



OPENGATE CAPITAL
REALIZING POTENTIAL

ACTIVITY REPORT

Q3 2020

opengatecapital.com





TABLE OF CONTENTS

01

Activity Snapshot

02

Letter From Andrew Nikou, Founder & CEO

03

OpenGate's 15th Anniversary

04

Market Observations

05

Strategic New Hire & Advisory Board Members

06

Portfolio Company Highlights

07

Seeking Add-on Investments

08

Contact Page



Q3 2020 ACTIVITY SNAPSHOT

15

YEAR ANNIVERSARY

1

STRATEGIC HIRE

3

NEW ADVISORY BOARD MEMBERS

2

PORTFOLIO COMPANY HIGHLIGHTS

3

CALLS FOR ADD-ON INVESTMENTS



LETTER FROM ANDREW NIKOU, FOUNDER & CEO

TO OUR BUSINESS ASSOCIATES AND FRIENDS

I am proud to mark this year as OpenGate's 15th anniversary of investing in the lower-to-middle market across North America and Europe. We remain persistent in our mission to ensure the safety and well-being of our team and employees dedicated to our global portfolio, as we continue to scour the globe for new investment opportunities.



Within this newsletter, we highlight our 2020 market observations, our quest for add-on investments, and we look back on OpenGate's journey these past 15 years to reflect on how far we have come. I am grateful for all of our accomplishments and the team of professionals driving our success and am confident that our future will be even more rewarding.

Regarding our global portfolio of investments, we continue to collaborate with the management teams on how to respond to the evolving challenges of COVID-19, while still proactively driving value creation. Our mission is to provide the support and resources they need to not only navigate the disruption caused by the pandemic, but also identify and pursue opportunities to drive top line and bottom line growth.

The disruption in the market continues to yield opportunities in the lower-to-middle market. As trusted partners for Sellers, we continue to seek investments in Technology-related enterprises, as well as corporate carve-outs within the Industrial, Consumer, and Business Services sectors. We provide certainty and reliability in uncertain times from flexible capital solutions, to complex global carve-outs across North America and Europe.

I wish you good health while we continue to do our part in prevailing through these challenging times.

Onward and Upward!

Andrew Nikou, Founder and CEO



OPENGATE CAPITAL CELEBRATES 15 YEARS OF INVESTING



Established in 2005, this year marks OpenGate Capital's 15th year of investing across North America and Europe. Founded with just \$30,000 and utilizing the personal capital of the firm's Partners to make private investments, OpenGate today manages \$1+ billion of assets under management. The journey of the past 15 years is marked with significant milestones, accomplishments, growth, and innovation. Today, OpenGate is well poised to forge its position as a leading investor across North America and Europe in the lower-to-middle market.

"As OpenGate continues its expansion, we take pause to reflect on our journey over the past 15 years. With a dedicated team of over 40 professionals, we recognize our invaluable partnerships with our Limited Partners, portfolio company management teams, investment banks, lenders, and our business partners that fuel our progress. I am deeply thankful for the community that enables us to be a force multiplier in the lower-to-middle market."

Andrew Nikou, Founder and CEO

<p>2005</p>	<p>PRE-FUND INVESTMENTS</p> <p>Bootstrapped origin, invested c. \$74 million across 19 platform investments through Partners' personal capital; 15 fully realized, and 4 partial realizations to date</p>	<p>Founded in Los Angeles</p>	<p>The OpenGate Journey</p> <p>PRE-FUND</p>
<p>2007 European Office Opened (Paris) First Investment Completed</p>	<p>FUND I</p> <p>Invested c. \$280 million across nine platform investments and two add-ons, partially realized two investments in 2017, and fully exited one in 2019</p>	<p>Closed Fund I \$305 Million Vintage 2015</p>	<p>FUND I</p>
<p>2016 OG^x™</p> <p>2018 Launched Technology-Related Operational Capability</p>	<p>FUND II</p> <p>Invested c. \$222.1 million across six platform investments and two add-ons</p>	<p>Closed Fund II \$585 Million Vintage 2018</p>	<p>FUND II</p>
<p>2020</p>	<p>CELEBRATING 15 YEARS</p> <p>\$1+ Billion of AUM</p>	<p>Actively seeking new investments for Fund II</p>	<p>FUND II</p>



