunities US Converter \$22M \$3M Mexico Foam Gaskets, \$22M \$3M

Management Discussion of Near Term Opportunities:

Infinity Tapes

- David and Brad met 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
- Duraco believes that Infinity may have larger foothold in the growing transit packaging market
- Owner has engaged a banker. Has received 3 inbound approaches.
- Currently believe that \$1m of synergies is required to make the investment make sense.
- Management is exploring synergies and believe that a rooftop consolidation may be possible.
- · IOI submitted at \$6m.

Management Discussion of Declined or Deferred Opportunities:

Can-Do Tapes

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

Zone Enterprises

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

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

Management and Governance



Governance Organization

Board of Directors

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

Audit Committee

- Shawn Haghighi
- Paul Bridwell
- Brad Schechtman

2019 Auditors

- Baker Tilly
 - Yunis Altahami Partner

Anonymous Hotline

• Navex is live via Duraco.ethicspoint.com

Internal control & authority matrix

Brad and Vinay to review and update.

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



Legal, Governance, and Compliance

Legal Counsel

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

NAVEX

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

Governance Policies

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



Audit and Tax

Purchase Accounting

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

2019 Audit

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



Appendix



Sales Breakdown by Company and Segment

YTD Net Sales

Company	POP	White Goods	Industrial	Other	Total
61 - National	12,014K	3,458K	2,551K	1,407K	19,430K
62 - Midwest	2,285K		611K	743K	3,639K
64 - West	1,505K		281K	158K	1,944K
66 - East	2,295K		176K	425K	2,895K
67 - Southwest	715K		61K	133K	909K
International	551K	289K	461K	242K	1,543K
Total	19,365K	3,747K	4,140K	3,108K	30,360K

YTD Net Sales % of Total

Company	POP	White Goods	Industrial	Other	Total
61 - National	40%	11%	8%	5%	64%
62 - Midwest	8%		2%	2%	12%
64 - West	5%		1%	1%	6%
66 - East	8%		1%	1%	10%
67 - Southwest	2%		0%	0%	3%
International	2%	1%	2%	1%	5%
Total	64%	12%	14%	10%	100%

YTD Gross Margin

Company	POP	White Goods	Industrial	Other	Total
61 - National	6,690K	803K	704K	714K	8,912K
62 - Midwest	1,419K		302K	460K	2,182K
64 - West	798K		138K	100K	1,036K
66 - East	1,301K		109K	271K	1,681K
67 - Southwest	441K		36K	78K	555K
International	313K	188K	88K	165K	754K
Total	10,963K	991K	1,377K	1,789K	15,120K

YTD Gross Margin % of Total

Company	POP	White Goods	Industrial	Other	Total
61 - National	44%	5%	5%	5%	59%
62 - Midwest	9%		2%	3%	14%
64 - West	5%		1%	1%	7%
66 - East	9%		1%	2%	11%
67 - Southwest	3%		0%	1%	4%
International	2%	1%	1%	1%	5%
Total	73%	7%	9%	12%	100%

Management Discussion:



YTD Sales Breakdown by Customer Size and Segment

10111003003	YoY	Net	Sa	es	
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sales_tier	POP	White Goods	Industrial	Other	Total
<\$1,000	336K	5K	407 K	49K	79 7K
<\$1,000 - \$15,000	-142K	-9K	-32K	-97K	-280K
\$15,000 - \$50,000	-5 0 3K	25K	- 97 K	-61K	-63 7K
\$50,000 - \$100,000	-68K	-39K	23K	44K	-40K
\$100,000 - \$250,000	-46K	2 01 K	55K	-240K	-30K
>\$250,000	-569K	-612K	- 1 0 9K	-89K	-1,379K
Other	274K	12K	- 1 0 2K	755K	939K
Total	-716K	-418K	146K	36 1K	-628K

YoY % Change Total Sales

sales_tier	POP	White Goods	Industrial	Other	Total
<\$1,000	91%	319%	678%	24%	126%
<\$1,000 - \$15,000	-4%	- 28%	-5%	-26%	-6%
\$15,000 - \$50,000	-13%	18%	-10%	-17%	-12%
\$50,000 - \$100,000	-2%	- 100%	2%	17%	-1%
\$100,000 - \$250,000	-1%	48%	7%	- 78%	-1%
>\$250,000	-9%	- 17%	-29%	- 14%	-13%
Other	82 0 %	Infinity	-75%	125%	122%
Total	-4%	-10%	4%	13%	-2%

sales_tier	POP	White Goods	Industrial	Other	Total
<\$1,000	219K	1K	75K	26K	321K
<\$1,000 - \$15,000	-106K	-8K	-31K	-48K	-193K
\$15,000 - \$50,000	-343K	4K	-43K	-31K	-413K
\$50,000 - \$100,000	-77K	-6K	18K	19K	-46 K
\$100,000 - \$250,000	32K	23K	-47K	-94K	-86 K
>\$250,000	-284K	-184K	-45K	-46K	-560K
Other	128K	3K	-26K	489K	592K
Total	-432K	-167K	- 10 OK	3 15 K	-384K

YoY % Change in Gross Margin

sales_tier	POP	White Goods	Industrial	Other	Total
<\$1,000	84%	83%	183%	19%	73%
<\$1,000 - \$15,000	-5%	-47%	-8%	-21%	-7%
\$15,000 - \$50,000	-15%	8%	-10%	-19%	- 14%
\$50,000 - \$100,000	-5%	- 100%	6%	17%	-2%
\$100,000 - \$250,000	2%	36%	-33%	-77%	-4%
>\$250,000	-8%	- 18%	-47%	-15%	- 12%
Other	748%	Infinity	-57%	121%	127%
Total	-4%	-14%	-7%	21%	-2%





