

Clairvest Reports Fiscal 2020 Fourth Quarter and Year End Results

TORONTO, June 24, 2020 -- Clairvest Group Inc. (TSX: CVG) today reported results for the fourth quarter and year ended March 31, 2020 and material events which occurred subsequent to year end. *(All figures are in Canadian dollars unless otherwise stated)*

Highlights

- March 31, 2020 book value was \$837.4 million or \$55.55 per share compared with \$863.3 million or \$57.19 per share as at December 31, 2019; Net loss for the quarter was \$24.9 million or \$1.65 per share due to reduction in the fair value of corporate investments
- Net income for fiscal 2020 was \$69.5 million or \$4.60 per share; Inclusive of the \$0.5144 dividends paid during the fiscal year, book value grew by 9% during fiscal 2020
- Clairvest and Clairvest Equity Partners IV ("CEP IV") completed the sale of their interest in County Waste of Virginia ("County Waste") in January 2020 for cash proceeds of US\$170.5 million (C\$197.6 million) earning a 4.1x multiple of capital in Canadian dollar terms
- Clairvest and Clairvest Equity Partners V ("CEP V") completed a US\$28.9 million equity investment in DTG Recycle
- Clairvest and CEP V completed a US\$39.5 million equity investment in ChildSmiles Group ("ChildSmiles")
- Subsequent to year end, Clairvest and Clairvest Equity Partners VI ("CEP VI") completed a US\$30.2 million equity investment in NovaSource Power Services ("NovaSource")
- Subsequent to year end, Clairvest and CEP VI completed a US\$10.0 million equity investment in Arrowhead Environmental Partners ("AEP")
- Subsequent to year end, Clairvest declared an annual dividend of \$1.5 million, or \$0.10 per share, and a special dividend of \$6.9 million, or \$0.4555 per share, both payable on July 24, 2020

Clairvest's book value was \$837.4 million or \$55.55 per share as at March 31, 2020, compared with \$863.3 million or \$57.19 per share as at December 31, 2019 and \$778.7 million or \$51.44 per share as at March 31 2019. Total cash, cash equivalents and temporary investments excluding marketable securities, as reported under IFRS, was \$411 million. In addition, our acquisition entities held \$56 million in cash and cash equivalents as at March 31, 2020. In aggregate, this represented 56% of our book value as at March 31, 2020.

Net loss for the fourth quarter was \$24.9 million, or \$1.65 per share. The net loss for the fourth quarter of fiscal 2020 reflects a net decline in the fair value of Clairvest's investee companies and a corresponding decrease in carried interest from the CEP Funds as a result of significant market volatility and economic disruption resulting from the COVID-19 pandemic. Several of Clairvest's investee companies have been forced to temporarily close due to, or been otherwise severely impacted by, the pandemic.

Net income for the fiscal year was \$69.5 million or \$4.60 per share. Despite the net loss in the fourth quarter, Clairvest recorded a net investment gain of \$58.4 million during fiscal 2020 inclusive of foreign exchange hedging activities. During the fiscal year, 61,194 shares were purchased and cancelled under the Company's normal course issuer bid for a total purchase price of \$3.0 million, or at an average price of \$48.89 per share.

In January 2020, Clairvest and CEP IV completed the sale of their interest in County Waste for cash proceeds of US\$170.5 million (C\$197.6 million) and crystallized a \$165.5 million gain. Clairvest's portion on the crystallized gain was \$44.5 million, all of which were reflected in the book value as at December 31, 2019.

In January 2020, Clairvest and CEP V completed a US\$28.9 million 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) in the form of convertible preferred shares for an effective 14.6% ownership interest in DTG Recycle.

In February 2020, Clairvest and CEP V completed a US\$39.5 million equity investment in ChildSmiles, a multi-specialty dental practice providing families with accessible high-quality oral health care. Clairvest's portion of the investment was US\$11.8 million (C\$15.9 million) in the form of preferred units for an effective 15% ownership interest in ChildSmiles.