OPENGATE CAPITAL MARKET OBSERVATIONS

BY JOSHUA ADAMS, MANAGING DIRECTOR, GLOBAL HEAD OF BUSINESS DEVELOPMENT

As we entered 2020, like most of us, we were feeling optimistic. The portfolio was performing well; we had several add-ons lined up, as well as exits on the horizon. Then COVID hit, and by mid-March, the onset of the global pandemic began to impact live M&A processes as well as our portfolio, with mandated shutdowns spreading from Asia to Europe and North America.

As experienced investors who successfully navigated the 2008 global financial crisis, our in-house operations team put all the necessary measures in place at the portfolio level. On the new deal side, many saw the pandemic as an opportunity, and so we quickly aligned with the restructuring firms and workout groups who were coming out of a deep hibernation.

Over the course of the past several months, and through our continued discussions with the corporate and advisory communities, four themes emerged.



01 | FRACTURED, BUT NOT DISLOCATED

Many anticipated the impact of the pandemic to have significant dislocation in the market, leading to a flurry of opportunities. However, it appears to be more of a hairline fracture rather than a break, but this may still change.

02 | MORE FOCUSED MATCHMAKING – "TRADITIONAL AUCTIONS," GIVING WAY TO A "NEW NORMAL"

The emphasis on real relationships has never been greater. We are seeing smaller more intimate processes, greater bilateral discussions, and the need for differentiation is a must. Having a sector-focused, dedicated Business Development team has given OpenGate access to unique transactions. Our efforts have successfully generated greater deal flow in the second half of 2020.

03 | EMBRACE OF TECHNOLOGY

In the "New Normal," embracing technology is crucial. A key factor that continues to differentiate OpenGate is our adoption of technology, which has become increasingly more important as virtual due diligence, blended with on-site visits, are more critical today.

THE YEAR OF THE ADD-ON

04 | In 2020, 71% of PE deals in H1 were add-ons. The market's uncertainty fueled acquisition opportunities of smaller, independent assets, as well as an increased emphasis on inorganic growth initiatives. At OpenGate, we continue to find opportunities to grow our businesses commercially and inorganically, and we have completed two strategic add-ons in 2020, with a third likely to follow by year end.

Joshua Adams



STRATEGIC NEW HIRE

OPENGATE CAPITAL STRENGTHENS MANAGEMENT TEAM WITH TENURED CHIEF FINANCIAL OFFICER



HEATHER MALLOY JOINS AS CFO

Los Angeles, CA – August 3rd, 2020

Ms. Heather Malloy is a tenured, private equity finance executive with an extensive background in corporate strategy, structuring, and systems. She is experienced in control buyouts, senior, junior, and mezzanine debt, structured finance, and asset-backed securities. Prior to joining OpenGate, Ms. Malloy was a management consultant at Riva Ridge Management, and she previously served as Chief Operating Officer and Chief Financial Officer at Strattam Capital for six years.

Ms. Malloy stated, "I am really pleased to be joining OpenGate Capital. As the firm has a proven investment strategy, a global portfolio of investments, and a well-established Limited Partner base, this is the ideal time to build upon the financial processes as OpenGate continues to grow. I am excited and honored to have this new role and look forward to working with the team, and the portfolio of investments."

In her role, Ms. Malloy is responsible for the financial and administrative matters of the funds under OpenGate's management, and the financial supervision of the firm's global portfolio of companies.

To read the full press release, visit [OpenGate Website](#).



NEW ADVISORY BOARD MEMBERS

OPENGATE CAPITAL WELCOMES THREE NEW ADVISORY BOARD MEMBERS

Three Tenured Industry Professionals Join to Advise on the Firm's Global Investment and Operations Strategies


RANDALL AARDEMA

Operations Expert, Manufacturing & Supply Chain

Mr. Aardema is advising OpenGate on manufacturing and supply chain management across the firm's North American investments. Mr. Aardema is currently the Founder and President of the Aarwood Group, a private consulting company helping businesses achieve and sustain operational excellence.