Full year outlook and consolidated P&L

\$'000	YT	D	Varian	ce	FY		Variand	ce	PY	Varian	ce
	Act	Bud	\$	%	Fcst	Bud	\$	%	Act	\$	%
Gross Revenue	\$ 31,364	\$ 33,004 \$	(1,640)	(5.0%) \$	41,905 \$	44,490	\$ (2,585)	(5.8%) \$	43,019 \$	(1,114)	(2.6%)
Net Revenue	31,236	32,933	(1,697)	(5.2%)	41,760	44,397	(2,636)	(5.9%)	43,590	(1,830)	(4.2%)
Material	10,506	11,150	644	5.8%	13,981	14,930	950	6.4%	14,523	(543)	(3.7%)
	33.6%	33.9%	0	0.7%	33.5%	33.6%			33.3%		
Labor	3,559	3,705	146	3.9%	4,836	4,941	104	2.1%	4,929	(93)	(1.9%)
	11.4%	11.3%	(0)	(1.3%)	11.6%	11.1%			11.3%		
Other COGS	4,014	4,241	227	5.4%	5,549	5,685	136	2.4%	5,505	43	0.8%
Total COGS	18,080	19,097	1,017	5.3%	24,365	25,555	1,190	4.7%	24,958	(593)	(2.4%)
Gross Margin	13,157	13,837	(680)	(4.9%)	17,395	18,841	1,446	7.7%	18,632	(1,237)	(6.6%)
Gross Margin %	42.1%	42.0%			41.7%	42.4%	0.8%		42.7%		
R&D	229	209	(20)	(9.6%)	294	281	(13)	(4.5%)	210	84	39.8%
Sales & Marketing	3,041	3,312	271	8.2%	4,484	4,401	(84)	(1.9%)	4,312	172	4.0%
Administrative	1,541	1,346	(194)	(14.4%)	2,269	1,789	(480)	(26.8%)	1,701	567	33.3%
Other Opex	***			0			mm:		(1)	1	(100.0%)
Total Opex	4,811	4,867	56	1.2%	7,057	6,471	(586)	(9.1%)	6,222	834	13.4%
EBITDA	8,346	8,969	(624)	(7.0%)	10,332	12,370	2,038	16.5%	12,410	(2,077)	(16.7%)
EBITDA %	26.7%	27.2%			24.7%	27.9%	3.1%		28.5%		
Bank allowable EBITDA add-back	(1,338)	(1,998)	660	(33.0%)	(1,415)	(2,664)	(1,249)	46.9%	(2,724)	1,309	(48.0%)
Bank EBITDA	7,008	6,971	36	0.5%	8,933	9,706	773	8.0%	9,686	(753)	(7.8%)
Adj. EBITDA	7,008	6,971	36	0.5%	8,933	9,706	773		9,686		
Adj. EBITDA %	22.4%	21.2%			21.4%	21.9%	0.5%		22.2%		
							0			45	
Net Income (Loss)	\$ 4,807	\$ 5,263 \$	(456)	(8.7%) \$	4,036 \$	7,303	3,268	44.7% \$	7,467 \$	(3,432)	(46.0%)
							U				

\$'000	YTD		Variance	e	FY		Varianc	e	PY	Varian	ce
	Act	Fcst	\$	%	Fcst	Bud	\$	%	Act	\$	%
Opex Overview:											
Payroll (Payroll, OT, SS & Taxes, Te \$	2,131 \$	2,172	41	1.9% \$	3,200 \$	2,910 \$	290	9.9% \$	3,038 \$	162	5.3%
Benefits (Medical, Dental, Life, ADI	352	347	(5)	(1.4%)	508	464	43	9.3%	449	58	13.0%
Bonus	378	319	(59)	(18.7%)	628	419	209	49.9%	440	189	43.0%
Marketing	703	702	(0)	(0.0%)	936	937	(1)	(0.1%)	888	48	5.4%
Commissions	82	80	(2)	(2.3%)	109	107	2	1.6%	97	11	11.7%
Travel and Entertainment	158	143	(14)	(10.1%)	258	191	67	35.0%	240	18	7.5%
Rent and Facilities	130	176	46	25.9%	263	241	21	8.8%	189	73	38.6%
Insurance	69	33	(36)	(110.4%)	114	44	70	158.8%	51	62	121.1%
Professional Fees	117	59	(58)	(97.7%)	65	80	(15)	(18.4%)	52	13	25.9%
Utilities, Repairs, Maint. & Security	31	40	8	21.1%	37	49	(12)	(25.2%)	45	(8)	(17.8%)
Office Supplies	50	46	(4)	(8.5%)	64	61	3	4.4%	50	14	27.9%
IT	227	218	(9)	(4.1%)	302	286	16	5.5%	225	77	34.0%
Bad Debt	24	35	11	30.6%	41	45	(4)	(8.0%)	20	21	102.0%
Real Estate Taxes	122	122	(0)	(0.0%)	163	163	(0)	(0.0%)	163	0	0.1%
Other Expenses	236	374	138	36.9%	360	473	(113)	(23.9%)	274	86	31.3%
Total Opex \$	4,811 \$	4,867 \$	56	1.2% \$	7,047 \$	6,471 \$	576	8.9% \$	6,222 \$	825	13.3%



Monthly P&L

r Q L																						
\$'000	1	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	F	Υ	FY	Var		PY	Var		ттм
		Act	Act	Act	Act	Act	Act	Act	Act	Act	Fcst	Fcst	Fcst	Fcst (9+3)	Fcst (RFC)	Bud	\$	%	Act	\$	%	\$
Gross Revenue	\$	3,449 \$	3,191 \$	3,326	\$ 4,235	\$ 3,246	\$ 3,282	\$ 3,650	\$ 3,461	\$ 3,523	\$ 4,462	\$ 3,295	\$ 3,024	\$ 42,144	\$ 41,905	\$ 44,489	\$ (2,345)	(5.3%)	\$ 43,019	\$ (875)	(2.0%)	\$ 41,995
Net Revenue		3,404	3,172	3,315	4,259	3,225	3,268	3,630	3,460	3,503	4,454	3,287	3,016	41,994	\$ 41,760	44,397	(2,403)	(5.4%)	43,590	(1,596)	(3.7%)	42,063
Material		1,182	1,095	1,096	1,484	1,091	1,049	1,200	1,130	1,142	1,471	1,076	984	14,001	13,981	14,930	(929)	(6.2%)	14,523	(523)	(3.6%)	13,788
		34.7%	34.5%	33.1%	34.8%	33.8%	32.1%	33.0%	32.7%	32.6%	33.0%	32.7%	32.6%	33.3%	33.5%	33.6%	38.7%	ľ	33.3%	32.7%		32.8%
Labor		458	365	330	442	372	382	444	382	384	474	393	393	4,819	4,836	4,941	(121)	(2.5%)	4,929	(110)	(2.2%)	4,867
		13.5%	11.5%	10.0%	10.4%	11.5%	11.7%	12.2%	11.0%	11.0%	10.6%	12.0%	13.0%	11.5%	11.6%	11.1%	5.0%	ľ	11.3%	6.9%		11.6%
Other COGS		420	387	406	551	423	416	543	417	487	575	445	480	5,550	5,549	5,685	(135)	(2.4%)	5,505	45	0.8%	5,346
Total COGS		2,061	1,848	1,833	2,478	1,887	1,848	2,187	1,929	2,013	2,520	1,915	1,858	24,376	24,365	25,555	(1,180)	(4.6%)	24,958	(583)	(2.3%)	24,001
Gross Margin		1,342	1,324	1,481	1,782	1,338	1,421	1,443	1,531	1,490	1,934	1,373	1,159	17,619	17,395	18,841	(1,223)	(6.5%)	18,632	(1,013)	(5.4%)	18,062
Gross Margin %		39.4%	41.8%	44.7%	41.8%	41.5%	43.5%	39.7%	44.2%	42.5%	43.4%	41.8%	38.4%	42.0%	41.7%	42.4%			42.7%			42.9%
R&D		32	22	19	31	26	23	25	27	25	27	27	22	304	294	281	23	8.1%	210	94	44.5%	293
Sales & Marketing		427	311	293	405	299	269	378	319	342	517	419	429	4,407	4,484	4,401	6	0.1%	4,312	95	2.2%	3,940
Administrative		170	156	123	178	128	141	181	186	278	294	249	252	2,335	2,269	1,770	565	31.9%	1,701	634	37.2%	1,893
Other Opex		_	_	_	_	_	_	_	_	_	_	_	-	-		-	_		(1)	1	(100.0%)	2
Total Opex		629	489	434	614	453	433	584	532	644	837	695	702	7,046	7,057	6,452	594	9.2%	6,222	823	13.2%	6,128
EBITDA		714	835	1,047	1,168	886	988	859	998	846	1,097	678	457	10,573	10,332	12,389	(1,817)	(14.7%)	12,410	(1,837)	(14.8%)	11,934
EBITDA %		21.0%	26.3%	31.6%	27.4%	27.5%	30.2%	23.7%	28.9%	24.2%	24.6%	20.6%	15.1%	25.2%	24.7%	27.9%	(2.7%)		28.5%			28.4%
Bank allowable EBITDA add-backs		(193)	(210)	(360)	(224)	(148)	(204)	(76)	_	77	_	_	_	(1,338)	(1,415)	_	(1,338)			(1,338)		(2,019
Bank EBITDA		521	626	688	945	738	784	784	999	924	1,097	678	457	9,240	8,933	12,389	(3,149)	(25.4%)	9,686	(446)	(4.6%)	9,915
																						1
Adj. EBITDA		521	626	688	945	738	784	784	999	924	1,097	678	457	9,240	8,933	12,389	(3,149)		9,686	(446)	(4.6%)	9,915
Adj. EBITDA %		15.3%	19.7%	20.7%	22.2%	22.9%	24.0%	21.6%	28.9%	26.4%	24.6%	20.6%	15.2%	22.0%	21.4%	27.9%	(5.9%)		22.2%			23.6%
Net Income (Loss)	\$	300 \$	575 \$	1,075	\$ 704	\$ 1,024	\$ 795	\$ 61	\$ 187	\$ 87	\$ (53)	\$ (168)	\$ (256)	\$ 4,330	\$ 4,036	\$ 7,279	\$ (2,949)	(40.5%)	\$ 7,467	\$ (3,137)	(42.0%)	6,896
\$'000														Fcst (9+3)	Fcst (RFC)	FY	Var	-	PY	Var	•	TTM
•		lan 10	Eab 10	Mar 10	Apr 10	May 10	lun 10	Iul 10	Aug 10	Con 10	Oct 10	Nov 10	Doc 10	Doc 10	Doc 10	lan 00		0/	Act	ė	0/	

