



OUR HISTORY

Patient, collaborative investors, experts at growing small businesses

We founded Hadley Capital nearly 20 years ago specifically to invest in and grow small businesses. Since that time, we have completed more than 20 acquisitions, partnering with management teams, families and owner/executives to deliver results for our companies and investors.

Small company success

We focus exclusively on buying small, profitable companies. We are an ideal partner for owners seeking liquidity, generational transition, capital for growth or recapitalization. Over the years we have consistently demonstrated a knack for working collaboratively and productively with management teams to achieve the company's goals.

Patient investors

We seek to invest in improvements that build on past successes. We are patient investors with a "first, do no harm" philosophy, guiding and supporting decisions based on meeting long-term growth objectives. We are not looking to flip companies.

Capital for acquisitions

Because of our approach and track record, we have been successful in raising committed equity capital from investors to acquire small companies. We are big investors in our own funds, a level of personal commitment that business owners and management teams appreciate.

OUR PEOPLE

Experienced partners, personally invested and involved

Hadley Capital's principals have worked together for more than a decade. We have dedicated our careers to working with small companies. We work collaboratively with the managers of our companies to create value over the long term. We also invest personally in each company. The owners who have sold us their companies and the executives who work with us to grow them are our best references.

HADLEY

Scott Dickes

General Partner

Scott founded Hadley Capital in 1998 with the objective of bringing a professional investment strategy to the small company market. Scott has spent the better part of two decades financing and growing small companies. It's in his blood ... grew up visiting small companies on family vacations with his dad who was also a small company investor.

Scott works with Brushy Mountain Bee Farm, Custom Label, Harris Seeds, ISS, Packaging Specialists, and W.C. Rouse, and was previously the chairman of the board of JRI Industries and Kelatron, both former Hadley Capital companies.

He enjoys rock climbing in the Tetons and the Alps, golf, paddle tennis, and water skiing. Scott took up beekeeping as hobby following Hadley Capital's acquisition of Brushy Mountain Bee Farm, and, he recently received his private pilot license.

Scott is a Trustee of the Hadley School for the Blind (no affiliation). He holds a BA from Duke University and received his MBA from the Kellogg School of Management at Northwestern University. Scott and his wife have two teenage children.

Clay Brock

General Partner

Clay made his first small company investment in the late 90's and never looked back, joining forces with Scott in 2004 to raise Hadley Capital's first committed capital fund. Over the past twenty years he has worked closely with nearly a dozen small companies on growth and improvement initiatives.

Clay currently works with Bluff Manufacturing and Storfex, and previously served as chairman of the board of directors for SGA Production Services, a former Hadley Capital company.

Clay is the firm's annual leader in vertical feet skied, a competitive cyclist who enjoys road races and longer challenge events, and an instrument-rated pilot. He is actively involved in a number of community and non-profit organizations, most recently completing a [3-year] term on his local village caucus/council.

Clay received a degree in English from Gettysburg College and his MBA from the University of Chicago. He and his wife Amy have three children, and a black lab named Dexter.

Paul Wormley

General Partner

Paul joined Hadley Capital in 2005. He has spent his entire career working with small and emerging companies. Paul grew up in a family business environment and is an owner of his family's community newspaper group. Paul works with Open Sky Media and Centare. He was previously the chairman of the board of directors for i-deal Optics, a previous Hadley Capital company.

HADLEY

Paul is an outdoor enthusiast who enjoys fishing, hunting, riding motorbikes, Crossfit and an occasional craft beer. He works closely with a number of non-profit organizations including One Acre Fund and Trout & Salmon Foundation, and serves as Finance Committee chairmen for his church.

Paul is a graduate of the University of Colorado at Boulder and received an MBA from the Kellogg School of Management at Northwestern University. He and his wife, Rosemary, have three young children.

George Malone

Vice President

George joined Hadley Capital as Vice President in 2014. He observes on the boards of multiple Hadley Capital portfolio companies, leads deal-sourcing efforts, and manages Hadley Capital Limited Partner communications.