Subsequent to year end, Clairvest and CEP VI made a US\$30.2 million equity investment to acquire the solar operations and maintenance business of SunPower Corporation. Upon closing, the acquired business unit was renamed NovaSource Power Services. Clairvest's portion of the investment was US\$9.2 million (C\$13.0 million) in the form of common shares for an effective 29.2% ownership in NovaSource.

Subsequent to year end, Clairvest and CEP VI made a US\$10.0 million equity investment in AEP, a non-hazardous waste-by-rail operator in Northeastern United States markets. Clairvest's portion of the investment was US\$2.7 million (C\$3.7 million) in the form of Class A preferred units for an effective 11.3% ownership in AEP.

"During the quarter, we completed two new platform investments in DTG Recycle and ChildSmiles, which concluded the CEP V investment program with 12 investments, 11 of which remain active," said Ken Rotman, CEO of Clairvest. "On March 1, we initiated the investment program for CEP VI, a US\$850 million capital pool where we remain the largest investor, with a

US\$230 million commitment. CEP VI will continue to make investments in owner-led businesses, helping entrepreneurs build strategically significant enterprises. Post quarter end, we closed on our third investment in the renewable energy industry with the acquisition of NovaSource, which is part of our firm's solar O&M strategy, as well as our seventh waste management investment in AEP. Despite the economic disruption due to COVID-19, we are impressed with the agility of our owner and manager partners in dealing with this very difficult situation. This will be a trying time, likely for some time, with both challenges and opportunities. Keeping leverage moderate, as we have, will serve us well in the period ahead."

Since the outbreak of COVID-19, emergency measures taken in response to the spread of COVID-19 have resulted in significant disruption to business operations globally, resulting in an economic slowdown. Global equity and capital markets have also experienced significant volatility and weakness. The governments have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. These developments are constantly evolving, and the duration and impact of the COVID-19 pandemic is highly uncertain and cannot be predicted at this time but could have a material impact on the future financial results of the Company. In the face of the current environment of heightened uncertainty, the Company continues to closely monitor its investee companies and its treasury funds.

Subsequent to year end, Clairvest declared an annual ordinary dividend of \$0.10 per share and a special dividend of \$0.4555 per share, such that in aggregate, the dividends represent 1% of the March 31, 2020 book value. Both dividends will be payable on July 24, 2020 to common shareholders of record as of July 3, 2020 and are eligible dividends for Canadian income tax purposes.

Summary of Financial Results – Unaudited

Financial Results ⁽¹⁾	Quarter ended March 31		Year ended March 31	
	2020	2019	2020	2019
(\$000's, except per share amounts)	\$	\$	\$	\$
Net investment gain (loss)	(98,922)	(14,491)	21,576	(123,152)
Net carried interest from Clairvest Equity Partners III and IV	142	17,720	22,615	47,691
Distributions, interest income, dividends and fees	60,744	50,455	85,107	279,668
Total expenses (recovery), excluding income taxes	(10,085)	23,076	50,014	66,329
Net income (loss) and comprehensive income (loss)	(24,937)	27,182	69,498	119,242
Basic and fully diluted net income (loss) per share	(1.65)	1.80	4.60	7.87

Financial Position	March 31 2020	March 31, 2019
(\$000's, except share information and per share amounts)	\$	\$
Total assets	944,878	911,253
Total cash, cash equivalents and temporary investments	428,856	452,325
Carried interest from Clairvest Equity Partners III and IV	44,409	56,484
Corporate investments	400,291	366,279
Total liabilities	107,463	132,561
Management participation from Clairvest Equity Partners III and IV	34,115	42,599
Book value ⁽¹⁾	837,415	778,692
Common shares outstanding	15,075,301	15,136,495
Book value per share ⁽¹⁾	55.55	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 annual 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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