\$'000														Fcst (9+3)	Fcst (RFC)	FY	Var		PY	Var		TTM
	Jan-19	Feb-19	Mar-19	Apr-19	May-1	.9 Jun-1	19 J	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Dec-19	Dec-19	Jan-00	\$	%	Act	\$	%	\$
Opex Overview:																						
Payroll (Payroll, OT, SS & Taxes, Temp	264	20	3 19	90 27	'1 2	212	221	273	252	245	395	326	337	3,190	3,200	\$ 2,970	\$ 219	7.4%	\$ 3,038	\$ 151	5.0%	2,884
Benefits (Medical, Dental, Life, AD&D	42	3	1 3	30	1	32	31	47	53	42	61	49	49	511	508	470	41	8.7%	449	61	13.7%	474
Bonus	45	3	3	32	10	32	32	40	52	67	96	78	79	630	628	408	222	54.5%	440	191	43.3%	516
Marketing	116	6	5	0 10)2	56	35	74	80	104	98	80	80	961	936	937	24	2.6%	888	73	8.2%	750
Commissions	11		3	8 :	.1	8	8	11	8	8	10	8	8	109	109	106	3	2.5%	97	11	11.8%	77
Travel and Entertainment	17	2) :	27 2	1.1	17	11	12	11	22	33	33	27	250	258	195	55	28.5%	240	10	4.1%	206
Rent and Facilities	15	1	7 :	.7	.7	17	17	27	3	-	27	27	27	211	263	248	(37)	(14.8%)	189	22	11.6%	178
Insurance	4		1	4	5	4	4	17	14	14	17	14	14	114	114	45	69	154.9%	51	62	121.1%	85
Professional Fees	6		7	1)	.1	3	3	4	4	81	8	6	6	138	65	81	56	69.6%	52	86	166.5%	107
Utilities, Repairs, Maint. & Security	6		7	3	8	2	3	2	0	1	1	1	1	35	37	45	(9)	(21.0%)	45	(10)	(21.8%)	44
Office Supplies	9		3	2	7	3	8	9	5	5	5	5	5	65	64	60	5	8.1%	50	15	30.5%	61
IT	19	4		.0 3	37	26	25	24	18	18	26	21	21	295	302	273	21	7.8%	225	70	30.9%	281
Bad Debt	10		2	4)	6	1	7	3	(9)	8	3	3	3	34	41	39	(5)	(12.2%)	20	14	66.9%	25
Real Estate Taxes	16	1	3 :	.3 :	.6	13	13	16	13	13	16	13	13	163	163	163	-	0.0%	163	0	0.1%	155
Other Expenses	49	2) :	2 2	1	28	16	26	29	16	41	32	32	341	360	414	(73)	(17.6%)	274	67	24.3%	284
Total Opex	\$ 629	\$ 48	9 \$ 43	4 \$ 61	4 \$ 4	153 Ś	433 Ś	584 Ś	5 532	\$ 644	\$ 837	\$ 695	\$ 702	\$ 7.046	\$ 7.047	\$ 6.452	\$ 594	9.2%	\$ 6.222	\$ 823	13.2%	\$ 6.128



Monthly EBITDA to Net Income (Loss) Bridge

		Jan		Feb	Mar		Apr	Ma	ay	Ju	ın	Ju	ıl	Α	ug	Se	ер	Oct	N	lov	De	c	FY	FY	Va	ar	PY	V	ar
\$'000	Α	ctual	Α	ctual	Actual	Α	Actual	Act	ual	Act	ual	Act	ual	Ac	tual	Act	ual	Forecast	Fore	ecast	Fore	cast	Forecast	Bud	\$	%	Act	\$	%
EBITDA - as reported	\$	714	\$	836	\$ 1,048	\$	1,168	\$	886	\$	988	\$	860	\$	999	\$	847	\$ 1,097	\$	678	\$ 4	457	\$10,578	\$12,389	\$(1,811)	(14.6%)	\$12,410	\$ (1,831)	(14.8%)
Depreciation and amortization		(205))	(204)	(204))	(197)	(198)		(169)	((236)		(202)		(202)	(202)		(202)	(2	202)	(2,421)	(2,553)	132	(5.2%)	(2,534)	112	(4.4%)
Interest and amortization		(0))	(1)	(4))	_		_		(18)	((294)		(299)		(279)	(294)		(284)	(2	294)	(1,768)	_	(1,768)		(8)	(1,760)	21163.3%
Other financial income/expense		(0))	(1)	(75))	(235)		337		4		0		(0)		5	_		-		-	35	_	35		(1)	36	(3980.3%)
Non-financial income/expense		36		10	3		(33)		(1)		6		-		-		-	_		-		-	21	_	21		_	21	
Monitoring fees (including expenses)		_		-	-		_		_		-		_		-		-	_		-		-	_	_	_		-	-	
Restructuring costs		-		-	-		_		-		(16)	(234)		(230)	(254)	(678)		(433)	(3	327)	(2,172)	_	(2,172)		-	(2,172)	
Non-recurring items		-		-	-		_		-		_		-		-		_	_		-		-	-	_	_		-	_	
Taxes		(244))	(64)	308		_		_		_		(35)		(82)		(31)	23		72		110	57	(2,557)	2,614	(102.2%)	(2,418)	2,475	(102.4%)
GAAP Net Income (Loss)	\$	300	\$	575	\$ 1,075	\$	704	\$ 1,	024	\$	795	\$	61	\$	187	\$	87	\$ (53)	\$	(168)	\$ (2	256)	\$ 4,330	\$ 7,279	\$(2,949)	(40.5%)	\$ 7,449	\$ (3,119)	(41.9%)

