



Michael Kaye

2019 YEAR IN REVIEW

2019 was another strong year for ClearLight. We were pleased to complete one new platform investment, several add-ons and one exit.

Continuing on our recent successes in franchising, we were delighted to make a new investment into Handel's Ice Cream, an operator and franchisor of premium ice cream shops. Many families and other customers already appreciate what we know to be true, that Handel's is on its way to becoming America's favorite place to have ice cream. We were also pleased to see our Orangetheory franchisee, Austin Fitness Group, complete add-on acquisitions to expand its scale and presence into new markets. In total, we are now operating over 60 Orangetheory studios across Arizona, Kansas, Oklahoma, Pennsylvania and Texas. Lastly, we exited our investment in Richardson, a leading provider of tech-enabled, enterprise sales training solutions to the Global 1000. We wish the talented Richardson team the very best of luck leading their organization under new ownership.

The private equity industry continues to evolve, but a constant for us has always been an excellent network of people that have helped us achieve great results in the numerous sectors in which we are invested.

Here's to a prosperous 2020 to you all. Many thanks for your past and future contributions!



"The private equity industry continues to change, but a constant for us has always been an excellent network of people that have helped us achieve great results..."

REFLECTIONS AND FAVORITE MEMORIES FROM THE PARTNERS



Josh Mack

"It was encouraging to build on some past successes by identifying new but related areas for investment while continuing to focus on partnering with great people."



Andrew Brennan

"2019 was another good year for ClearLight as we continued to invest in building and supporting great management teams. We will continue to pursue opportunities where we have the ability to form strong relationships and a shared vision with existing owners."



Joe Schmidt

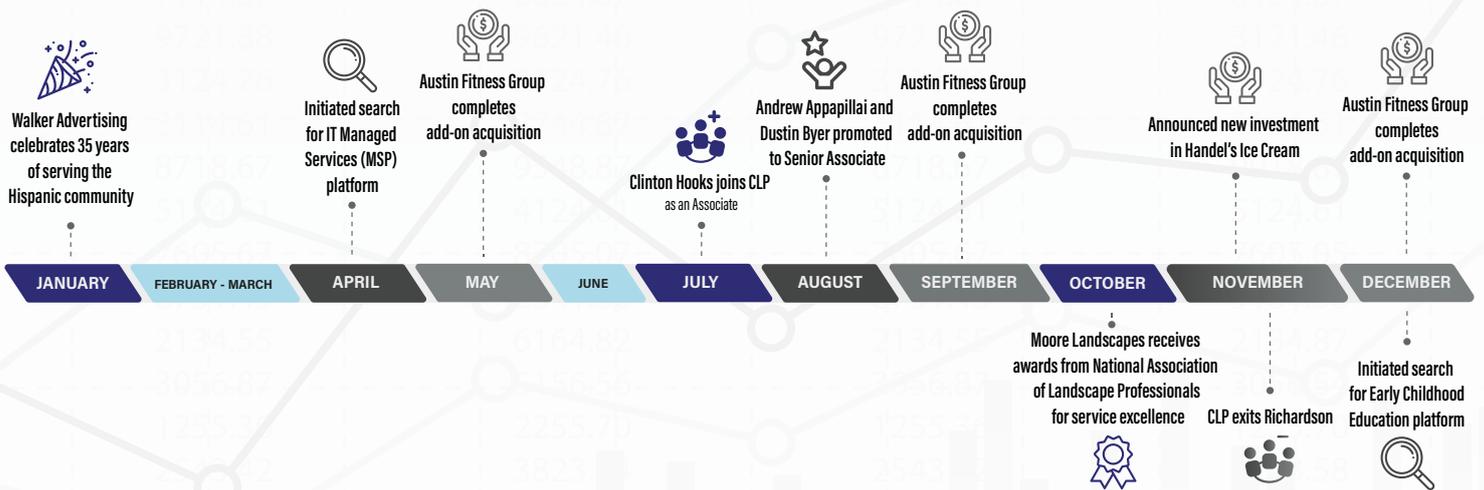
"As a former operator and entrepreneur, it's always great to help business owners think about when to sell, how to sell, how to pick a great partner and achieve their goals in a transaction."



Huy Dang Vu

"I enjoyed deepening my relationships within ClearLight's portfolio companies and helping to advance our capabilities within finance, IT and other arenas."

OUR NOTABLE ACCOMPLISHMENTS THROUGH THE YEAR



"It is wonderful how much can be done if we are always doing." - Thomas Jefferson

We were fortunate to enjoy some great wins during 2019 including welcoming a new team member, two internal promotions, one exit, one new platform investment, several add-on acquisitions and other important accomplishments within our portfolio companies. A lot of hard work led up to each of these highlights, so thanks to everyone involved. Heading into 2020, we feel well positioned to tackle the New Year's inevitable array of challenges.

