

Clairvest Reports Fiscal 2020 Third Quarter Results

TORONTO, Feb. 11, 2020 -- Clairvest Group Inc. (TSX: CVG) today reported results for the fiscal 2020 third quarter and nine months ended December 31, 2019. *(All figures are in Canadian dollars unless otherwise stated)*

Highlights

- December 31, 2019 book value was \$863.3 million or \$57.19 per share versus \$790.3 million or \$52.35 per share as at September 30, 2019
- Net income for the quarter and for the nine months ended December 31, 2019 was \$73.0 million or \$4.84 per share and \$94.4 million or \$6.26 per share, respectively
- Clairvest and Clairvest Equity Partners V ("CEP V") completed the sale of their interest in GTA Gaming for cash proceeds of \$51.8 million
- Clairvest and CEP V rolled 100% of their equity interest in Accel Entertainment, Inc. ("Accel Entertainment") into the business combination of Accel Entertainment and TPG Pace Holdings Corp. ("TPG Pace")
- Top Aces, a portfolio company of Clairvest and Clairvest Equity Partners IV ("CEP IV"), completed an equity financing of \$100 million from new and existing investors
- Subsequent to quarter end, Clairvest and CEP IV completed the sale of their interest in County Waste of Virginia, LLC ("County Waste") for cash proceeds of US\$170.5 million
- Subsequent to quarter end, Clairvest and CEP V completed a US\$29 million minority investment in DTG Recycle
- Subject to the approval of the Toronto Stock Exchange, Clairvest's Board of Directors approved a new normal course issuer bid

Clairvest's book value was \$863.3 million or \$57.19 per share as at December 31, 2019, compared with \$790.3 million or \$52.35 per share as at September 30, 2019. The increase in book value per share for the quarter was primarily attributable to net income for the quarter of \$73.0 million, or \$4.84 per share. The net income for the quarter was primarily attributable to the various investment and divestiture transactions as articulated in this press release. For the nine months ended December 31, 2019, net income was \$94.4 million or \$6.26 per share.

In November 2019, Clairvest and CEP V completed the sale of their interest in GTA Gaming for cash proceeds of \$51.8 million. Clairvest's portion of the proceeds was \$15.5 million, compared to the cost and carrying value of \$9.0 million as at September 30, 2019.

In November 2019, Accel Entertainment, a portfolio company of Clairvest and CEP V, completed a business combination with TPG Pace. In support of the transaction, Clairvest and CEP V rolled 100% of their equity interest in Accel Entertainment into the new combined entity ("Accel") and received 16,241,871 Class A-1 Shares, 1,223,368 Class A-2 Shares and 996,840 private warrants of Accel. The Class A-1 Shares are publicly listed on the NYSE under symbol ACEL. On a standalone basis, the 16,241,871 Class A-1 Shares held by Clairvest and CEP V represents 21.2% of the total Class A-1 Shares outstanding as at December 31, 2019. Clairvest and CEP V are subject to a 6-month hold period on the Class A-1 Shares. Clairvest and CEP V have customary registration rights with respect to their Class A-1 Shares and would expect any sale of such shares to be conducted pursuant to a resale prospectus. The Class A-2 Shares vest over a three-year period and the conversion into Class A-1 Shares are subject to certain criteria based on share price or earnings. The private warrants have a strike price of US\$11.50 per share and expire in five years. Clairvest holds its Accel investment through CEP V Co-Investment Limited Partnership, and as at December 31, 2019, held 4,872,570 Class A-1 Shares, 367,011 Class A-2 Shares and 299,052 private warrants of Accel.

Also during the quarter, Top Aces, a portfolio company of Clairvest and CEP IV, completed an equity financing of \$100 million which comprised \$20 million from existing shareholders and \$80 million from a new investor. Clairvest and CEP IV made a combined \$5 million follow-on investment as part of this equity financing, Clairvest's portion of which was \$2.1 million. As at December 31, 2019, Clairvest's investment in Top Aces was carried at the implied value of this equity financing.

Subsequent to quarter end, Clairvest and CEP IV completed the sale of their interest in County Waste for aggregate proceeds of US\$170.5 million and at closing, and a deferred payment which is based on achieving certain corporate milestones, the probability of which is currently unknown. At closing, the sale proceeds represented 3.6 times invested capital, or an IRR of 30% over the 6.5 year investment life. Including the deferred payment, total sale proceeds may be up to 4.5 times invested capital. In Canadian dollar terms, Clairvest received sale proceeds of \$59.3 million at closing against its cost of \$14.8 million, or 4.0 times invested capital. As at December 31, 2019, Clairvest's investment in County Waste was carried at a value which approximated the sale proceeds received at closing.

Also subsequent to quarter end, Clairvest and CEP V made a US\$29 million minority equity investment in DTG Recycle, a waste hauling and recycling company with operations concentrated in the greater Seattle-Tacoma area of Washington State. Clairvest's portion of the investment was US\$8.7 million (C\$11.3 million).

"We welcome the start of our partnership with DTG Recycle and are pleased with the returns generated on the exits of GTA Gaming and County Waste. We are also pleased with the progress of the existing portfolio, particularly the material milestone at Top Aces. The \$100 million equity financing will support Top Aces' expansion into the United States after its recent award of an IDIQ, through which it expects to provide adversary air services to the United States Air Force," said Ken Rotman, CEO of

Clairvest.

Subject to the approval of the Toronto Stock Exchange, Clairvest's Board of Directors has approved a new normal course issuer bid to purchase up to 5% of the outstanding common shares on the Toronto Stock Exchange during a 12-month period expected to commence on March 7, 2020.

Summary of Financial Results – Unaudited

Financial Results ⁽¹⁾	Quarter ended December 31		Nine months ended December 31	
	2019	2018	2019	2018
(\$000's, except per share amounts)	\$	\$	\$	\$
Net investment gain (loss)	86,848	24,258	120,498	(108,661)
Net carried interest income – realized and unrealized changes	18,534	4,206	22,473	29,971
Distributions, interest income, dividends and fees	5,388	6,068	24,363	229,213
Total expenses, excluding income taxes	26,402	5,892	60,099	43,253
Net income and comprehensive income	73,046	24,032	94,435	92,060
Basic and fully diluted net income per share	4.84	1.59	6.26	6.07

Financial Position	December 31 2019	March 31, 2019
(\$000's, except share information and per share amounts)	\$	\$
Total assets	997,770	911,253
Total cash, cash equivalents and temporary investments	354,975	452,325
Carried interest	76,328	56,484
Corporate investments, at fair value	523,040	366,279
Total liabilities	134,428	132,561
Management participation	55,016	42,599
Book value ⁽¹⁾	863,342	778,692
Common shares outstanding	15,097,301	15,136,495
Book value per share ⁽¹⁾	57.19	51.44

⁽¹⁾ 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 third quarter fiscal 2020 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.

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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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