Management Discussion



Cost of Goods Sold Variance Analysis

Cost of Goods Sold Variance Analysis

September 2019

	 MTD	 QTD	Y	TD
Material Labor	1,225 382	3,955 1,230		11,140 3,705
Other COGS	428	1,398		4,241
COGS BUDGET	\$ 2,035	\$ 6,583	\$	19,087
Variances:				
Volume	(47)	(483)		(670)
Price	-	-		-
Other	-	- (1)		
Material	(47)	(483)		(670)
Volume	-	-		(147)
Price	-	-		-
Other	1	-		-
Labor	 1	-		(147)
Volume	-	28		(191)
Price	-	-		-
Other	23	-		-
Other COGS	23	28		(191)
COGS ACTUAL	\$ 2,012	\$ 6,128	\$	18,079

Management Discussion - MTD

- Material COGS: Lower material cost was due to lower actual sales than budget
- <u>Labor COGS:</u> Due to the static nature of the union labor force, actual costs came in at budget
- Other COGS: The budget projected an inventory build however there was a reduction in actual inventory levels



Monthly Balance Sheet

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	FY	PY
\$'000	Act	Act	Act	Act	Act	Act	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Act
<u>Current Assets</u>														
Cash and cash equivalents	2,444	2,848	3,254	2,635	1,943	765	1,366	1,922	2,353	1,316	1,283	586	586	2,688
Short term investments	_	_	_	_	_	_	-	_	_	_	_	-	_	
Accounts receivable, gross	5,033	5,320	5,285	5,221	6,020	5,386	5,291	5,718	6,181	5,738	5,584	5,252	5,252	5,66
Accounts receivable, reserves	(76)	(77)	(80)	(70)	(65)	(74)	(83)	(74)	(83)	(83)	(83)	(83)	(83)	(9
Accounts receivable, net	4,958	5,243	5,206	5,151	5,955	5,313	5,208	5,644	6,098	5,655	5,501	5,169	5,169	5,564
Inventory, gross	6,460	6,540	6,458	6,235	6,079	5,932	5,942	5,920	5,655	5,987	5,987	5,887	5,887	6,067
Inventory, reserves	(931)	(944)	(971)	(1,002)	(1,028)	(970)	(1,009)	(1,082)	(953)	(811)	(826)	(826)	(826)	(99
Inventory, net	5,529	5,596	5,487	5,233	5,051	4,963	4,933	4,838	4,702	5,176	5,161	5,061	5,061	5,070
Prepaid expenses and other current assets	222	149	83	86	88	128	396	428	308	317	300	192	192	4
Current portion of deferred taxes	5,612	5,579	5,583	5,797	5,797	5,797	5,797	5,797	5,797	5,797	5,797	5,797	5,797	
Other current assets	285	331	222	_	_	_	_	-	_	_	_	_	_	1,88
Total Current Assets	16,400	17,624	18,305	12,912	13,721	11,169	11,902	12,833	13,461	12,464	12,245	11,008	11,008	15,25
Non-Current Assets														
Property, plant & equipment, gross	21,877	21,898	21,895	21,348	19,784	19,791	19,791	19,791	19,841	20,503	20,503	20,503	20,503	21,797
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)	(8,747
Property, plant & equipment, net	12,964	12,896	12,806	12,686	12,604	12,524	12,438	12,353	12,318	12,894	12,809	12,724	12,724	13,050
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)	(16,16
Identifiable intangible assets, net	36,100	35,984	35,868	35,751	35,635	62,004	61,854	61,738	61,654	61,537	61,421	61,305	61,305	36,33
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	73,971	74,432	74,230	74,029	74,029	49,383
Total Assets	\$ 65,464	\$ 66,504 \$	66,979 \$	61,349 \$	61,960 \$	85,697 \$	86,195 \$	86,923 \$	87,432 \$	86,896 \$	86,475 \$	85,037	\$ 85,037	\$ 64,638
Current Liabilities			-		-			-	-					
Current portion of long-term debt	_	_	_	_	_	_	_	_	_	_	_	_	_	_
Line of Credit	_	_	_	_	_	19	313	612	891	294	578	_	_	_
Accounts payable	1,423	1,866	1,881	1,531	1,701	1,873	1,870	1,971	1,905	2,025	1,884	1,800	1,800	1,857
Accrued liabilities	1,646	1,604	1,301	1,289	1,390	1,451	1,447	1,622	1,800	1,766	1,743	1,796	1,796	1,879
Accrued compensation	1,040	- 1,004	-	-	-	-	-	-	-	-	-	1,700	1,700	1,07
Income taxes payable	6,136	6,200	5,892	_	_	_	35	117	148	125	53	(57)	(57)	5,645
Other current liabilities	-	-	- 0,002	858	_	_	_		-	-	_	(01)	(01)	0,040
Total Current Liabilities	9,205	9,669	9,074	3,679	3,092	3,343	3,666	4,322	4,744	4,210	4,258	3,540	3,540	9,380
Long-term liabilities	\$ -	\$ - \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$,	,	.,
Long-term debt less current maturities	_	· · ·	_	_	_	42,474	42,474	42,474	42,474	42,474	42,474	42,209	42,209	
Deferred income taxes					_	-	-	-	-	72,717	72,777	42,203	42,203	
Other non-current liabilities					_	_	_				_			
Total Long-Term Liabilities						42,474	42,589	42,474	42,474	43,174	42,874	42,409	42,409	_
Total Liabilities	9,205	9,669	9,074	3,679	3,092	45,817	46,254	46,796	47,218	47,384	47,132	45,949	45,949	9,380
	5,255	5,555	.,	5,010	5,552	,	10,201	,	,===	,	,	10,010	10,010	5,55
Shareholders' Equity				55.040	55.407	00.007	00.007	00.007	22.22	00.007	00.007	00.05=	20.5	
Common stock	-	_	-	55,013	55,187	39,007	39,007	39,007	39,007	39,007	39,007	39,007	39,007	
Capital in excess of stated value				_	_	_	_	_	_	-	_			
Retained earnings	56,259	56,835	57,905	2,657	3,681	873	933	1,120	1,206	1,153	985	729	729	55,25
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	40,214	40,160	39,992	39,736	39,736	55,257
Total Liabilities and Shareholders' Fauity	\$ 65.464	\$ 66 504 \$	66 979 \$	61 3/19 \$	61 960 \$	85 697 \$	86 195 \$	86 923 \$	87 /32 \$	87 544 \$	87 124 \$	85 685	\$ 85.685	\$ 64.638



