



Aldine Capital Partners

A Proven Partner for Independent Sponsors

ALDINE

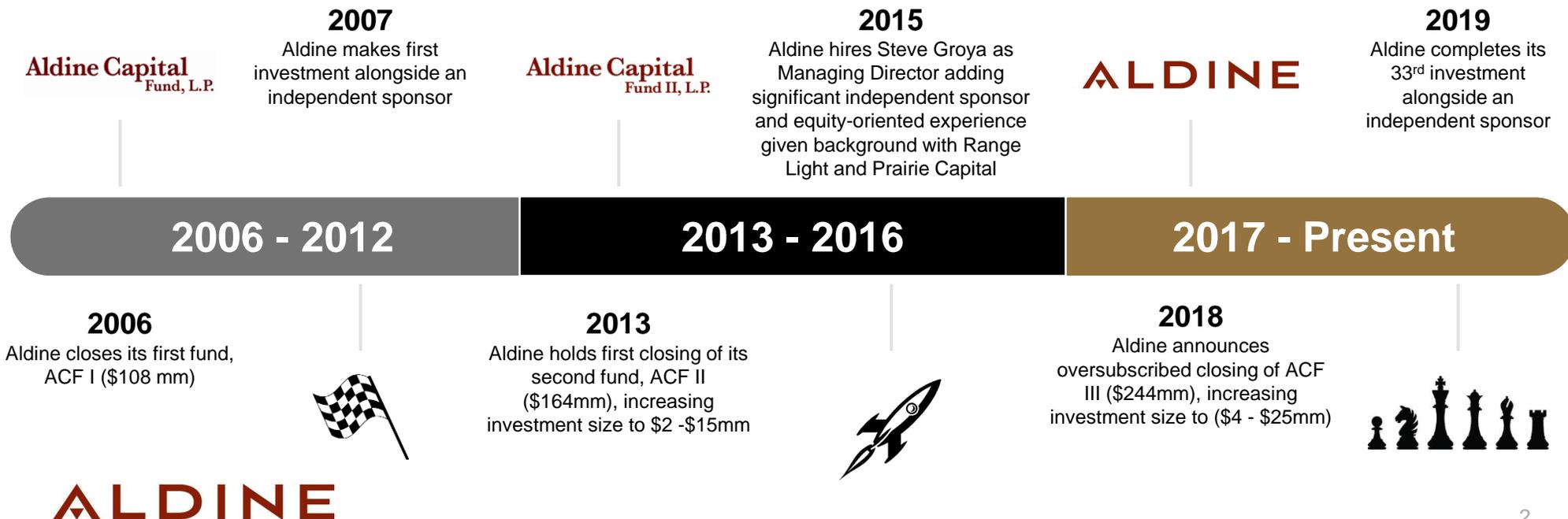
Aldine Capital Partners

- **Aldine Capital Partners (“Aldine”) is a private investment firm which provides junior capital financing to lower middle-market companies**
 - ▶ Currently investing out of its third fund oversubscribed ~\$240 million of capital
 - ▶ LP’s with interest in making direct co-investments, offering an extension of Aldine’s committed capital base
- **Aldine has been deploying capital with non-traditional sponsors dating back to 2007, prior to the proliferation of the independent sponsor model**
 - ▶ Aldine has invested in 53 platform companies of which 62% are with independent sponsors
 - ▶ 5 of last 6 transactions are independent sponsor led
- **Aldine has developed a brand as a reliable partner for independent sponsors**

”

We have enjoyed working with the Aldine team on our acquisition and growth of Lake Air Products. Their approach to funding an acquisition fit well with our philosophy of using a conservative capital structure that doesn't put unnecessary burden on the business while it is in growth mode. When we found a strategic add-on acquisition, they enthusiastically supported our strategy and our need for growth capital. But most importantly, Aldine is an engaged partner in the Board room, but also allows us to operate the company and make key decisions quickly to move the business forward. These are smart guys at the table who are always willing to pitch in where they can be helpful.

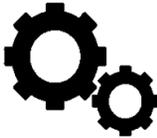
-Nick Jackson, The Mendota Group



Aldine's Independent Sponsor Model

- 1 **Partnership**
 - ▶ Aldine looks to cultivate relationships with individuals who have significant operational and/or private equity experience investing in and managing privately held businesses
- 2 **(+) Opportunity**
 - ▶ Aldine focuses on the lower middle market, making investments in privately held, entrepreneurial companies
 - ▶ Aldine provides flexible, customized capital solutions for independent sponsors through a combination of subordinated debt and equity
 - Aldine is happy to assist in sourcing senior financing from our close relationships in the banking community, a large portion of Aldine's investor base
- 3 **(+) Economics**
 - ▶ Aldine understands and appreciates independent sponsors' commitment to the investment
 - ▶ Furthermore, Aldine feels strongly about aligning economic incentives to create a symbiotic relationship
 - As such, Aldine supports utilizing a combination of cash an incentive-based compensation
- 4 **(+) Governance**
 - ▶ Board participation dependent on equity ownership
 - Represented on Board as steward of Aldine's economic stake in the company
 - ▶ Encouraging of value-added third-party board level representatives
- 5 **(+) Post-Close Management**
 - ▶ Aldine exclusively partners with independent sponsors that have proven experience and a desire to actively manage the investment post-close
 - Aldine aims to support its independent sponsor partners post-closing, but trusts the independent sponsor to lead and drive the investment

(=) Tenured History of Successful Independent Sponsor Led Transactions...