MATTHEW PEARLSON

Technology Expert, Industrials, Environmental, & Manufacturing 4.0

Mr. Pearlson is advising OpenGate and its portfolio companies on the application of new technologies, and performing due diligence on potential acquisitions. Mr. Pearlson currently holds positions both as a Research Specialist in the Department of Aeronautics and Astronautics at MIT, and as a General Engineer at the US DOT Volpe National Transportation Systems Center in Cambridge, Massachusetts.


RANDY TEO

Operations Expert, Asia Focus

Mr. Teo is advising on both the business development efforts and business activities for OpenGate's portfolio companies within the Asia Region. Mr. Teo has extensive experience in operations, M&A, and business development, and is currently a Managing Partner at T3each Global Ventures LLP, a family office in Singapore that focuses on both impact investing and funding innovations in health and education platforms.

To read more about our newest advisors, please click on the press release link here

<https://opengatecapital.com/ogc-news/opengate-capital-welcomes-new-advisory-board-members/>

PORTFOLIO COMPANY HIGHLIGHTS

JULIEN LAFORETS APPOINTED CHIEF EXECUTIVE OFFICER OF FICHET SECURITY SOLUTIONS



On June 15th, 2020, Fichet Security Solutions appointed Mr. Julien Laforets, a seasoned professional in the manufacturing and business services industries, as its new Chief Executive Officer.

Prior to joining Fichet, Mr. Laforets spent eight years at Trigo, an international mid-cap services provider backed by several private equity funds, since 2012. Mr. Laforets was first appointed as Operations Director, then became General Manager for France and North Africa, and eventually Executive Vice President EMEA. Mr. Laforets played a significant role in transforming Trigo in less than seven years from a €100mm revenue local company into an international group operating in 20 countries with €430mm in revenues.

Prior to Trigo, Mr. Laforets was an Account Director at Bosch developing business in the fuel injection systems and electronic control units' divisions.

Mr. Julien Laforets is a graduate of EM Lyon Business School and of ENI Engineering School. He also has a certificate in corporate finance from HEC Paris.

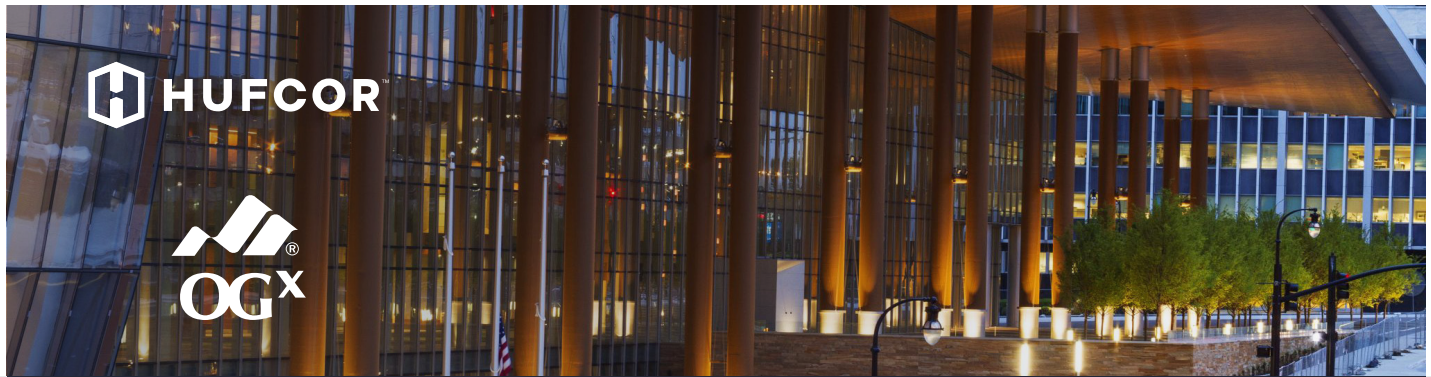
About Fichet

Fichet Security Solutions is a European specialist in security solutions for banks, retail, high-risk sites, public administrations and commercial buildings. Their product offering encompasses electronic security, security doors & partitions, entrance control, safes and vaults, and cash management.