George began his career in public accounting with Faulkner Mackie & Cochran, P.C. serving clients ranging from large publicly traded companies to small family owned businesses. He discovered his passion for investing in small and emerging companies after operating a small distribution company in the Southeast.

George graduated with Honors from the Owen Graduate School of Management at Vanderbilt University and received his Bachelor of Science in Accounting from Birmingham Southern College. He lives in Chicago with his wife and their 100 pound St. Berdoodle, and is an avid hiker and traveler.

INVESTMENT FOCUS

Successful Small Companies with Growth Potential

Ideal Small Company Characteristics

- Revenue between \$5.0 million and \$30.0 million
- Cash flow between \$1.0 million and \$3.0 million

And at least one of the following:

- Proven management team
- Leadership position in a niche market
- Quality brand name
- Established, proprietary product line
- Strong regional presence
- Transactions that Meet the Needs of Company Owners

HADLEY

Acquisitions

- Leveraged Buyouts
- Management Buyouts
- Recapitalizations
- Growth Capital
- Corporate Spin-Offs
- Generational Transitions

Types of Companies We Own

- Manufacturing
- Business Services
- Distribution

OUR STRATEGY

Long-term vision, realized through thoughtful improvements over time

We support achievement of increased growth and value through patience and hard work, guided by a long-term strategic view. We get to know each company thoroughly so we can help make thoughtful improvements. We don't seek to fix what isn't broken.



Patience and collaboration

We have never been a firm that invests for fast profits. Instead, our objective is long-term capital appreciation, with ownership in our companies that averages more than seven years. We work closely with management teams to assure an alignment of interests, typically implementing equity plans for company executives to give them a stake in their company's success.

Adding value

Our goal is to make good small companies even better. We do this over time by providing the resources, knowledge and talent to implement positive, growth-producing changes.

At Hadley Capital, we believe each company's management team should run the company. We are not looking to run companies. We believe each company's management team should run the company. In some cases, business owners continue to manage their business after a sale. In other instances, the owners retire and transition out fairly quickly.

ACQUISITION PROCESS

What to Expect When Selling Your Business

Step One: Introductions

Business owners often contact us directly to determine if we are interested in acquiring their company or partnering with them to invest in and help grow their business. To see if Hadley Capital might be a good fit for you, please see our Investment Focus section.

In other cases, intermediaries, including business brokers, investment bankers, commercial bankers, accountants, etc. introduce business owners to Hadley Capital. Frequently, the intermediary has been engaged by the business owner. Intermediaries can help owners reach a larger pool of buyers, guide owners through the sale process and assist owners in identifying qualified transaction advisors (such as attorneys).

Hadley Capital has acquired companies where intermediaries were involved and those where they were not. Choosing an intermediary—or not—is a personal decision. We have established relationships with intermediaries from all over the country and would be happy to make introductions to them.

Of the 1,000 or so companies we are introduced to each year, approximately 25% proceed to Step Two.



Step Two: Preliminary Review

Once we have determined that your business meets our investment criteria, and you have determined that Hadley Capital is a legitimate buyer, we typically exchange a Confidentiality Agreement, so you can share the following information with us:

- Summary of the needs of the business owner (outright sale, recapitalization or partial sale, management buyout, etc.)
- 3–5 years of financial results (P&L and balance sheet)
- Review of annual Owners Benefits
- Summary of top customers
- Other information that is particularly relevant based on the type of business (for example, annual capital expenditures in a capital-intensive business)

After reviewing this information and a follow-up telephone conversations, we will either confirm our interest and discuss next steps or politely decline. If we move ahead, Hadley Capital will typically issue a term sheet and arrange an on-site visit.

Of the 1,000 or so companies that we are introduced to each year, approximately 10% proceed to Step Three.

Step Three: From Term Sheet to LOI

After a successful visit, the process becomes more involved and more formal. Additional information is exchanged, and another site visit may take place. As Hadley Capital continues to learn about your business, and you learn more about us, further discussions regarding company valuation and transaction structure occur. The term sheet from Step 2 may be revised multiple times during this stage and, eventually, lead to a formal Letter of Intent.