Balance Sheet – Year on Year Comparison

	YT	D	Variance				
\$'000	CY	Dec-18	\$	%			
Current Assets							
Cash and cash equivalents	\$ 2,353	\$ 2,688	\$ (335)	(12.5%)			
Short term investments	-	-	-				
Accounts receivable, gross	6,181	5,661	520	9.2%			
Accounts receivable, reserves	(83)	(97)	14	(14.4%)			
Accounts receivable, net	6,098	5,564	534	9.6%			
Inventory, gross	5,655	6,067	(412)	(6.8%)			
Inventory, reserves	(953)	(991)	38	(3.8%)			
Inventory, net	4,702	5,076	(374)	(7.4%)			
Prepaid expenses and other current assets	308	47	261	556.7%			
Current portion of deferred taxes	_	_	_				
Other current assets	_	1,880	(1,880)	(100.0%)			
Total Current Assets	13,461	15,255	(1,795)	(11.8%)			
Non-Current Assets							
Property, plant & equipment, gross	19,841	21,797	(1,955)	(9.0%)			
Accumulated depreciation	(7,524)	(8,747)	1,223	(14.0%)			
Property, plant & equipment, net	12,318	13,050	(732)	(5.6%)			
Identifiable intangible assets, gross	_	_					
Accumulated amortization	(17,324)	(16,161)	(1,163)	7.2%			
Identifiable intangible assets, net	61,654	36,333	25,321	69.7%			
Deferred financing cost		_	_				
Other non-current assets	_	_	_				
Total Non-Current Assets	73,971	49,383	24,589	49.8%			
Total Assets	\$ 87,432	\$ 64,638	\$ 22,794	35.3%			
Current Liabilities							
Current portion of long-term debt	\$ _	\$ -	\$ -				
Line of Credit	891	_	891				
Accounts payable	1,905	1,857	49	2.6%			
Accrued liabilities	1,800	1,879	(79)	(4.2%)			
Accrued compensation	_	_	_	, ,			
Income taxes payable	148	5,645	(5,497)	(97.4%)			
Other current liabilities	_	_	_	(- ,			
Total Current Liabilities	4,744	9,380	(4,636)	(49.4%)			
Long-term liabilities							
Long-term debt less current maturities	42,474	_	42,474				
Deferred income taxes		_					
Other non-current liabilities	_	_	_				
Total Long-Term Liabilities	42,474	_	42,474				
Total Liabilities	47,218	9,380	37,838	403.4%			
	<u> </u>		,				
Shareholders' Equity	20.007		20.007				
Common stock	39,007	_	39,007				
Capital in excess of stated value				/a= a= ::			
Retained earnings	1,206	55,257	(54,051)	(97.8%)			
Accumulated other comprehensive income	-	-	-				
Other equity transactions	-	-	- (4= 04=)	(07.00)			
Total Shareholders' Equity	40,214	55,257	(15,044)	(27.2%)			
Total Liabilities and Shareholders' Equity	\$ 87,432	\$ 64,638	\$ 22,794	35.3%			