Investment Criteria		
	Company Size	<ul style="list-style-type: none"> • Revenue: Min. \$10mm • EBITDA: Min. \$2 mm
	Investment Size	<ul style="list-style-type: none"> • \$4 - \$25 mm
	Geography	<ul style="list-style-type: none"> • Nationwide
	Transaction Types	<ul style="list-style-type: none"> • Acquisitions • Recapitalizations • Growth Capital • Management Buyouts
	Industry Focus	<ul style="list-style-type: none"> • Industry Agnostic - Will Not Consider: <ul style="list-style-type: none"> ▶ Real Estate ▶ Banking/Lending ▶ Turnarounds

Aldine's Independent Sponsor Model

...and Blueprints for Success: Select Aldine Case Studies

Rkneal

Company Overview

- Rkneal, Inc. (“**RK**”) is a provider of cyber security and industrial control system engineering solutions operating primarily within the power/utility industry

Deal Dynamics

- Rkneal was referred to Aldine by a larger capital provider that was unable to invest in a business as small as RK
- The Company was under LOI with an independent sponsor that possessed significant operational expertise but limited capital markets experience, especially in the lower middle market
- The sponsor was contemplating a variety of capital structures using senior debt, subordinated debt and equity
- Given the long sales cycle for the Company’s services and resulting lumpiness in revenue, the Sponsor was focused on putting together a patient capital structure that could comfortably withstand a temporary drop in profitability

Aldine Solution

- Aldine helped create a debt structure using exclusively non-amortizing subordinated debt as opposed to senior debt
 - ▶ Aldine made an equity co-investment as well, leaving the remainder of the equity for seller rollover and the Sponsor, who was very interested in writing a large personal equity check
- A portion of Aldine’s subordinated debt was used to fund cash on the balance sheet for additional liquidity as well as growth capital



ALDINE

Atlantic Southern Paving and Sealcoating

Company Overview

- Atlantic Southern Paving and Sealcoating, LLC (“**ASPS**”) is a national provider of maintenance and repair paving services including asphalt paving, sealcoating, asphalt repair, striping/signage, concrete repair and various interior tenant improvement services on both a brokered (national) and self-performing (primarily FL-based) basis

Deal Dynamics

- ASPS was brought to Aldine by an independent sponsor who was looking for subordinated debt and an equity co-investment to help fund the transaction
- The sponsor was in discussions with multiple family offices, “High-Net-Worth” individuals and other institutional capital providers to provide the majority of the equity
 - ▶ The sponsor was also in discussions with several banks to find senior debt