A Letter of Intent, or “LOI”, is a formal, written document indicating the terms a buyer is offering a seller in a proposed acquisition or investment. An LOI states a serious intent, by both parties, to carry out the proposed transaction. Hadley Capital is very selective about issuing LOIs because they indicate that we will be dedicating substantial resources to acquiring your business under the terms outlined in the LOI.

Less than 1% of the companies we review result in a Letter of Intent and proceed to Step 4.

Step 4: From Letter of Intent to Closing

Due diligence is a rigorous 30-day review of the business and includes a detailed analysis of accounting history and practices, operating practices, customer and supplier references, management references and market reviews. The due diligence process is managed by a Hadley Capital partner with the assistance of third party advisors such as accountants.



Hadley Capital has the committed capital required to complete acquisitions. But, in nearly all cases, we use some form of debt financing to supplement our equity capital. The debt financing process includes identifying lenders interested in partnering with Hadley Capital to complete the acquisition. Hadley Capital maintains a large Rolodex of lenders that we partner with to complete acquisitions.

The final step in the acquisition process is the legal documentation and funding step. Upon completion of the legal process, the acquisition funds are wired to the seller and the acquisition is complete. When the deal is finally done, we can celebrate the beginning of our mutually beneficial and profitable future together.

VALUATION GUIDE

What is Your Business Worth?

Common Methods of Valuation

Ultimately, the value of anything being sold is what someone is willing to pay for it. There are, however, many accepted methods for determining value when it comes to your business: Book Value, Discounted Cash Flow, Multiple of Cash Flow and Multiples of something else—for example, some industries are valued at a multiple of subscribers, a multiple of revenue, etc.

Our Approach to Valuation

Hadley Capital values Companies based on their ability generate sustainable, operating cash flows. We typically apply a multiple to the annual, sustainable operating cash flow of a business to estimate its value. We use EBITDA as a rough but good estimation of operating cash flow. To determine sustainable cash flow, we adjust EBITDA to include some positive and negative add backs.

Positive add backs that increase EBITDA may include:

- Owners excess compensation
- Rental expense above market rates
- Owners benefits that are not required to run the business such as automobiles, vacations, etc.

Add backs that may decrease EBITDA include:



- Rental expense below market value
- Substantial annual capital expenditures
- Additional salaries required when the owner departs

A VALUATION TOOL

EBITDA Multiples

Once sustainable EBITDA is determined, Hadley Capital applies a multiple of EBITDA to determine the Enterprise Value of your business. In general, smaller companies typically trade for between 3x to 5x normalized EBITDA. The difference in the multiple is generally the result of a variety of characteristics specific to your business, including:

- Sales growth rate
- Gross Profit Margin
- Annual EBITDA
- EBITDA Margin
- Annual capital expenditures
- Working capital requirements
- Customer concentration

THE STRUCTURE OF THE OFFER IS IMPORTANT

Comparing Offers

Not all offers are the same or comparable. Some buyers may offer a higher “headline number”, that suggests your business is worth more, but contingency payments like earnouts, seller financing requirements and complicated financing structures may add risk to the offer by stretching out payments over time rather than a single, substantial check at closing.

Committed Capital

At Hadley Capital, we are private equity investors with capital on hand, which means that most of our transactions involve substantial cash at closing. We can structure payment using a variety of financing techniques but most sellers prefer cash even if our valuation appears slightly lower than a competing offer with complicated or protracted buyout contingencies. We are happy to discuss options and explain how price differences really work and how cash can pay added dividends.

COMMON PITFALLS

Enterprise Value vs. Equity Value

Hadley Capital's valuations are almost always based on an enterprise value, rather than an equity value, and are usually on a cash-free, debt-free basis. As the seller, you are responsible for satisfying (paying off) any existing debts. Equity Value is what is left after subtracting debt from Enterprise Value. Enterprise Value and Equity value may be most easily understood by comparing them to someone's home value. The Enterprise Value of a home is the total value of the home. The Equity Value of the house is the total value less the mortgage on the home. It's the same with your business; Equity Value is what's left after you pay off any debts.

