

Quazar Capital Corporation

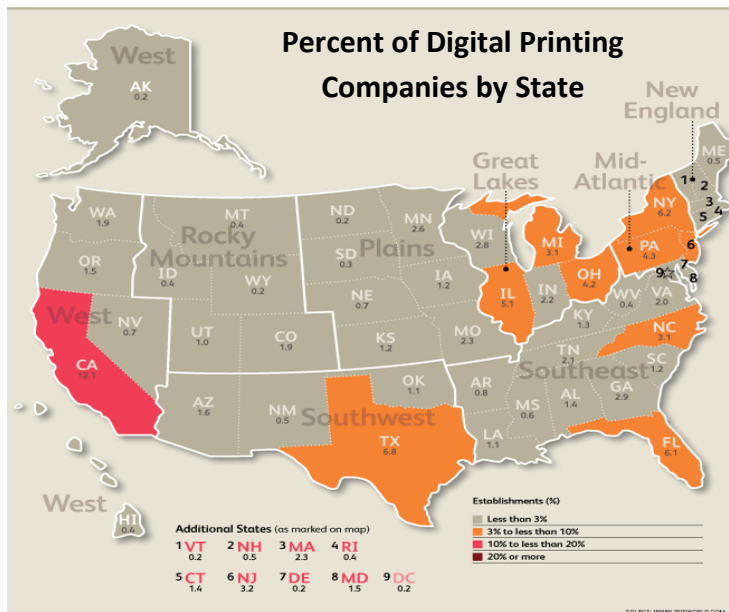
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Quazar Report – Digital Printing

Q2 2019

Executive Summary

Digital Printing is similar to photocopying; however, the process translates a digital file, instead of a physical document, directly to the printing equipment.¹ The U.S. Digital Printing Industry is comprised of over 6,800 businesses, with aggregated Revenue in excess of \$11 billion. The Industry includes companies that print labels and wrappers, financial and legal documents, catalogs and directories, magazines and periodicals, and advertisements. Throughout 2018, the Industry remained healthy, reflecting strong output and investments. Between 2017 and 2018, the industry demonstrated strong Revenue growth of 6.8% for the industry as a whole. Over the next five years, the number of establishments that primarily offer digital printing services is projected to increase at an annualized rate of 4.1% to 8,620 locations. Rising optimism coupled with strong output, has contributed to a more favorable outlook for the industry moving into 2019. Additionally, digital printers' greater ability to control unit costs will help maintain steady industry profit margins over the next five years.²



Key Trends/highlights

- HP Inc. announced HP Indigo digital printing inks are now certified for compostability in home and industrial. This is the latest in sustainability achievements allowing converters and brands to print smaller quantities, while helping to reduce inventory waste and improve their overall environmental impact.⁴
- Owens-Illinois Europe, is developing an ambitious plan for direct digital print on glass bottles, making beverage packaging runs customizable to individual consumers.³
- Over the 10 years to 2024, industry value added, which measures an industry's contribution to the overall economy, is expected to grow an annualized 3.7%. Meanwhile, GDP is projected to grow an annualized 2.1% during the same period, indicating that the industry's expansion is outpacing the overall US economy.²

Quazar Contacts

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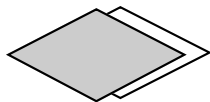
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1: "The Design Manual" By David Whitbread - 2009
2: IBIS World, "Digital Printing in the US" February 2019 – Devin McGinley
3: Pat Reynolds VP Editor Emeritus – Packworld.com – June 7, 2019
4: Whattheythink.com – Palo Alto Reporting Office – June 13, 2019



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Selected Transaction: The Bernard Group Acquires Hammer Direct



MINNEAPOLIS, MINNESOTA: Quazar Capital Corporation (quazarcapital.com) is pleased to announce that their Client, Hammer Direct, LLC, was acquired by The Bernard Group, Inc., a 100% Employee-owned Company (ESOP).

THE TRANSACTION: The Shareholders made the strategic decision to begin the process of finding a larger partner to bring in new leadership and help grow the business.

Quazar contacted a select group of potential buyers that would be a fit for Hammer Direct. The ESOP indicated an interest early on in the process and presented an offer to acquire Hammer Direct. The Partners appreciated the fact that the Buyer was a 100% ESOP and felt the transition would be a strong fit for the Company and its employees.

THE SELLER: Hammer Direct, LLC. – Hammer Direct (hammerdirect.com) was founded in 2002 by Kurt Johnson and Phlayne Anderson; Stephanie Hanson joined the Company as an equal Partner in 2005. The Company is a digital printing and mailing business headquartered in Minneapolis, MN, and provides direct mail, digital print and design, and fulfillment operations for their clients. Hammer Direct operates under the brands of PostcardBuilder, Printz, Printz Pro, and DirectMailTools.

