

# III E TRISPAN<sup>®</sup>

**Issue #5**

**Newsletter**



# TriSpan Update

## A Year in Review

2020 marked a year in which the world as we know it came to an abrupt end. As CV-19 swept across the globe it brought with it an economic impact like no other natural catastrophe in living memory. The pandemic caused a shutdown of some sectors of the economy across all major countries in waves from late 2019 onwards and has continued to disrupt markets to this day.

Despite this tremendously challenging backdrop, 2020 marked a transformational year for TriSpan. Over the last twelve months, the team completed two new investments in Rising Stars as well as investments in two new platforms, three transformative acquisitions and 18 bolt on acquisitions within our Opportunities Fund I portfolio bringing us to a total of 25 deals completed in 2020.

We began 2020 with Centrilogic's acquisition of ManageForce and the formation of our fifth platform, FoodPrep Solutions in January. In February, sk;n announced the acquisition of The Adonia Medical Group where we have now added over 50 clinics to sk;n's portfolio since February 2019 and transformed the company into one of the leading multi-branded, multi-channel, wellbeing groups in Europe.

Despite the fallout of CV-19 continuing to filter through Europe and North America, we maintained our positive momentum. Centrilogic completed the transformative acquisition of Object Sharp, sk;n announced the acquisitions of The Mole Clinic and Destination Smile and we added three new companies to our Woolpert platform with the acquisitions of Jviation, Datacloud and Civiltech.

Following on from three increasingly larger bolt on acquisitions earlier in 2020, we announced the completion of a merger between PG Dental Holdings and Allied Dental Holdings in December. This combined two highly complementary dental service organizations and transformed the group, now rebranded to ProSmile, into the largest dental organisation in New Jersey with a strong presence in Eastern Pennsylvania and Maryland. It now boasts 79 multi-specialty practices with a broad payor mix, increased from nine practices when we acquired the majority stake in PG Dental in June 2019.

Our activity also extended to Rising Stars where we announced the acquisition of Naya, a best-in-class fast casual Middle Eastern/Mediterranean restaurant chain in New York, and a significant investment in Maman, a French-themed café and bakery with locations in New York and Toronto in the last quarter of 2020.

We carried this momentum right through to the last day of 2020 with our strategic investment in PrestigePEO, capping off a year which saw our team average two acquisitions every month.

Alongside this tremendous acquisition activity, we continued to take positive strides in other areas. In November, we were pleased to announce the first close of TriSpan Opportunities II, the successor fund to TriSpan Opportunities I, which looks to emulate the growth and buy and build strategy that has successfully been adopted since the firm's formation in 2015. We conducted our first and second investor webinars for both Funds, which were attended by over 400 investors in total. And we continued to drive various internal initiatives such as our CEO forums, where we brought together and connected our portfolio company CEOs to exchange ideas and best practices. All the while, our portfolio companies in both Funds performed well given the circumstances and, we firmly believe, are in a position to re-emerge and capture market share once this crisis subsides. Work is also now underway to explore an exit from our investment in Woolpert, which we expect to occur in Q1 2021 and will mark TriSpan's first private equity exit since the fund started investing in late 2017.

Though 2020 was a challenging year, we remained steadfast and focused on executing our absolute objective of identifying compelling acquisition opportunities and creating value across our portfolio. As we embark on 2021, we stand ready to continue to make the most of the environment in which we now find ourselves and wish all of our investors the greatest success as well as lots of health and happiness for 2021.

## The TriSpan Team

# 2020

## A Year in Review

**25**

deals  
completed

**6**

new employees joined our firm

**~\$600M**  
AUM

**3**

transformative  
bolt on  
acquisitions



**adonia**  
medical group Ltd

**ObjectSharp**

**2**

new OF platform  
acquisitions



**PrestigePEO™**



**2**

Rising Stars  
Investments

**1.6K**

Zoom &  
Microsoft Teams  
calls!



