



OPENGATE CAPITAL
REALIZING POTENTIAL

2023 Year in Review

ACTIVITY REPORT

JANUARY 2024

Letter from Andrew

Happy New Year!

As another year begins, I want to thank you for continuing to be part of our community.

OpenGate has begun to see some much-welcome sunlight on the horizon with the return of more corporate carve-outs, and sellers open to structured purchase price terms. Interest rate hikes by the Fed has led to increasing volatility in public markets, driving corporates to assess strategic alternatives – which in turn aligns well with one of our key strategies of acquiring non-core assets.

We also start the year with a great achievement in realizing our investment in Verdant Specialty Solutions. We acquired the business through a corporate carve-out from Solvay in April 2021. In Q4 of 2022, we were approached directly by a strategic acquirer, Samyang Corporation, looking to extend their chemicals business into the Americas and abroad. Under the leadership of a new CEO, Verdant grew organically and inorganically with two strategic add-on investments. I am incredibly proud of our team's effort to conclude the sale of the business in late December, within less than a three-year hold period.

Across our portfolio of investments, OpenGate has been focused on driving margin improvements, shoring up liquidity, all the while keeping a watchful eye on inflation. I am proud of the work of our global team as they have been relentless on sourcing new investments and driving operational improvements.

As a hands-on investor of operationally complex businesses, we're confident that the days and months ahead will yield some great opportunities.



Andrew Nikou

Founder & Managing Partner

On behalf of the OpenGate team, I wish you and your family all the best for a peaceful, successful, and happy 2024.

Andrew Nikou

Portfolio Highlights



Verdant Specialty Solutions Exit

- Verdant is a chemical manufacturer of surfactants, focused on the production of specialty amphoteric & ethoxylates
- Verdant is led by Mr. John Foley, a seasoned industry veteran hired by OpenGate to lead the carve-out, transition, and growth of the business
- Verdant has significant sales in the Home and Personal Care sector including products that are used for body soaps, shampoos, dishwashing, and household laundry
- The business has five production facilities: University Park, IL, Halifax, UK, Genthin, Germany, Palestine, TX, Liberty, TX
- Verdant offers global production with a North American focus and diverse international customer base of ~100 customers
- In early 2023, Samyang Corporation approached OpenGate with an interest in Verdant as the business offered an opportunity to extend their own chemicals business into the Americas and abroad
- In late December 2023, Verdant was sold to Samyang Corporation

ACQUIRED:

April 2021

EXITED:

December 2023

ACQUIRED FROM:

Solvay,
Corporate Carve-out



verdantspecialty.com

Portfolio Highlights



ANNEX CLOUD

Annex Cloud

- Annex Cloud is a loyalty management SaaS platform that helps enterprise brands drive growth, affinity and sales through personalized customer engagement and retention marketing solutions.
- End-to-end modular software suite that allows brands to capture first-party data and open up new opportunities to communicate, engage and sell to customers
- Serving 200+ customers globally in a variety of industries including retail, consumer packaged goods, healthcare, automotive, and consumer services
- Since its acquisition in 2022, OpenGate has strengthened Annex Cloud's management team with the addition of a new CEO and COO, made substantial investments in sales and marketing resources and best practices, and professionalized operations in areas like support, QA, deployment, and customer success

ACQUIRED:

February 2022

ACQUIRED FROM:

Founder



annexcloud.com



ALUMINIUM
Solutions Group

Aluminium
Solutions Group

- ASG is Europe's sixth and France's second largest aluminium extruder with operations in Spain and France
- Two modern facilities with below-market scrap rate of 14.5% versus market average of 20%
- Innovative low carbon dioxide recycling foundry project underway which will utilize scrap and end-of-life aluminium to produce green billets creating a highly desirable ESG profile for the group
- The business is positioned as a key player in the profile extrusion market across the value chain from local, integrated extrusion to upstream regional extruders, and vertically integrated, global providers

ACQUIRED:

September 2022

ACQUIRED FROM:

Combination of Extol and Aluminium France Extrusion, Secondary Transactions

Portfolio Highlights



Fiven

- Fiven is a global leader in silicon carbide (“SiC”), the preferred material for demanding applications such as semiconductors, filtration, aerospace, technical ceramics, abrasives, metallurgy and other uses
- Global manufacturing footprint with four sites including two plants in Norway, one in Belgium and one in Brazil
- More than 400 employees
- Under OpenGate’s ownership, Fiven’s EBITDA growth has excelled by more than 44% (as of 6/30/2023) driven by mix shift towards specialty applications, operational improvements, and pricing strategies
- OpenGate has also focused on transforming the ESG profile of Fiven. The business was awarded the EcoVadis silver medal for sustainability in 2023, and extensive investment has been made into sustainable material formulations establishing an environmental roadmap with a goal of reaching carbon net zero. Lastly, the acquisition was partially funded by a sustainability-linked bond in 2021 (the first of its kind in Norway)

ACQUIRED:

May 2019

ACQUIRED FROM:

Saint-Gobain,
Corporate Carve-out



ScioTeq

- ScioTeq is a designer and manufacturer of innovative display solutions including smart ruggedized displays and embedded computers to serve a diversified customer base across Avionics, Defense & Security, and Air Traffic Control end markets
- Main end-market exposure with Defense (c. 75%) & Civil aviation (c. 25%) via: OEM (c. 65%) and aftermarket upgrades, retrofits, and spares & repairs (c. 35%)
- Headquartered in Belgium with approximately 430 employees, including c. 130 engineers with six locations across North America, EMEA and APAC
- Under OpenGate’s ownership and a new, industry-veteran CEO, ScioTeq has expanded its product portfolio and customer base with the strategic add-on investment of IRTS in March of 2023
- Since acquisition, ScioTeq’s EBITDA has grown by more than 60% (as of 6/30/2023)

ACQUIRED:

June 2022

ACQUIRED FROM:

TransDigm,
Corporate Carve-out



Portfolio Highlights



- OpenGate developed a sector-thesis for a buy-and-build investment in the fragmented chemical distribution industry and created Integrity Partners Group (“IPG”) as a platform investment
- IPG is a full-line chemical distribution platform with comprehensive value-added solution capabilities
- IPG has customers across the industrial, food and beverage, agriculture, personal care, life sciences, and coatings, adhesives, sealants, and elastomers (CASE) markets
- Strong geographic presence in Southeast and Midwest with six facilities across Virginia, Tennessee, South Carolina, and Missouri
- IPG completed its first strategic add-on investment of certain assets from West Penetone, expanding IPG’s value proposition and customer offerings further downstream with environmentally-friendly chemical solutions addressing the recurring, cleaning and maintenance requirements of the aerospace and defense industry

Call to Action

ADD-ON INVESTMENT OPPORTUNITIES

OpenGate plans to continue to scale IPG via further acquisitions with an M&A strategy focused on:

1. High growth and specialty markets such as

Food & Beverage	Nutrition & Ingredients	Personal Care
CASE	Pharma	CBD
		Specialty Agriculture & Industrials

2. Value-add and technical capabilities
3. Creating regional density in the Southeast, Northeast, Mid-Atlantic, Midwest, and Central US

Contact OpenGate for more information: BD@opengatecapital.com

ACQUIRED:

December 2021

ACQUIRED FROM:

Combination of Chemsolv & Chemisphere, Private Seller Transactions



SECTOR:

Chemical Distribution

PLATFORM:

Integrity Partners Group

INVESTMENT CHARACTERISTICS:

Distributors of specialty chemicals, ingredients, and industrial chemicals in North America with revenues of \$10-\$250M

OpenGate Contact



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