Headquartered in Velizy, France, Fichet currently has over 900 employees, with locations in France, Belgium, Luxembourg, and the UK.


PORTFOLIO COMPANY HIGHLIGHTS

OPENGATE CAPITAL PRESENTS A CASE STUDY OF HUF COR AND THE OG^X WORKBENCH



OpenGate continues to make considerable progress with OG^x – our platform focused on innovation, digital transformation, and operational growth.

Over the past 18 months, OpenGate established partnerships with a leading laboratory in advanced manufacturing and a digitization laboratory. Together, these laboratories are now advising select OpenGate portfolio companies on both operations and due diligence for new investments. Through collaboration with these partnerships, OpenGate developed a new platform called the "OG^x Workbench," a strategic decision-making tool for the management teams at our portfolio companies to utilize for increasing productivity and overall efficiency.

With seven different ERP systems and decentralized information data, Hufcor's management faced significant challenges as they were addressing operational inefficiencies from production through pricing and distribution. Collaborating with the team at Hufcor, OpenGate's mission was to integrate the different sets of data across the business, perform analytics and machine learning, and ultimately create value. New scanners, devices, and platforms were installed and connected through internet-integration, to collect various sets of data within a centralized "data lake." This enables the management team and OpenGate to create decision-making tools and dashboards to drive efficiencies and create value.

Today, Hufcor has an AI machine learning algorithm that optimizes scheduling with a productivity and quality dashboard, which enables management to peer into the operations of the Hufcor business with levels of intelligence and accuracy that never-before existed. The result is that management can address previously undetected problems and create value.

Working together, OpenGate and Hufcor have built a platform that is used daily as the backbone of operations increasing efficiency, growing revenue, and targeting specific applications.



NORTH AMERICA ADD-ON SEARCH

HUFCOR, INC.



Hufcor, Inc. is a US-based, global provider of moveable partitions and flexible space management solutions in hotels, convention centers, schools, universities, and places of worship.


Investment Date:

September 2017

Transaction Type:

Private Seller

Industry:

Building Products

Headquarters:

Janesville, Wisconsin

Workforce:

700+ Employees

Acquired From:

Private Seller

Hufcor is actively seeking add-on acquisitions with the following criteria:

- Specialty building products that are sold through architectural channels including partitions, acoustic, commercial doors, flooring, walls, architectural glass, etc.
- >\$5M in EBITDA
- Headquartered in North America

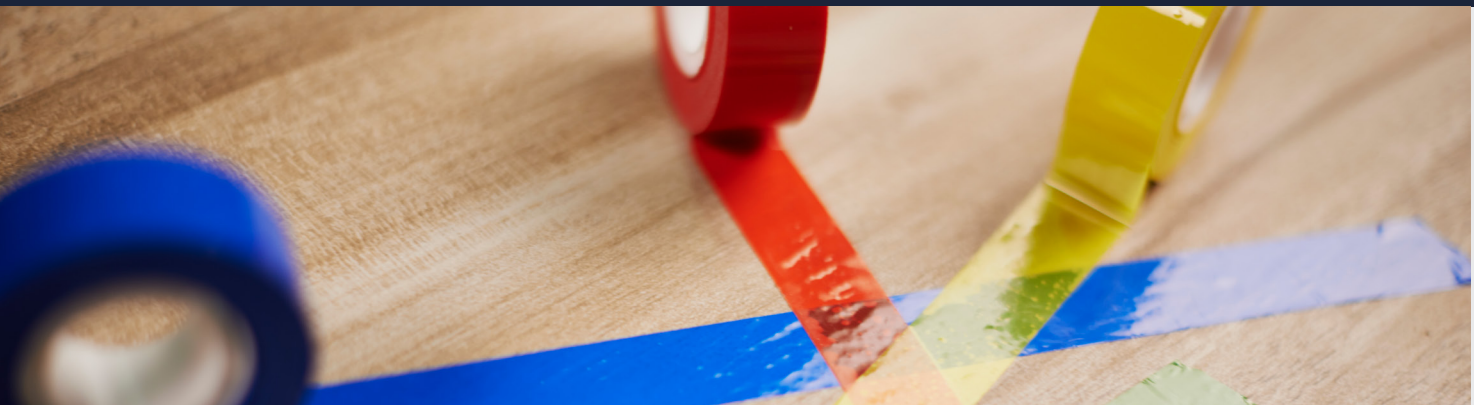


NORTH AMERICA ADD-ON SEARCH

DURACO



Duraco is a US-based, manufacturer and market leader of engineered specialty tapes serving attractive end markets, including point-of-purchase displays, appliances, transit packaging, construction, signage, and HVAC.