THANK YOU to our **150+** investors!

**4**

investor seminars



**400+**  
attendees

**18**

add on  
acquisitions

**ManageForce**  
a CenitLogic company

**Data Cloud  
SOLUTIONS**  
A WOOLPERT COMPANY

**THE KOSHER EDGE**

**JVIATION**

**GARDEL**  
CUTLERY

The MOLE Clinic®

**422K**

Emails sent



First close of  
**Opportunities Fund II**

# Opportunities Fund I







## The Expansion of a Compelling Portfolio

Opportunities Fund I (“OF I”) has the mandate to invest opportunistically in all areas other than restaurants (as this is the mandate of TriSpan’s Rising Stars Fund) but with a key focus on three industry verticals: healthcare services, business services and specialty manufacturing.

It targets “buy-and-build” opportunities and growth investments in these target sectors, leveraging the strong historical track record of its investment partners. Quite unusual for the lower mid market is the ability of the team to leverage OF I’s deep bench of 11 (soon to be 12) operating partners significantly reducing integration risk by working closely with management teams to drive the execution of the detailed value creation plans.

2020 has been a landmark year for OF I with two new platform investments, FoodPrep Solutions and PrestigePEO, as well as 21 add-ons completed across our portfolio, of which three were truly transformational. Overall, we have materially enhanced the capabilities of our portfolio companies by creating and reinforcing an institutional infrastructure, rolling out new product and service lines and significantly enhancing their relative market positions thereby, in our view, creating significant embedded value.

Our dedication to target well-positioned businesses in resilient and defensive end-markets with highly flexible capital structures and prudent use of leverage has allowed us to fare well during the pandemic. Thus far we only had to earmark 1% of the fund’s total commitments to address CV-19 challenges. Even this precautionary measure has not yet been fully drawn upon.

PLATFORMS (Closing Date)	BUSINESS OVERVIEW	COMPLETED ADD-ONS IN 2020	TOTAL COMPLETED ADD-ONS
 <b>Woolpert</b> November 2017	<ul style="list-style-type: none"> <li>U.S.-based consulting firm specialized in engineering and architectural services with leading edge technology</li> </ul>	3	6
 <b>CentriLogic</b> Because IT Matters June 2018	<ul style="list-style-type: none"> <li>Canada-based provider of end-to-end solutions for software applications and IT infrastructure, operating 11 data centers globally</li> </ul>	2	2
 <b>sk:n</b> February 2019	<ul style="list-style-type: none"> <li>UK’s largest trusted network of dermatology clinics with ~80 branded clinics, 95 points of sales under 4 main brands</li> </ul>	3	6
 <b>ProSmile</b> May 2019	<ul style="list-style-type: none"> <li>U.S.-based dental service organization providing end-to-end administrative services and non-clinical support to 79 dental practices and 200+ dentists</li> </ul>	4	5
 <b>FOODPREP SOLUTIONS</b> January 2020	<ul style="list-style-type: none"> <li>U.S.-based outsourced cutlery sharpening services and adjacent food equipment sales and services via a route-based distribution model</li> </ul>	9	9
 <b>PrestigePEO</b> December 2020	<ul style="list-style-type: none"> <li>U.S.-based professional employment organization providing outsourced human resource services to small and mid-sized businesses</li> </ul>	-	-
<b>Total: 6</b>		<b>21</b>	<b>28</b>

# OF I: Transformative M&A







## SK:N

UK's largest trusted network of dermatology clinics with ~80 branded clinics and 95 points of sales in total under four main brands.