Working Capital Adjustment

Working capital is the capital required to operate a business in a steady state environment. Hadley Capital acquisitions always include a working capital adjustment at closing. A working capital adjustment increases or decreases cash at closing based on the performance of the business between executing a LOI and closing a transaction. If the business grows between LOI and closing, the working capital adjustment will result in higher sale proceeds because the working capital grows. If working capital declines, the purchase price will be lower. The working capital adjustment is not meant to benefit the seller or the buyer but, rather, to compensate for balance sheet changes (to the positive or negative) between LOI and closing.

OUR FAMILY OF COMPANIES

Well-run small businesses looking to get to the next level

Hadley Capital portfolio companies come from a wide variety of industries but share certain characteristics. All are small businesses that are established leaders in their markets with room to grow through increased investment. All are well managed with healthy margins and potential for improvement. All come to us looking for new ideas and capital for getting to the next level of value.

Bluff Manufacturing

Management Buyout

December 2012

Bluff Manufacturing is a leading provider of steel and aluminum boards and plates, portable yard ramps, and warehouse safety equipment to companies throughout North



America. Bluff's longstanding commitment to the highest quality and outstanding customer service has helped to sell its dock solutions products to companies both large and small, including Ford, FedEx, General Motors, Kraft and Exxon. The company adheres to the ANSI MH30.2 standard, a rigorous testing process to ensure the highest-quality products.

Bluff was founded more than 40 years ago and is based in the Dallas-Fort Worth metroplex.

Brushy Mountain Bee Farm

Management Buyout

September 2014

Brushy Mountain Bee Farm designs, manufactures, sources and sells high-quality beekeeping equipment and supplies. For nearly 40 years, Brushy Mountain Bee Farm has been a trusted source of the finest beekeeping wares, including a complete line of beekeeping equipment, candle and soap making, and mead supplies. The company manufactures bee hives in a company-owned woodshop in North Carolina and also operates a sewing operation that makes beekeeping clothing.

The company operates out of its headquarters on Brushy Mountain in Moravian Falls, North Carolina, with additional locations in Pennsylvania and Oregon.

BRUSHY MOUNTAIN BEE FARM AND HADLEY CAPITAL

Steve and Sandy Forrest started Brushy Mountain Bee Farm 30 years ago. What started out as a two-person enterprise (Steve made the product and Sandy sold it) gradually grew into a business employing almost 100 people. To help manage the growth, Steve and Sandy hired Shane Gebauer as the general manager, who also took an ownership stake.

When Steve and Sandy decided to sell and retire, Shane wanted to buy their share of the business and needed a partner to make it happen.

Shane picked Hadley Capital to help him purchase the business from Steve and Sandy. The Forrests retired the day of closing and Shane became president.

Hadley Capital has helped Shane grow the business more aggressively than the Forrests were comfortable doing—in the first year of our partnership we completed an

acquisition and made a significant investment in equipment to enable Brushy Mountain to manufacture more of what it sells.

Our partnership is in its early stages and time will tell if these changes were prudent. We think they were, and we are excited about the future of Brushy Mountain Bee Farm.

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Cambridge Major Laboratories

Acquisition and Growth Capital

1999–2007

Cambridge Major Laboratories, Inc. (CML) is a leading global chemistry outsourcing partner to the pharmaceutical and biotechnology industries. CML produces pharmaceutical intermediates and active pharmaceutical ingredients, from early preclinical development to commercial manufacturing. In October 2013, CML announced a merger with AAIPharma Services Corp, a leading provider of pharmaceutical analytical testing, product development and manufacturing services worldwide, to form a premier global supplier of integrated chemistry, manufacturing and control services.

Centare

Management Buyout

August 2013

Centare provides application development and agile coaching and training services. The company delivers mobile, web and enterprise applications utilizing agile techniques and leading-edge technologies. Centare teams use short-cycle, iterative methods to deliver working software in extremely short delivery windows. Centare's agile coaching and training teams help clients drive transparency into everyday operations and leverage effective ways to validate business ideas before significant investments are made.

Centare employs more than 100 Centarians in Milwaukee and Madison, Wisconsin, and Chicago, Illinois. Centare has been recognized as a Top Workplace in Milwaukee for five consecutive years.