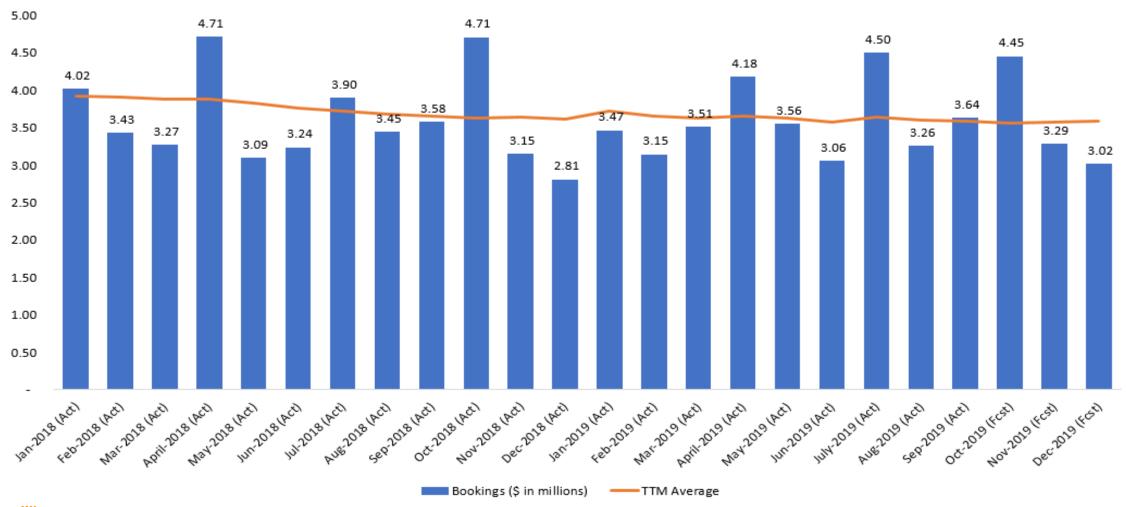
Monthly Cash Flow

Second parameter Second para		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	Varian	ce	PY	Va	riance
The sequence of the sequence o	\$1000	Act	Act	Act	Act	Act	Act	Act	Act	Act	Fest	Fest	Fest	Fest	Bud	\$	%	Act	\$	%
Companies 10	Cash flow from operations																			
Capillation land segentianes	Net Income (Loss)	\$ 300	\$ 575	\$ 1,075	\$ 704 \$	1,024 \$	795 \$	61 \$	187 \$	87 \$	(53) \$	(168) \$	(256)	\$ 4,330	\$ 7,303	\$ (2,973)	(40.7%)	\$ -	\$ 4,3	30
Sample process of the desirent section of the desirent	Depreciation, amortization and other	205	204	204	197	198	169	236	202	202	202	202	202	2,421	2,553	(132)	(5.2%)	-	2,4	21
Non-cash divined sperane 1	Capitalized fees & expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	ŀ	-		-
No colored incoments 20	Gain (loss) on sale of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	ŀ	-		-
Control per a personal paragram for a limitation Control per a limitation Control pe	Non-cash interest expense	0	1	4	_	-	18	294	299	279	294	284	294	1,768	-	1,768	ŀ	-	1,7	68
Account presenting parent and indicinites (1981) 1881 1882 1881 1882	Non-cash dividends	20	14	21	(1,190)	(1,564)	(2)	-	-	-	-	-	-	(2,702)	-	(2,702)	ŀ	-	(2,7	02)
Properties of the first securable 29 (286) 34 64 (804) (481) (Deferred income tax	-	-	-	_	_	_	-	-	-	-	-	-	-	-	_	ŀ	-		_
Investory 130 813 82 223 182 88 30 95 136 (474) 15 100 477 477 477 477 477 477 477 477 477 4	Change in operating assets and liabilities:																ŀ	s -		
Proping degreement and other current autent 1,11 1,42 1,14 1,1	Accounts receivable	29	(286	34	64	(804)	643	105	(436)	(454)	443	154	333	(176)	-	(176)	ŀ	-	(1	.76)
Accorded peptome 1,533 442 15 350 170 172 03 101 660 119 141 (841 1.156) - 1,156 - 1,1	Inventory	30	(81	82	223	182	88	30	95	136	(474)	15	100	427	-	427	ŀ	-	4	27
Accorded peptome 1,533 442 15 350 170 172 03 101 660 119 141 (841 1.156) - 1,156 - 1,1	Prepaid expenses and other current assets	(113)	(468	(421)	4,466	(880)	644	(268)	(33)	120		17	107	3,164	-	3,164	ŀ	-	3,1	.64
Accorded expersiones 151	Accounts payable	(1,533)	442		(350)	170	172	(3)		(66)		(141)			-	(1,156)	ŀ	-	(1,1	.56)
According former taxwes of Marke Processes and Habilities	Accrued expenses	151	(42	(303)	(12)	101	61		61	178	666	(324)	(147)		-		ŀ	-	5	01
Check Changes in operating sears and liabilities		244				_	_			31		(72)		(5,949)	-	(5,949)	ŀ	-	(5,9	49)
Color from operations Cash Flow from Operations S 667 S 024 S 049 S 0532 S 024, 331 S 023,864 S 601 S 556 S 480 S 1,165 S (33) S 040 S (23,856) S (33,712) (342,09) S S (23,856) S (33,712) (342,09) S S (33,856) S	Other changes in operating assets and liabilities	_	_	_	858	(858)	(26,451)	_	_	(32)		_	_		-	(26,484)	ŀ	-	(26,4	84)
Cash flow Prom Investing Additions to property, plent and equipment S (183) S (20) S 2 S 547 S 1,564 S (7) S - S 0 S [50) S (662) S - S - S 1,191 S - S 1,191 S - S 1,191 Additions to property, plent and equipment of consequence of		_	_	-			_	-	_	_	-	_	_	_	-	_	ŀ	-	,,-	
Addition to property, plant and equipment \$ (183) \$ (20) \$ 2 \$ 547 \$ 1,564 \$ (7) \$ - 5 0 \$ (50) \$ (662) \$ - 5 - 5 1,191 \$ 5 - 5 1,191 \$ -	Total Cash Flow from Operations	\$ (667)	\$ 424	\$ 404	\$ (932) \$	(2,431) \$	(23,864) \$	601 \$	556 \$	480 \$	1,165 \$	(33) \$	440	\$ (23,856)	\$ 9,856	\$ (33,712)	(342.0%)	s -	\$ (23,8	156)
Acquisitions of companies, net of cash acquired	Cash flow from investing																			
Investment in Intargelles	Additions to property, plant and equipment	\$ (183)	\$ (20)	\$ 2	\$ 547 \$	1,564 \$	(7) \$	- \$	0 \$	(50) \$	(662) \$	- ś	-	\$ 1,191	\$ -	\$ 1,191	ŀ	\$ -	\$ 1,1	.91
Earnest payments	Acquisitions of companies, net of cash acquired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	ŀ	-		-
Control of the reach flow from Investing (goodwill) Control of the Cash Flow from	Investment in intangibles	-	-	_	-	-	-	-	-	-	-	-	-	-	-	-	ŀ	-		-
Control of the reach flow from Investing (goodwill) Control of the Cash Flow from	Earnout payments	_	_	_	_	_	-	-	-	-	-	-	-	-	-	-	ŀ	-		-
Proceeds from the issuance (repayment) of ST \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$	Other cash flow from investing (goodwill)	-	_	-	-	-	-	-	-	-	-	-	_	-	-	_		-		-
Proceeds from the issuance (repayment) of ST	Total Cash Flow from Investing	\$ (183)	\$ (20	\$ 2	\$ 547 \$	1,564 \$	(7) \$	- \$	0 \$	(50) \$	(662) \$	- \$	-	\$ 1,191	\$ -	\$ 1,191		\$ -	\$ 1,1	.91
Proceeds from the issuance of debt	Cash flow from financing																			
Repayment of debt	Proceeds from the issuance (repayment) of ST	\$ -	\$ -	\$ -	\$ - \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	-	\$ -	\$ -	\$ -	ŀ	\$ -	\$.	i
Common stock issued (repurchased)	Proceeds from the issuance of debt	-	-	-	-	-	42,474	-	-	-	-	-	-	-	-	-	ŀ	-		-
Common stock issued (repurchased)	Repayment of debt	-	-	-	-	-	-	-	_	-	(1,137)	-	(1,137)	(2,274)	-	(2,274)	ŀ	-	(2,2	74)
Common stock cash dividends paid	Capital lease	-	-	_	_	-	_	-	-	-	-	-	_	-	-	-	ŀ	-		-
Preferred stock issued (repurchased) Other cash flow from Financing costs	Common stock issued (repurchased)	-	-	_	(235)	174	(16,180)	-	-	-	-	-	-	-	-	-	ŀ	-		-
Other cash flow from Financing costs	Common stock cash dividends paid	-	-	-	-	-	(3,600)	-	-	-	-	-	-	-	-	-	ŀ	-		-
Total Cash Flow from Financing \$ - \$ - \$ - \$ (235) \$ 174 \$ 22,694 \$ - \$ - \$ - \$ (1,137) \$ - \$ (1,137) \$ 20,360 \$ - \$ 20,36	Preferred stock issued (repurchased)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	ŀ	-		-
Effect of FX rates on cash and cash equivalents \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$	Other cash flow from financing costs	-	_	-	-	-	-	-	-	-	-	-	-	-	-	-	ŀ	-		-
Net change in cash \$ (850) \$ 404 \$ 406 \$ (619) \$ (693) \$ (1,177) \$ 601 \$ 556 \$ 430 \$ (634) \$ (33) \$ (697) \$ (2,306) \$ - \$ (2,306	Total Cash Flow from Financing	\$ -	\$ -	\$ -	\$ (235) \$	174 \$	22,694 \$	- \$	- \$	- \$	(1,137) \$	- \$	(1,137)	\$ 20,360	\$ -	\$ 20,360		s -	\$ 20,3	60
Beginning cash 3,295 2,444 2,848 3,254 2,635 1,943 765 1,366 1,922 2,353 1,719 1,686 3,295 - 3,295 - \$ 3,295 Change in cash (850) 404 406 (619) (693) (1,177) 601 556 430 (634) (33) (697) (2,306) - (2,306) - \$ (2,306)	Effect of FX rates on cash and cash equivalents	\$ -	\$ -	\$ -	\$ - \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	-	\$ -	\$ -	\$ -		\$ -	\$	
Change in cash (850) 404 406 (619) (693) (1,177) 601 556 430 (634) (33) (697) (2,306) - (2,306) - \$ (2,306)	Net change in cash	\$ (850)	\$ 404	\$ 406	\$ (619) \$	(693) \$	(1,177) \$	601 \$	556 \$	430 \$	(634) \$	(33) \$	(697)	\$ (2,306)	\$ -	\$ (2,306)		\$ -	\$ (2,3	(06)
	Beginning cash	3,295	2,444	2,848	3,254	2,635	1,943	765	1,366	1,922	2,353	1,719	1,686	3,295	-	3,295		-	\$ 3,2	.95
	Change in cash	(850)	404	406	(619)	(693)	(1,177)	601	556	430	(634)	(33)	(697)	(2,306)	-	(2,306)	ŀ	-	\$ (2,3	06)
		\$ 	\$ 2,848	\$ 3,254	1				1,922 \$	2,353 \$				4	\$ -		ŀ	\$ -		