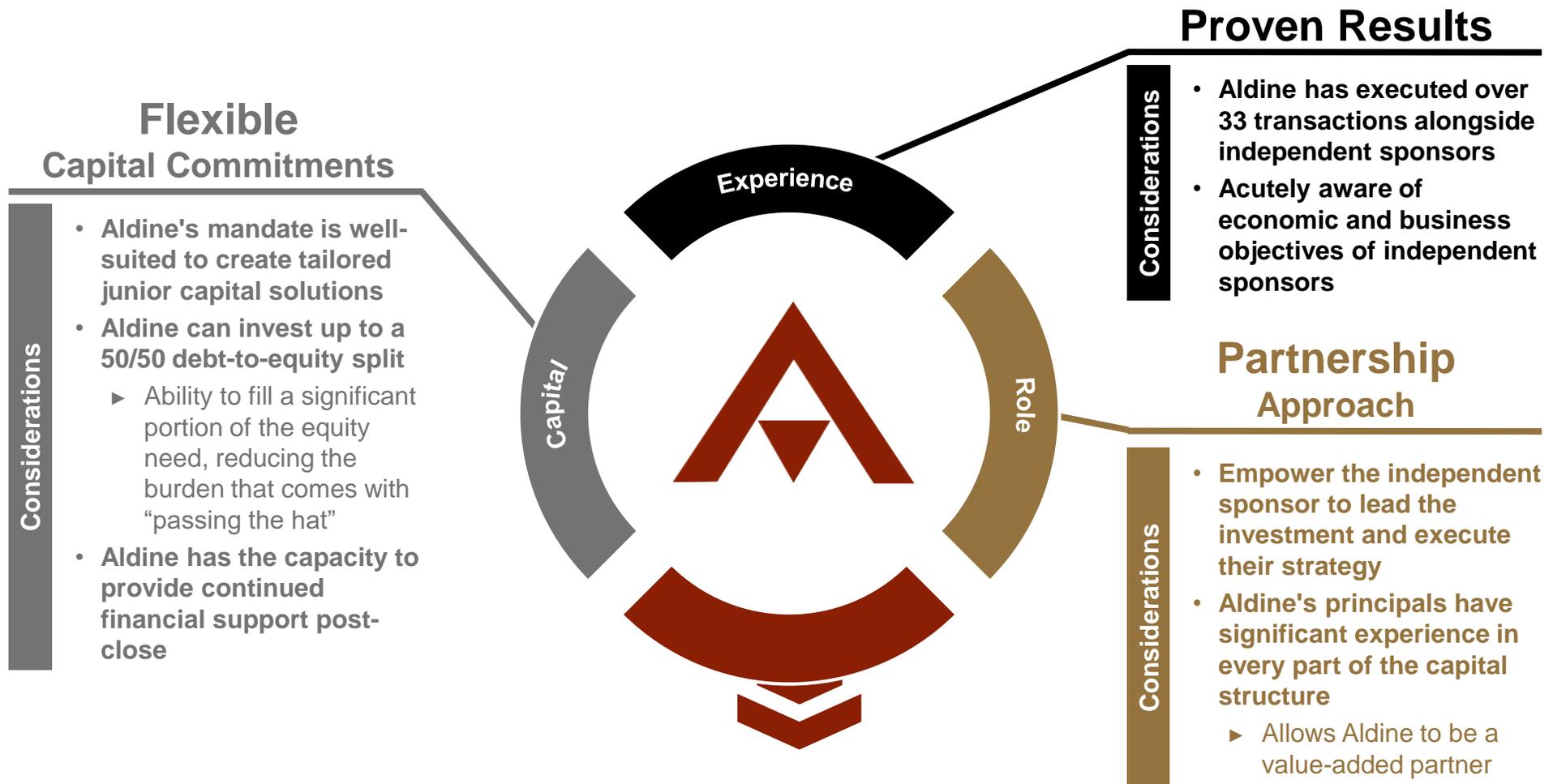
Aldine Solution

- Aldine quickly gained conviction in the opportunity and committed to providing all of the subordinated debt and the majority of the equity to fund the transaction, significantly reducing the sponsor’s burden to raise equity capital from a variety of sources
 - ▶ Half of Aldine’s investment was subordinated debt and the other half was equity
- Aldine helped provide a fully funded solution by introducing one of its bank LPs to provide the senior debt



Aldine's Value Proposition

Established Platform Catered To The Independent Sponsor Universe



The Aldine Difference...

The Aldine Difference

Proven Experience

- Over a century of combined investment experience with a particular focus on partnering with independent sponsors
- Investment partner that was a former independent sponsor

Flexible Capital

- Ability to provide subordinated debt as well as a significant portion of the equity need
- Control/non-control equity ownership
- Flexible allocation between subordinated debt and equity

Certainty of Close

- ~\$240 million Fund III ensures ability to close

Reliable Partner

- Model built on empowering the independent sponsor while providing value-added input and resources

Fair Economics

- Firm understanding and appreciation of the independent sponsors' commitment to the investment and importance of aligned economic incentives

Aldine Investment Professionals

100 Years Of Collective Experience Creates A Powerful Network

							
Team Member	Mike Revord	Bert Brahm	Steve Groya	Chris Schmaltz	Brian Lamp	Erik Zentner	Brian Winterfield
Title	<i>Managing Partner</i>	<i>Partner</i>	<i>Partner</i>	<i>Managing Director</i>	<i>Vice President</i>	<i>Sr. Associate</i>	<i>Associate</i>
Experience	Formed Aldine: 2006	Formed Aldine: 2006	Joined Aldine: 2015	Joined Aldine: 2013	Joined Aldine: 2014	Joined Aldine: 2016	Joined Aldine: 2019
Prior Background	<ul style="list-style-type: none"> • Bank One Mezzanine Corp. • American National Bank (President) 	<ul style="list-style-type: none"> • JP Morgan • Bank One Mezzanine Corp. • First Chicago/Bank One • Mellon Ventures 	<ul style="list-style-type: none"> • Range Light, LLC (Managing Partner) • Prairie Capital • William Blair Capital Partners 	<ul style="list-style-type: none"> • City Securities Corp. • Charles Schwab & Co. 	<ul style="list-style-type: none"> • Cleary Gull Investment Banking 	<ul style="list-style-type: none"> • KPMG 	<ul style="list-style-type: none"> • Stifel Nicolaus
Education	<ul style="list-style-type: none"> • University of Illinois (BS) 	<ul style="list-style-type: none"> • Brown University (BA) • University of Wisconsin (MA) 	<ul style="list-style-type: none"> • Michigan State University (BA) • Northwestern University (MBA) • CPA 	<ul style="list-style-type: none"> • Wabash College (BA) • CFA 	<ul style="list-style-type: none"> • University of Wisconsin (BA) 	<ul style="list-style-type: none"> • University of Illinois (BS) • CPA 	<ul style="list-style-type: none"> • Michigan State University (BA)
Email	• mreverd@aldinecapital.com	• bbrahm@aldinecapital.com	• sgroya@aldinecapital.com	• cschmaltz@aldinecapital.com	• blamp@aldinecapital.com	• ezentner@aldinecapital.com	• bwinterfield@aldinecapital.com

To learn more about Aldine's experience with independent sponsors, please contact Steve Groya, Chris Schmaltz, or Brian Lamp