HANDEL'S® HOMEMADE ICE CREAM SINCE 1945

DUE DILIGENCE FOR AN ICE CREAM DEAL IS HARD WORK, BUT SOMEONE'S GOTTA' DO IT



In November, ClearLight made a majority investment into Handel's Ice Cream, a franchisor of premium ice cream shops. Headquartered in Youngstown, Ohio, the Handel's story started in 1945 when Alice Handel began serving ice cream out of her husband's gas station. Alice's first batches were made using old fashioned recipes with fresh fruit she picked from her own backyard. Since then, Handel's has grown to include nearly fifty corporate and franchised locations in California, Indiana, Nevada, Ohio, Pennsylvania, Arizona, Utah, Texas and Oregon. The menu has also expanded and now includes over 100 flavors of homemade ice cream. All ice cream is made in the store, with batches made fresh daily at each location.



Founded in 1945



Over 100 flavors of homemade ice cream



Nearly 50 corporate and franchised locations



Voted the #1 ice cream in the world by National Geographic

THE CLEARLIGHT TEAM HAVING FUN



Dustin finding time for some R&R on the Colorado River while practicing good sun protection habits.



Oh, you thought I was joking about having a crawfish boil in So Cal?!



Ashtyn is all smiles after completing 5 Orangetheory workouts in 8 days.



No, that's not Bear Grylls, it's actually Kyle conquering glaciers on his trip to New Zealand.



Great to have Coty join us this year!



Did you know Lauren speaks five languages? Go ahead, try her.



Alexis and Turbo enjoying some time at the beach.



Clinton watching some amazing tennis at the U.S. Open.



Due diligence for an ice cream deal is hard work, but someone's gotta' do it.



If private equity ever becomes a contact sport, we're glad Jeff is on our team.



Cindy stepping outside of the office for a little fresh air and sunshine.



Alma's on top of the world on a sailboat off of Newport Coast.

CURRENT CLEARLIGHT INVESTMENTS



Austin Fitness Group
Austin, TX
Invested Sept. '18

Franchisee of Orangetheory Fitness studios

Paul Fredrick

Paul Fredrick
Baltimore, MD
Invested Dec. '17

Designer and direct-to-consumer retailer of men's apparel and related accessories



Handel's
Youngstown, OH
Invested Nov. '19

An operator and franchisor of premium ice cream scoop shops



United Tactical Systems
Chicago, IL
Invested Aug. '14

Provider of less lethal crowd control and self-defense products



Katzkin Leather Interiors
Montebello, CA
Invested June '07

Designer, manufacturer, and distributor of aftermarket leather interiors for automobiles and light trucks



Walker Advertising
Torrance, CA
Invested Aug. '15

Provider of marketing / advertising, & lead generation services for law firms



Moore Landscapes
Chicago, IL
Invested May '17

Provider of commercial landscape management and winter services

CLEARLIGHT'S CEO ALLIANCE PROGRAM

Are you an executive looking to work with a PE fund in 2020?

Some of our best investments started with a passionate executive and a thesis for an industry in which we could build a leading company together.

CALL US TODAY!

Is this you?

- EXPERIENCED, SENIOR EXECUTIVE (PRIOR GM / CEO-LEVEL EXPERIENCE)
- INDUSTRY EXPERIENCE IN TARGETED SECTOR
- PERSONAL PASSION, WITH GOALS THAT ARE ALIGNED TO THE CLEARLIGHT TEAM
- STRONG MIX OF IQ / EQ
- TRACK RECORD OF VALUE CREATION

ONGOING SECTORS OF INTEREST

As a refresher on our investment criteria, we continue to look for **founder or family-owned private companies generating at least \$3MM of EBITDA** and that are operating in industries with good growth prospects. While most sectors are eligible for us, we spend the majority of our time pursuing deals in the following general areas.

BUSINESS SERVICES

Business-to-Business (B2B) services

EDUCATION & TRAINING

Emphasis on early childhood education, brick-and-mortar operations and/or recurring training services and content



CONSUMER PRODUCTS & SERVICES

Branded consumer products, multi-unit retail not likely to be disrupted by the internet, and residential services

INDUSTRIAL TECHNOLOGY, SERVICES & SPECIALTY MANUFACTURING

High margin industrial products or route-based commercial / industrial services

CURRENT SECTORS OF PARTICULAR INTEREST

IT MANAGED SERVICES

Providers of outsourced IT support for small and medium-sized businesses w/ a preference for North-eastern-based companies generating at least \$250k of EBITDA.