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

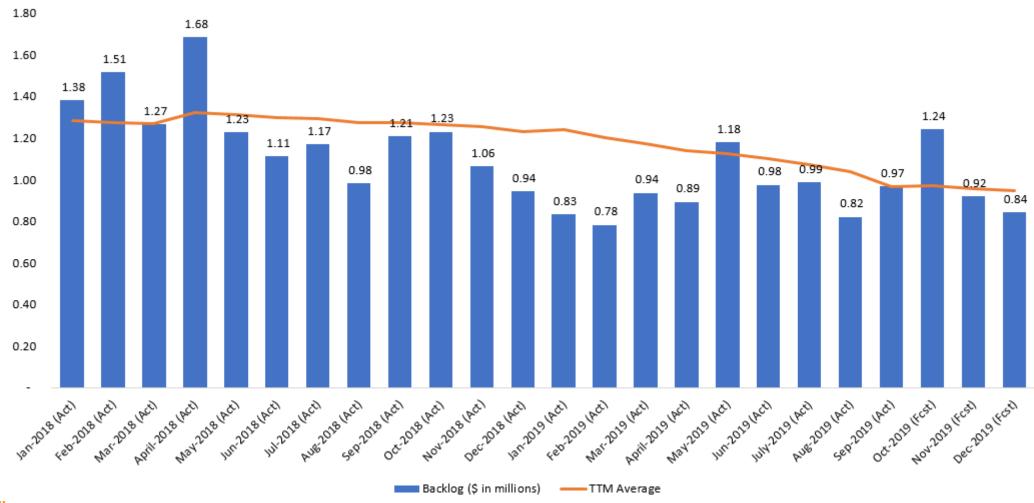
\$ in millions





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

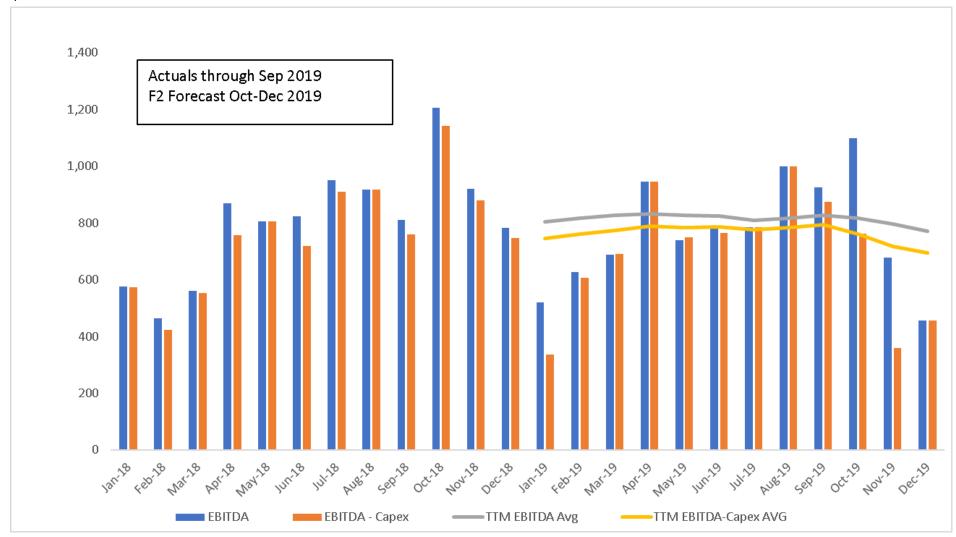
\$ in millions





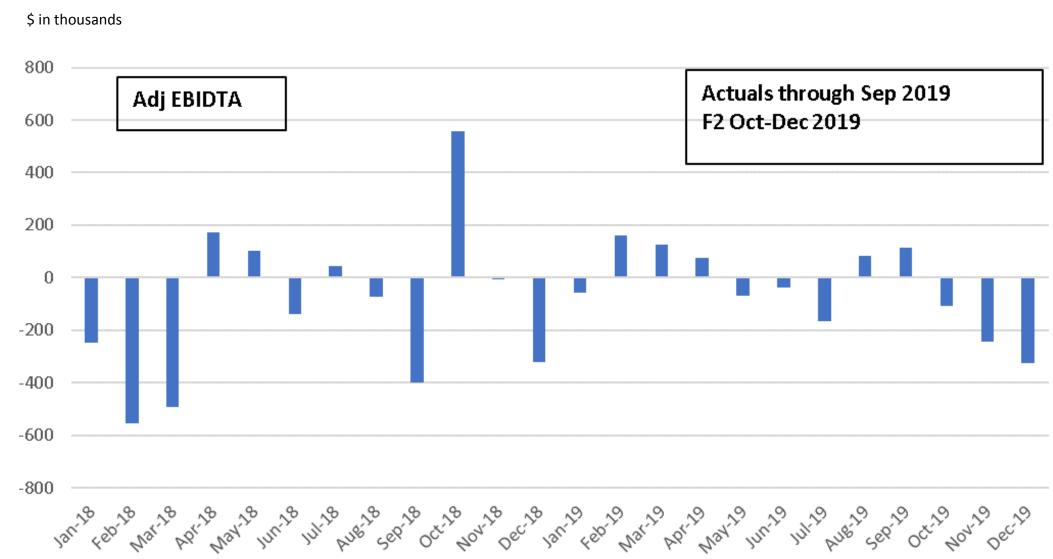
EBITDA and EBITDA-CapEx

\$ in millions





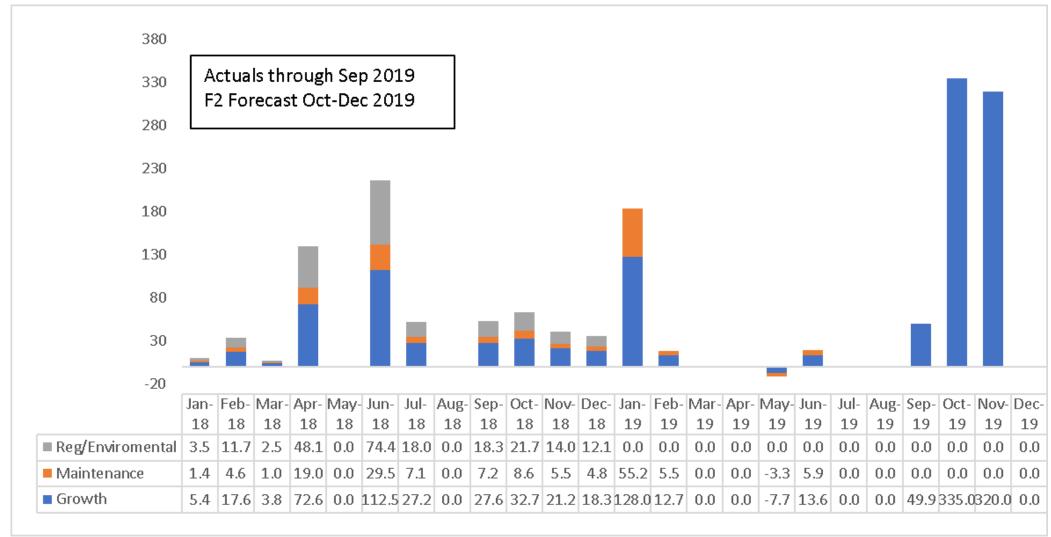
Y-o-Y \$ EBITDA Change





Capital Expenditures

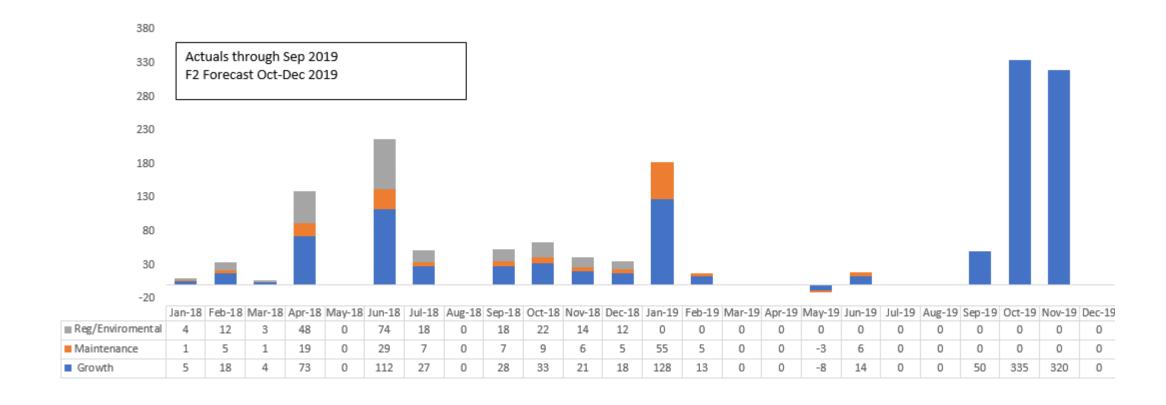
\$ in thousands





Capital Expenditures

\$ in thousands





Headcount Hires & Attrition

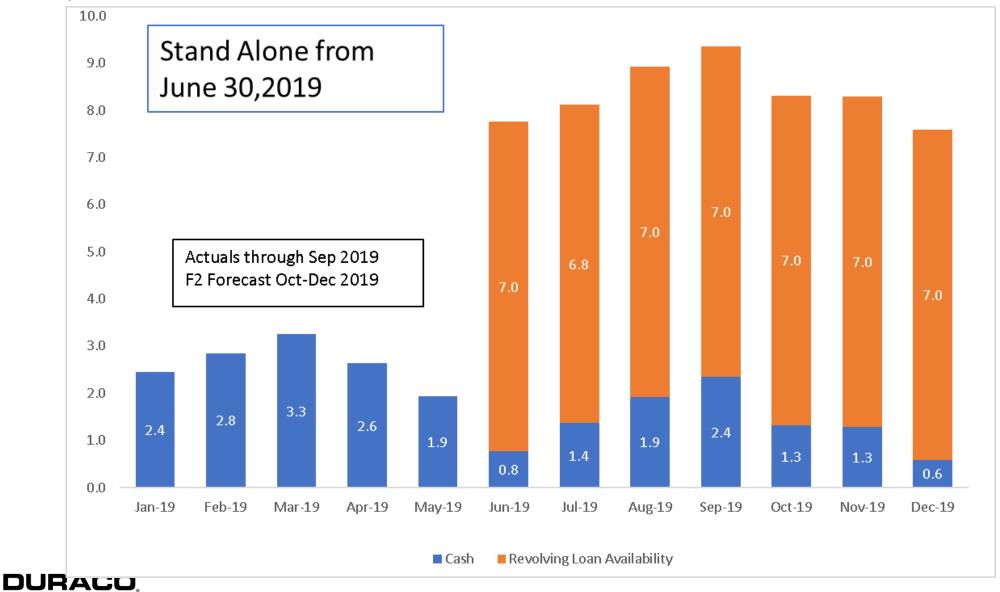
Functional Area	Start of Month	Hires	Involuntary Term	Voluntary Term	End of Month
Direct Labor	78	-	1	-	77
Operations - Hourly	7	-	-	-	7
Operations - Salary	20	-	-	-	20
Research & Development	2	-	-	-	2
Sales & Marketing	24	2	-	-	26
Administrative	8	2	-	-	10
Other	-	-	-	-	-
Agency FTE & Temps	-	-	-	-	
Total Headcount	139	4	1	_	142

Note: Turnover trend remains below monthly target of 1%



Liquidity Forecast





Comparable Sales by Customer Segment

September Monthly Net Revenue and Gross Margin

\$ millions, actual margins based on standard costs

	Net Revenue (\$m)						Gross Margin (\$m)						Product Gross Margin %				
				Fav / (Unfav) vs.						Fav / (Unfav) vs.						Fav / (Unfav) v	
	2019	2019	2018	2019	2018		2019	2019	2018	2019	2018		2019	2019	2018	2019	
	Actual	Budget	Actual	Budget	Actual		Actual	Budget	Actual	Budget	Actual		Actual	Budget	Actual	Budget	
POP	1.43	1.33	1.36	0.10	0.07		0.80	-	0.76	-	0.04		55.8%	-	55.9%	-	
Industrial	0.27	.32	0.25	(0.05)	0.02		0.06	-	0.09	-	(0.02)		22.8%	-	34.0%	-	
White Good	0.38	0.34	0.44	0.04	(0.06)		0.10	_	0.13	_	(0.03)		26.1%	-	30.3%	-	
