

Clairvest Reports Fiscal 2021 Second Quarter Results

TORONTO, Nov. 12, 2020 -- Clairvest Group Inc. (TSX: CVG) today reported results for the fiscal 2021 second quarter and six months ended September 30, 2020 as well as material events which occurred subsequent to quarter end. *(All figures are in Canadian dollars unless otherwise stated)*

Highlights

- September 30, 2020 book value was \$868.5 million or \$57.67 per share versus \$893.0 million or \$59.27 per share as at June 30, 2020
- Net loss for the quarter ended September 30, 2020 was \$24.2 million or \$1.61 per share. For the six months ended September 30, 2020, net income was \$40.1 million or \$2.66 per share
- Digital Media Solutions (“DMS”), an investee company of Clairvest and Clairvest Equity Partners V (“CEP V”), completed its transaction with Leo Holdings Corp., becoming a publicly traded company on the NYSE
- NovaSource Power Services (“NovaSource”), an investee company of Clairvest and Clairvest Equity Partners VI (“CEP VI”), signed definitive documents with First Solar, Inc. (“FSLR”) to acquire its North American operations and maintenance business
- Subsequent to quarter end, Clairvest announced the addition of Anne-Mette de Place Filippini to its board of directors
- Subsequent to quarter end, Clairvest announced a \$5 special dividend payable on November 23, 2020 to shareholders of record as at November 9, 2020
- Subsequent to quarter end, Clairvest and CEP VI made a new equity investment in F12.NET, one of Canada's leading managed IT services providers

Clairvest’s book value was \$868.5 million or \$57.67 per share as at September 30, 2020, compared with \$893.0 million or \$59.27 per share as at June 30, 2020. The decrease in book value per share for the quarter was primarily attributable to net loss for the quarter of \$24.2 million, or \$1.61 per share, which resulted from net valuation changes in our private equity investment portfolio.

In July 2020, DMS completed its transaction with Leo Holdings Corp., becoming publicly traded on the NYSE under the symbol DMS. As part of the transaction, Clairvest and CEP V received cash proceeds of US\$8.2 million and US\$18.9 million respectively and 6,091,377 and 14,213,214 Class A common stock of DMS respectively, which in aggregate represents 34.6% of total outstanding shares of DMS. Clairvest and CEP V also received 276,653 and 648,524 publicly traded warrants (NYSE: DMS WS) respectively, which are convertible into Class A common shares at an exercise price of USD\$11.50 per warrant.

In August 2020, NovaSource signed definitive agreements with FSLR to acquire their North American operations and maintenance business. The transaction will be funded through a combination of third-party term debt and equity from Clairvest and CEP VI. The acquisition, which is on track to close during fiscal 2021, is subject to customary closing conditions, some of which already have been received. This transaction positions NovaSource as the leader in the growing solar O&M industry in terms of quality, capability, geographic reach and scale.

In October 2020, Clairvest announced a one-time special dividend of \$5.00 per common share, or \$75.3 million in aggregate. The dividend is an eligible dividend for Canadian income tax purposes. The dividend will be paid to common shareholders of record as at November 9, 2020 on November 23, 2020. As at September 30, 2020, cash and treasury investments, including those held at wholly-owned acquisition entities, was \$475 million, or \$31.58 per share.

In November 2020, Clairvest and CEP VI made a \$36 million equity investment in F12.NET, a leader in the Canadian managed IT services space. F12.NET provides comprehensive technology packages to small and medium enterprises across the country. Clairvest’s portion of the investment was \$9.7 million.

“Since June 2018, we have generated over \$400 million in cash proceeds from investment divestures, resulting in our cash balances becoming a significant portion of our book value. We looked closer at our capital needs and made a decision to return a portion of these wins to our shareholders in the form of a \$5 per common share special dividend,” said Ken Rotman, CEO of Clairvest. “We continue to be well capitalized to amply fund our CEP fund commitments and to help our portfolio companies navigate through this pandemic. We look forward to continuing the deployment of capital to our latest investment program in CEP VI. Since launching the CEP VI investment program nine months ago, we have made four investments and are encouraged by the various opportunities that we are seeing in our investment pipeline. While the pandemic has negatively impacted some of our investments, others are succeeding despite this difficult environment due to the efforts and creativity of the management team at Clairvest combined with the leadership at our portfolio companies, for which we are grateful.”

Summary of Financial Results – Unaudited

Financial Results	Quarter ended		Six months ended	
	September 30		September 30	
	2020	2019	2020	2019
(\$000's, except per share amounts)	\$	\$	\$	\$

Net investment gain (loss)	(24,615)	14,166	50,075	33,650
Net carried interest from Clairvest Equity Partners III and IV	121	1,695	(7,764)	3,939
Distributions, interest income, dividends and fees	8,015	12,422	19,157	18,975
Total expenses, excluding income taxes	11,503	10,509	17,790	33,697
Net income (loss) and comprehensive income (loss)	(24,234)	15,511	40,118	21,389
Basic and fully diluted net income (loss) per share	(1.61)	1.03	2.66	1.42

Financial Position	September 30, 2020	March 31, 2020
(\$000's, except share information and per share amounts)	\$	\$
Total assets	962,358	944,878
Total cash, cash equivalents and temporary investments	415,026	428,856
Carried interest from Clairvest Equity Partners III and IV	35,944	44,409
Corporate investments ⁽¹⁾	455,357	400,291
Total liabilities	93,813	107,463
Management participation from Clairvest Equity Partners III and IV	27,191	34,115
Book value ⁽²⁾	868,545	837,415
Common shares outstanding	15,061,801	15,075,301
Book value per share ⁽²⁾	57.67	55.55

⁽¹⁾ Includes carried interest of \$44,351 (March 31: \$14,453) and management participation of \$30,875 (March 31: \$10,893) from Clairvest Equity Partners V and VI.

⁽²⁾ Book value is a Non-IFRS measure calculated as the value of total assets less the value of total liabilities. The term book value does not have any standardized meaning according to IFRS and therefore may not be comparable to similar measures presented by other companies. There is no comparable IFRS measure presented in Clairvest's consolidated financial statements and thus no applicable quantitative reconciliation for such non-IFRS financial measure. The Company has calculated book value consistently for many years and believes that book value can provide information useful to its shareholders in understanding its performance, and may assist in the evaluation of its business relative to that of its peers.

Clairvest's second quarter fiscal 2021 financial statements and MD&A are available on the SEDAR website at www.sedar.com and the Clairvest website at www.clairvest.com.

About Clairvest

Clairvest Group Inc. is a private equity investor which invests its own capital, and that of third parties through the Clairvest Equity Partners ("CEP") limited partnerships, in businesses that have the potential to generate superior returns. In addition to providing financing, Clairvest contributes strategic expertise and execution ability to support the growth and development of its investee partners. Clairvest realizes value through investment returns and the eventual disposition of its investments.

Contact Information

Maria Shkolnik
 Director, Investor Relations and Marketing
 Clairvest Group Inc.
 Tel: (416) 925-9270
 Fax: (416) 925-5753
marias@clairvest.com

Forward-looking Statements

This news release contains forward-looking statements with respect to Clairvest Group Inc., its subsidiaries, its CEP limited partnerships and their investments. These statements are based on current expectations and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Clairvest, its subsidiaries, its CEP limited partnerships and their investments to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include general and economic business conditions and regulatory risks. Clairvest is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or otherwise.

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