In February 2020, sk:n completed the transformative acquisition of Adonia Medical Group, a company that operates three synergetic businesses units: non-invasive dermatology clinics, B2B/B2C distribution of skincare products and B2B distribution of equipment. The rationale for the deal was the following:

- **Highly synergetic platform:** Unique positioning to fuel organic growth across the group, leveraging various soft and hard synergies across three complementary divisions and supported by strong central capabilities
- **Step change in size and financial strength:** Creation of the undisputed wellbeing and beauty market leader in the UK with enhanced cash generation driven by high margin businesses resulting in a superior ability to withstand cyclical challenges
- **Increased business diversification:** natural hedge by serving different market segments (B2C), and tapping deeper into de-correlated markets via products and equipment

### LEADING GROUP IN BEAUTY AND WELL-BEING

Clinics	Products	Equipment
   		

## CENTRILOGIC

CentriLogic is one of the leading independent Canadian-based provider of end-to-end solutions for software applications and IT infrastructure, operating 11 data centers globally.

In March 2020, we completed the transformative acquisition of ObjectSharp almost doubling the size of the company and strengthening its service offering particularly in the area of cloud application development to help clients continuously improve the speed and quality of their software development efforts. The rationale for the deal was the following:

- **Exposure to the fastest growing segment in IT services:** cloud and managed cloud hosting has been growing at ~25% CAGR over recent years (pre-CV-19)
- **Positions CentriLogic as a Canadian leader in Microsoft Azure integration:** ObjectSharp is one of Microsoft Azure's largest integration partners in Canada with a blue-chip customer base
- **Enhancing cross-selling opportunities:** potential to offer complementary services to both companies' existing customer base while extending ObjectSharp's service offering to U.S.-based customers

### OBJECTSHARP KEY CUSTOMERS





# OF I: Transformative M&A

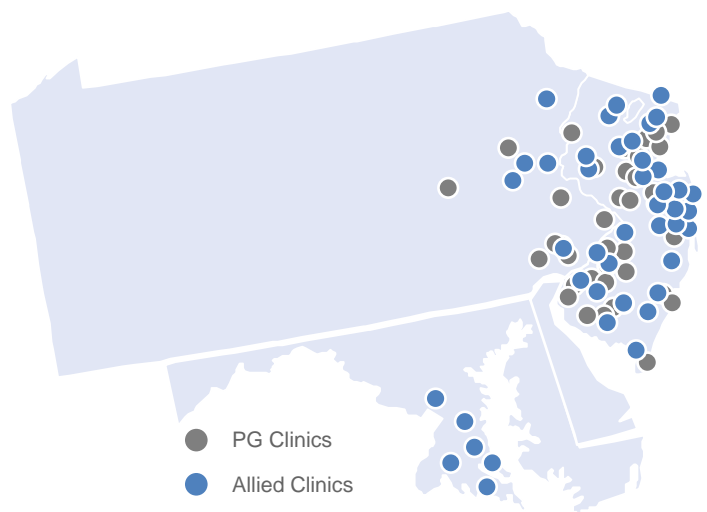
## PROSMILE

**ProSmile (formerly PG Dental) is a U.S.-based dental service organization providing end-to-end administrative services and non-clinical support to 79 dental practices and 200+ dentists**

In November 2020, PG Dental and Allied Dental merged to form ProSmile. Allied Dental provides dental service organization (“DSO”) support to 42 multi-specialty clinics and 124 dentists. The rationale for the deal was the following:

- **Highly complementary geographic footprints to create of a scaled, super-regional DSO:** ProSmile is now by far the largest DSO platform in the mid-Atlantic region of the U.S. with coverage across three states and 79 practices, of which 62 offices in New Jersey (~4x the footprint of the second largest DSO in that state)
- **Opportunity to optimize performance and realize substantial synergies:** significant opportunity to realize near-term value creation by deploying our demonstrated performance optimization playbook across Allied offices. Our approach to practice optimization focuses on driving efficiencies in scheduling, practice operations and clinical workflows to improve dentist production, increase profitability and drive organic growth.
- **Diversified revenue mix with recurring revenue:** the ProSmile platform is well-balanced and diversified in terms of payor mix, geography, service offerings and patients – thereby further improving the risk profile of the company
- **Accelerate ProSmile’s build-out of corporate infrastructure:** opportunity to accelerate the institutionalization and FTE build-out of ProSmile’s corporate central function with minimal integration challenges