Express Sites	1.08	1.10	1.03	(0.02)	0.05		0.63	-	0.59	-	0.03		58.1%	-	57.7%	-	
Other / Not assigned	0.19	0.29	0.17	(0.10)	0.02		0.11	-	.008	-	0.02		55.8%	-	48.5%	_	
Total Duraco	3.35	3.38	3.25	(0.03)	0.10		1.69	-	1.66		.04		50.5%	-	50.9%	-	

Management Discussion:

NEED TO WORK WITH STEVE TO VALIDATE MARGINS BY CUSTOMER

Will also work to change from GM to CM.



Fav / (Unfav) vs. 2019

2018

Actual

(0.1%)

(11.2%)

(4.2%)

0.4%

7.3%

(0.4%)

Headcount Trending by Month

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Direct Labor	78	78	77	77	78	78	78	78	77	78	78	78
Operations - Hourly	6	6	6	7	7	7	7	7	7	7	7	7
Operations - Salary	18	18	18	18	19	19	20	20	20	20	20	20
Research & Development	2	2	2	2	2	2	2	2	2	2	2	2
Sales & Marketing	23	22	23	23	24	23	24	24	26	31	31	32
Administrative	7	7	7	7	7	7	7	8	10	12	14	14
Other	-	-	-	-	-	-	-	-	-	-	-	-
Agency FTE & Temps	-	-	-	1	1	1	1	-	-	-	-	_
Total Headcount	134	133	133	138	138	137	139	139	142	150	152	153

Management Discussion

Roles Added by EOY:

- Sales: Inside Sales Manager, Customer Service/Inside Sales Rep (3 of 5 hired), Regional Sales Managers (2), VP Sales, Appliance Sales Rep
- Administrative: Staff Accountant, AP Specialist, AR Specialist, Senior Accountant, Executive Assistant/Office Manager (hired), IT Manager (hired)



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



Transit Packaging Dimensional Mailer

Overview

Product

4581 Dry Edge

Target Audience

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

Total Audience Reach:

• 7,429

CTA (Call to Action):

Request free samples

Messaging:

- Strength Reengineered 4481 on steroids
- Perfect for packaging, strong for overnight 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 Creative + Ads