HADLEY

Custom Label

Acquisition from Founder

October 2002

Custom Label is a narrow-web flexographic and digital printer. For more than 30 years, Custom Label has provided high-quality custom labels and printed packaging for wine bottles, food and consumer packaging, and pharmaceutical products.

Custom Label is on the leading edge of printing technology, offering UV flexography, personalized labels, combination flexo/hot stamp/embossed, promotional coupons and digital label printing.

Custom Label's quality management system is ISO 9001:2008 certified, demonstrating the company's ability to consistently provide product that meets customer and applicable statutory and regulatory requirements.

Custom Label is located in the San Francisco Bay Area.

Harris Seeds

Spin-off from U.S. Parent Company

January 1998

Harris Seeds provides the finest vegetable and flower seeds available to smaller commercial growers and home gardeners through mail-order catalogs and the Internet. The company aims to provide the finest products available at a fair price, coupled with friendly and courteous service.

Members of the Harris Seeds staff travel throughout the United States, selecting the finest of the new varieties of vegetables and flowers for sale to its customers. Harris Seeds is an active member of the American Seed Trade Association, the National Garden Bureau and the Mail-Order Gardening Association. Harris Seeds has operated in Rochester, New York, since 1879.

i-deal Optics

Generational Transfer

December 2008

i-deal Optics designs, imports and sells value eyewear to optometrists, multiple-location retail optical chains and optical labs. The company markets approximately 600 styles under seven proprietary, trademarked brands and one licensed brand to approximately 5,000 customers in the United States, Canada and Mexico.

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Since its founding in 1996, i-deal has built a reputation as a trusted brand known for delivering high value via its innovative, long-lasting designs, excellent customer service and affordable prices.

i-deal Optics is located in Troy, Michigan.

I-DEAL OPTICS AND HADLEY CAPITAL

i-deal Optics is in many ways the stereotypical American family business. Started by Dad, employing several family members (son, daughter in law, nephew) and, after many years of hard work, successful.

But when it came time for Mort Feldman to sell, the next generation of family members did not have the financial resources or expertise to buy him out. The next generation of the family wanted to be meaningful owners, wanted to run the business and had many good ideas on how to grow the business. Mort wanted to secure his financial nest egg and transition to retirement. Enter Hadley Capital.

We partnered with the second generation and other key employees to purchase the company from Mort. Because Michael (Mort's son) had been at the company for many years, Mort was able to quickly retire. Michael became president and never looked back.

Over the next seven years we invested in a new facility, new products, new systems, an acquisition and key personnel additions. The second generation owners of i-deal are now successfully partnering with another owner and continuing its growth path.

International Specialty Supply

Recapitalization with Founder

July 2011

International Specialty Supply (ISS) is a one-stop shop for commercial sprout growers. ISS is the only company that does it all: commercial sprout equipment, sprouting seeds, sprout packaging and sprout industry consulting.

ISS also grows and sells sprouts under the Sungarden label to major grocery store chains and food distributors in the Southeast. Sungarden recently introduced a dried sprout product line that is incorporated as an ingredient into finished products, including nutritional supplements and food products.

ISS is an industry leader and maintains rigorous quality and food safety processes and procedures to ensure its products are among the safest in the industry. The company is based in Cookeville, Tennessee.



JRI Industries

Recapitalization with Founder
2004–2015

JRI Industries is one of the largest and most experienced parts washer manufacturers in the United States. With a large portfolio of parts washers and cleaning systems, JRI is the go-to provider for a long list of leaders in the heavy equipment, remanufacturing, mining, railroad, aerospace, automotive and general manufacturing industries. The company has a well-earned reputation for rapid turnaround time, excellent customer service and the ability to develop solutions tailored to customer need.

Founded in 1993, the company operates out manufacturing facilities in Missouri and Connecticut.

JRI INDUSTRIES AND HADLEY CAPITAL

Jack Rogers, the founder and president of JRI Industries, wanted to sell a portion of his business but he was not quite ready to retire. He also wanted to execute some estate planning to benefit his family. Jack partnered with Hadley Capital to complete a recapitalization that helped him achieve all of his liquidity, estate planning, transitional employment and retirement goals.