### GEOGRAPHIC FOOTPRINT



### KEY BRANDS



# OF I: Portfolio Spotlight

## PRESTIGEPEO

**PrestigePEO is a U.S.-based professional employment organization (“PEO”) providing outsourced human resource services to small and mid-sized businesses**

- Founded in 1998 and headquartered in Melville (New York), Prestige is the 9<sup>th</sup> Largest PEO in the U.S.<sup>1</sup>
- Key services include: payroll processing, human resource support, benefit plans, cost containment, workplace safety, retirement plans, employee benefits, compliance and start-up training
- The company has a well-diversified customer base of 600+ customers encompassing some 16,500 worksite employees (“WSEs”) across numerous industries with a concentration in white or grey collar workforces

**Investment highlights include:**

- ✓ **Favorable industry trends:** ~\$60bn industry growing at high single digits
- ✓ **Market leader in a fragmented industry:** 900+ PEOs in the U.S., with largest player at ~16% of total PEO WSEs
- ✓ **Attractive financial profile**
- ✓ **Highly diversified contracted revenue base**
- ✓ **Unique business model** with strong national broker relationships
- ✓ **Recession resilient** with minimal CV-19 Impact
- ✓ **M&A pipeline of targets ripe for consolidation**

**“This partnership will take us closer to our goal of becoming the nation’s leading PEO”**



*“The investment from TriSpan comes at a critical point in Prestige’s history. We were seeking to find a partner to assist us in accelerating our growth and extending our market reach. TriSpan is indeed the right fit, as evidenced by its experience in working with companies with a similar growth strategy and trajectory. This partnership will take us closer to our goal of becoming the nation’s leading PEO. We look forward to a mutually beneficial and productive relationship with TriSpan at our side.”*

**Andrew Lubash, Founder and CEO of Prestige**

# Launching of OF II

## TriSpan has launched its second flagship fund

- OF II will seek to capitalize on the **significant increase in opportunities** that TriSpan's investment team is able to source in the lower-mid market, which have become particularly attractive **in the wake of the current market dislocation** – a situation which we believe plays to TriSpan's strengths, in particular its **roster of operating partners who help drive results while mitigating downside risks**
- OF II, which **had its 1<sup>st</sup> close on October 30, 2020**, will continue to build on a strategy proven with OF I, utilizing similar attributes:
  - Primary focus on three key sector verticals: **Business Services, Healthcare Services and Specialty Manufacturing**
  - **Lower mid-market transactions** in the **growth and** especially **buy and build space with equity tickets of \$20-80m** targeting companies in **fragmented industries with \$5-20m in EBITDA**
  - Offering a **substantial, programmatic co-investment opportunity of up to 1:1 co-investment to fund ratio (and potentially more in select situations)**, with priority allocations for fund investors
  - **Targeting 10-12 platform investments**, with a targeted two-thirds of deployment in North America and one third in the UK/Europe

### TRISPAN DIFFERENTIATION

Established Investment Firm with Strong Lower Middle Market Capabilities	Focused Investment Approach and Portfolio Construction
Experienced Senior Investment Team with a Deep Support Bench	Strong Operating Capabilities Reinforced by Large Pool of Operating Partners
Attractive Track Record	Creative and Proprietary Sourcing on both Sides of the Atlantic
Exceptional Alignment of Interest	Significant Co-Investment Opportunities Offered to LPs










# Rising Stars Fund I

## A portfolio of leading brands

TriSpan's Rising Stars fund ("RS") is a dedicated restaurant private equity program investing most often as the first institutional round of capital in emerging brands that are poised for significant growth. Our strong PE track record of over 30+ transactions in the restaurant industry, coupled with our deep operating expertise, enables us to scale concepts and strive to achieve attractive returns.