A



EARLY CHILDHOOD EDUCATION

Private, multi-site pre-schools with at least 5 locations. Montessori, Reggio Emilia, Waldorf or other unaffiliated pedagogies are desired.

C



FRANCHISE BUSINESSES

Franchisors or franchisees operating within sectors with strong tailwinds. Our focus will be on franchisee-level unit economics and identifying systems with high AUVs, 4-wall EBITDA margins, same-store-sales growth and that offer a compelling return on investment.

B



EXPRESS CAR WASHES

Automated, tunnel-based operators with a multi-site presence and at least \$1-2MM of EBITDA. No restrictions on geography.

D



CHECK OUT OUR GROWING CONTENT LIBRARY FOR BUSINESS OWNERS



Why Private Equity Likes Founder and Family Owned Businesses



Franchisors vs. Franchisees: Why Private Equity Likes Both



How to Value a Private Company



How to Find an Investor for Your Business



Private Equity vs. Venture Capital: Similar but Mostly Different

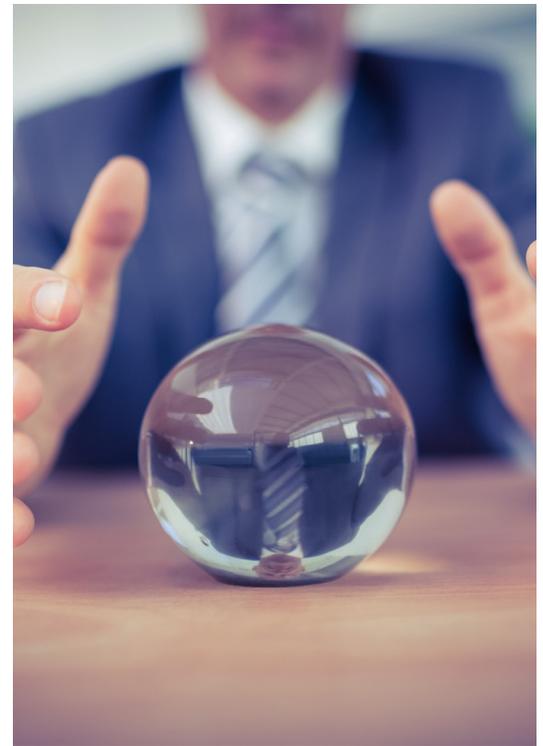


This is Why Culture Eats Strategy for Breakfast

TRENDS / PREDICTIONS FOR THE M&A BUSINESS IN 2020*

Mark Twain said, "Prediction is difficult – particularly when it involves the future." Case in point, several of us have been incorrectly predicting the next recession for the past several years. However, there are some trends we've been observing which could be glimpses into the future if they continue on their current trajectory. So, without future ado, here are some things we have our eye on for 2020:

- **Not all recurring revenue is created equal.** The deluge of new "aaS" acronyms continues with companies of all stripes retooling their revenue models to increase their valuations. Even movie theaters are selling all you can eat monthly memberships. Investors will start taking a closer eye at revenue to discern whether it is truly recurring or simply an attempt by sectors with lumpier sales to get in the as-a-Service game.
- **Non-tech investors grow more comfortable with technology.** As the world becomes ever more technology enabled, nearly every sector has begun adopting technology-driven systems and processes to optimize performance. This means that investors hoping to help create value in their portfolio companies need to have perspectives on the state of technology use and best practices for it. Also look for tech-enabled services deals to be the gateway for investors that have not previously pursued tech-related investments to get closer to technology plays.
- **Franchising is so hot right now.** Retail has been taking it on the chin, but many Amazon-proof consumer services businesses are doing just fine. We've been fortunate to be a part of some thriving franchised systems and are actively looking for ways to deploy more capital into the space. Great to see that a more established population of buyers has emerged for franchisors and franchisees alike to create for more certainty of a successful exit.
- **Investors start calling their shots.** The game of waiting for deals to find you is not a winning strategy in this market. Investors will start to get off of their heels and take a more thematic approach to producing differentiated deal flow. In the past year, we've initiated new theses within IT Managed Services (MSPs) and Early Childhood Education (Preschools).
- **A focus on culture is not going away.** Managerial themes ebb and flow, but it looks like the emphasis on creating good environments in which to work is here to stay. Perhaps companies are now concluding that financial success is, after all, an ensuing result of creating a cultural framework that enables high-quality teams to achieve as opposed to something that is pursued without regard for the softer side of how you get there. Funny how the simple presence of a ping pong table can telegraph that a company is paying attention to this topic.



* Any forward looking statements do not represent advice and should not be acted upon without proper investigation.

FOR ANY NEW INVESTMENT OPPORTUNITIES PLEASE CONTACT

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