Jack was synonymous with JRI—JRI stood for Jack Rogers Inc.—and he ran a good company, but he wanted help to take it to the next level. Hadley Capital provided the resources and support to help achieve Jack’s and the company’s goals.

Transitioning from Jack’s leadership took several years but success came with Jim Jones joining JRI. Jack felt comfortable leaving the company in Jim’s hands, and Jim and the company purchased all of Jack’s remaining ownership.

Jim and Hadley Capital worked together for the next eight years to take a good company and make it great. JRI completed two acquisitions, moved facilities and expanded its distribution network. JRI was a substantially bigger—and better—company when we sold the business. Jim remains a significant shareholder in and president of the company.

Kelatron

Acquisition from Founder
1999–2011

Kelatron Corporation is a world leader in raw material bioactive mineral nutrients for the nutritional, food, dietary supplement, and medical industries. Backed by outstanding technical and applications expertise, Kelatron offers premium products to manufacturers in the nutritional supplement, sports nutrition and functional food segments. In November

2011, Kelatron was acquired by Innophos, a prominent global producer of speciality phosphate products.

Open Sky Media

Spin-off from Parent Company

January 2011

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Open Sky Media publishes city and lifestyle magazines that appeal to affluent readers living in healthy, fast-growing markets. The company was formed via the acquisition of Austin Monthly and San Antonio Magazine. Open Sky Media later acquired Slice Magazine, Marin Magazine and Gulfshore Life Magazine. Open Sky's market-leading media brands produce the dominant lifestyle titles in their respective markets as well as a variety of digital, event and custom publishing products.

Open Sky Media employs approximately 100 people in Austin and San Antonio, Texas, Oklahoma City, Oklahoma, Sausalito, California, and Naples, Florida.

Packaging Specialists

Acquisition from Family

April 2008

Packaging Specialists (PSI) designs and manufactures custom protective packaging solutions for leading industrial manufacturing companies located in the southwestern United States. The company delivers advanced packaging solutions constructed from polyurethane, polyethylene, corrugated cardboard, wood and a variety of recyclable materials. PSI's customers include leading players in the defense, electronics, semiconductor, aerospace, consumer products and solar industries.

Packaging Specialists has been in business for more than 30 years and currently operates out of a 100,000 square foot facility in Phoenix, Arizona.

SGA Production Services

Acquisition from Founder

June 2006

SGA Production Services is the nation's leading provider of venue transformation services, including audience risers, temporary and portable stages, seating systems, drapery and scenic set design. More than 25 years ago, SGA invented the temporary audience riser for use in corporate meetings and events. Today, the company is the leading provider of staging and audience risers and temporary seating systems for

corporate meetings and high profile sporting events.

SGA, based in Lansing, Michigan, has nearly 100 employees across six offices in Nevada, Florida, Texas, Georgia and Michigan.

Storflex Fixture Corporation

Generational Transfer

July 2012

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Storflex designs and manufactures metal gondola display shelving, custom metal and wood fixtures, walk-in coolers and ancillary products. The company counts some of the nation's largest supermarkets and specialty retailers as customers. These customers rely on Storflex to deliver high-quality modular shelving with high load factors under short lead times. Over the past twenty-five years, Storflex has developed one of the strongest brands in the shelving industry.

Storflex operates out of a state-of-the-art 170,000 square-foot manufacturing facility in Corning, New York.

W.C. Rouse & Son

Acquisition from Founder

September 2012

W.C. Rouse (WCR) is the Southeast's leading provider of commercial and industrial boiler equipment sales and service. As a manufacturers' representative for the industry's leading boiler, burner and ancillary equipment manufacturers, WCR also has certified service technicians to provide on-call, around-the-clock service. The company focuses on improving boiler system efficiency, safety and reliability through its products and expertise.

W.C. Rouse is based in Greensboro, NC with additional locations in Charlotte, Raleigh and Wilmington NC, and Columbia and Greenville, SC.