Despite the vast challenges that CV-19 has brought upon the hospitality industry, RS is well positioned to emerge stronger out of the crisis. At the height of the crisis, RS reacted quickly to conserve cash, cut burn rate, renegotiate leases and take advantage of government relief programs. Offensively, we are seeing unprecedented real estate opportunities in prime locations and are actively pursuing our growth agenda while ensuring we have significant downside protection to sustain a prolonged period of shutdowns.

In 2020, we invested in two fast-casual concepts with high growth potential in a post pandemic environment: Naya and Maman. Both concepts display very attractive unit economics with significant off-premise capabilities. We are very excited about the pipeline of new units on highly attractive terms for both concepts.

PLATFORMS (Closing Date)	CUISINE FOCUS / SEGMENT	EXISTING UNITS	PIPELINE UNITS <sup>1</sup>
 <b>YARDBIRD</b> SOUTHERN TABLE & BAR October 2017	<ul style="list-style-type: none"> <li>Southern-U.S.</li> <li>Polished casual dining</li> </ul>	5	2
 <i>Rosa Mexicano</i> March 2018	<ul style="list-style-type: none"> <li>Mexican</li> <li>Polished casual dining</li> </ul>	6	3
 <b>ROSA'S</b> THAI CAFE June 2018	<ul style="list-style-type: none"> <li>Asian</li> <li>Casual dining</li> </ul>	26	7
 <b>STACKED</b> FOOD WELL BUILT September 2018	<ul style="list-style-type: none"> <li>American</li> <li>Casual dining</li> </ul>	5	2
 <b>THUNDERBIRD</b> FRIED CHICKEN October 2018	<ul style="list-style-type: none"> <li>Fried chicken</li> <li>Fast casual</li> </ul>	6	2
 <b>NAYA</b> October 2020	<ul style="list-style-type: none"> <li>Middle-Eastern</li> <li>Fast casual</li> </ul>	8	9
 <b>MAMAN</b> COFFEE BAKERY KITCHEN December 2020	<ul style="list-style-type: none"> <li>French bakery and café</li> <li>Fast casual</li> </ul>	11	8
<b>Total:</b>		<b>65</b>	<b>33</b>

# RS I: Portfolio Spotlight

## NAYA

**Naya is a best-in-class Middle Eastern/Mediterranean fast casual chain**

- Founded in 2008 by Hady Kfoury
- Recognized and differentiated brand in New York City, popular with all demographics
- The contemporary counter-service eatery serves fully customizable yet simple entrees that combine a variety of authentic proteins, carbs and toppings in large portions, including falafel, chicken/beef shawarma, chicken shish taouk and kofta
- Naya's focus is to source quality ingredients, maintain a reasonable price point and serve customers swiftly. Today, the company owns and operates 8 units (7 in New York and 1 in Pennsylvania), with sales primarily generated from takeout and delivery

*"We are very excited to begin this journey with TriSpan and work together to implement a collaborative growth strategy. TriSpan brings financial strength and expertise that will help guide our strategic direction and drive growth in New York and beyond."*

**Hady Kfoury, Founder and CEO of NAYA**



## MAMAN

**Maman is a French-themed bakery and café that has expanded from a single café and bakery unit in Soho into a recognized 11-unit multi-format brand in New York City and Toronto**

- Founded in 2014 by Elisa Marshall and Benjamin Sormonte
- Through its French and American heritage, Maman offers a unique restaurant experience built around locally-sourced food, high quality hot beverages and a friendly and attentive service in a distinctively authentic southern French setting
- The product offering includes fresh salads and sandwiches with a wide selection of pastries, and specialty beverage options
- Maman also boasts strong events, catering and partnerships

*"We are thrilled to have TriSpan as our partners. The financial capabilities and expertise they bring to the table will help us guide our strategic vision and execute on our expansion plans."*

**Benjamin Sormonte, Founder and CEO of Maman**



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