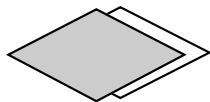
“We are confident that Hammer Direct will be in good hands with our new partner. We are excited to see the people that have helped build the Company continue to generate growth under new leadership, and we really feel that our new partner was the best avenue to help the Company and its employees achieve that growth.” –**Kurt Johnson, President of Hammer Direct**

THE BUYER: The Bernard Group, Inc. – The Bernard Group (thebernardgroup.com) is a 100 % Employee-owned visual merchandising and digital print company, headquartered in Minnesota. The Company serves some of the most prestigious retailers in the Consumer Products Industry and specializes in large and small format digital print and merchandising services for businesses across the United States.

About Quazar Capital Corporation

Quazar Capital Corporation (quazarcapital.com) is a Minnesota based Investment Banking Firm with nearly 30 years of experience confidentially helping privately held companies with Mergers & Acquisitions, Recapitalizations, and Financial Advisory Services. Quazar specializes in transitioning companies with EBITDA of \$2 - \$10 million.

Experienced Investment Bankers



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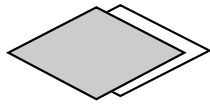
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Selected Transactions: Recent Industry M&A Activity

Announced Date	Target/Issuer	Total Transaction Value (\$USD million)	Buyers/Investors
04/04/2019	All Assets Associated With Image Printing Vending Kiosk Business Of Print Mates, LLC	0.30	Generation Next Vending Robots, Inc.
04/03/2019	Output Management Outsourcing Business of SC STAR STORAGE SRL	2.81	Inform Lykos Romania Ltd.
04/01/2019	Profoto Digital Services Pte. Ltd.	6.72	Teckwah Industrial Corporation Ltd (SGX:561)
03/28/2019	Kapolei Printing Plant at 4545 Kapolei Parkway	40.00	Tradewind Capital Group
03/27/2019	Print Business of Satavision Oy	0.45	PunaMusta Oy
03/20/2019	Managed Print Services Business Assets of Cynergistek, Inc. (AMEX : CTEK)	30.00	Vereco, Inc.
03/11/2019	Print Lab Pte Ltd	18.01	Times Publishing Limited
02/25/2019	Multi-Color Corporation (NasdaqGS:LABL)	2,575.94	WS Packaging Group, Inc.
01/17/2019	Kosaido Co., Ltd. (TSE:7868)	511.72	BJC-33 Co., Ltd.
12/07/2018	Substantially All Assets of Diverse Label Printing, LLC	7.20	Register Tapes Unlimited, Inc.; AutoMate Label Solutions, LLC
11/27/2018	Beijing Shengtong Printing Co., Ltd (SZSE:002599)	27.65	Time Publishing and Media Co., Ltd. (SHSE:600551)
11/16/2018	First Impression Labels Proprietary Limited	13.51	Hirt & Carter (Pty) Ltd.
10/08/2018	All Assets of Silk Screen Ink, Ltd.	12.00	TeeShirt Ink Inc.
09/26/2018	Screening Room Inc.	2.50	Oracle Corporation (NYSE:ORCL)
09/25/2018	Build A Sign LLC	274.19	Cimpress USA Incorporated

Source: Capital IQ

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Selected Transactions: Recent Industry M&A Activity (without disclosed value)

Announced Date	Target/Issuer	Buyers/Investors
06/10/2019	Snapfish, LLC	Apollo Global Management, LLC (NYSE:APO)
06/04/2019	Morgard Court LTD	Elagmore Partners
06/04/2019	Impact Print and Design Ltd	Orphans Press Ltd.
06/03/2019	Petro-Tech Printing Ltd.	Carbon Graphics Group
05/22/2019	Certain Assets Of Whirlwind Print Pty Ltd	CMYKhub Pty Ltd.
05/16/2019	Suncoast Print Solutions, Inc.	Premier Marketing Group, Inc.
05/14/2019	Cross & Hamilton Printers (Qld) Pty Ltd	Eckersley Print Group
05/06/2019	Alliance Printing & Publishing, Inc.	Corporate Document Solutions, Inc.
05/03/2019	Payne Printery, Inc.	Alcom Printing Group, Inc.
05/02/2019	UBS Printing Group, Inc.	WestRock Company (NYSE:WRK)
04/30/2019	WhiteWall Media GmbH	CEWE Stiftung & Co. KGaA (DB:CWC)
04/26/2019	Commercial Printing Arm of TBN Direct	Knepper Press Corporation
04/16/2019	Center of Zippy Print	Allegra Network LLC
04/15/2019	SAS Merico Delta Print	Paragon Group Limited
04/12/2019	Graphics Plus, Inc.	Blooming Color, Inc.
04/08/2019	Showcard Print Limited	Magnet Harlequin Ltd
04/03/2019	Security Print Solutions Limited	Authentix Limited
04/02/2019	Ferrari Color, Inc.	Signs.com, Inc.

Source: Capital IQ