Investment Date:

June 2019

Transaction Type:

 Cross-border, Corporate
 Carve-out

Industry:

Packaging

Headquarters:

Forest Park, Illinois

Workforce:

140+ Employees

Acquired From:

Essentra, Plc

Duraco is actively seeking add-on acquisitions with the following criteria:

- Specialty tape and pressure sensitive material providers with market exposure in high margin applications
- <\$50 million in annual sales
- Headquartered in North America


EUROPEAN ADD-ON SEARCH

JØTUL



Jøtul is a Norwegian-based manufacturer of stoves in the home comfort heating market. In November 2018, Jøtul acquired AICO, an Italian designer and manufacturer of pellet stoves, fireplaces, boilers, and cookers relying on a broad range of technologies. AICO products are sold in more than 40 countries.


Investment Date:

February 2018

Transaction Type:

Special Situation

Industry:

Consumer

Headquarters:

Fredrikstad, Norway

Workforce:

500+ Employees

Acquired From:

Ratos AB

Jøtul is actively seeking add-on acquisitions with the following criteria:

- North American gas-fueled stoves with manufacturing and distribution capabilities
- Mid to premium range of stoves, cassettes, inserts, and fireplaces
- Annual sales between \$10m - \$100m



OPENGATE CONTACT

BUSINESS DEVELOPMENT INQUIRIES

MR. JOSHUA ADAMS

Managing Director

JAdams@opengatecapital.com

📍 NORTH AMERICA

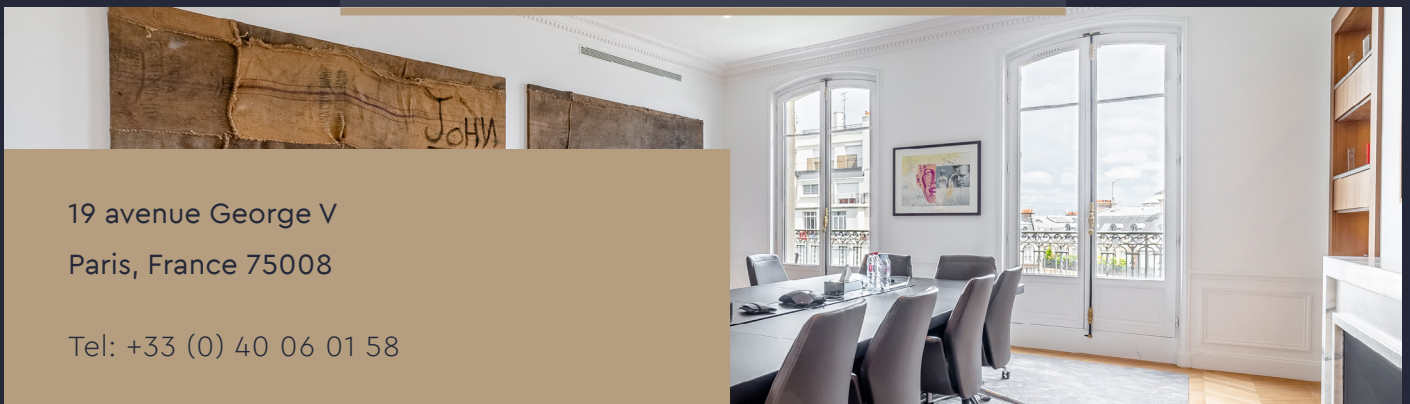


10250 Constellation Boulevard, Suite 3000

Los Angeles, CA 90067

Tel: +1 (310) 432 7000

📍 EUROPE



19 avenue George V

Paris, France 75008

Tel: +33 (0) 40 06 01 58

opengatecapital.com