

ALLEGRO NEWS



WELCOME

Welcome to the 2021 Winter edition of the Allegro newsletter. Activity levels remain high on all fronts – new deals, exits, M&A and pipeline growth. Toll Global Express was announced and signed in April, and we'll finalise the acquisition late August. We also announced the appointment of Christine Holgate as CEO of Global Express who will lead the transformation of the business, drawing on her deep logistics experience and leveraging Allegro's turnaround processes and expertise.

The completion of the Toll acquisition in August will trigger the formal launch of Allegro Fund IV, and so our fundraising work has kicked off. The preliminary data room is ready and populated with documents, which we will continue to add to. We are targeting a first close before the end of the calendar year.

July marked a milestone month for Allegro with the successful listing of Best & Less Group (ASX: BST), coupled with the pre-IPO sell down to Brett Blundy, one of Australia's most well known retail investors.

Questas, our hydraulics and water business, continued the execution of its acquisition-led expansion strategy with two bolt-on deals in July: Hardchrome and Aussie Fluid Power. Both are hydraulics businesses based in Perth and will add more than \$25 million to group revenue. Questas has completed five bolt-on acquisitions under Allegro ownership.

We are also readying several other Fund II and Fund III portfolio companies for exit, so look out for further news in our next newsletter.



TOLL GLOBAL EXPRESS

Allegro signed a landmark deal to acquire Toll Global Express in April. This included securing \$500 million in funding to complete the separation and transformation of the business. The business has a crucial role to play as an enabler for e-commerce which will underpin the economic recovery of Australia and New Zealand post COVID-19.

Closely following the signing, Christine Holgate was appointed as future Group Chief Executive Officer of Global Express. Christine will lead the transformation strategy for the growing parcels and logistics organisation upon completion of the acquisition during the September quarter.

EXIT ACTIVITY

Best & Less Group

Best & Less Group successfully listed on the Australian stock exchange (ASX) on July 26, 2021 with the ticker code BST.

Just prior to the listing, a pre-IPO stake was sold to Brett Blundy's investment vehicle, BBRC. The IPO was more than 2.4x oversubscribed by institutional and retail investors.

BLG was listed at \$2.16 per share with a market capitalisation of approximately A\$271 million. Trading volumes and interest in BLG since the listing has been strong.

Allegro retains a 43.6% interest in BLG post listing.



DEAL FLOW

Deal flow continues to be robust with our pipeline representing a mix of special situations, turnaround, and transformation deals. There is increasing activity around corporate orphans as boards of directors move on assets that are difficult, or not fitting in with their central strategy. There are also several

privately owned businesses that had been sitting on the side lines as they navigated covid, that are now coming to the market. Fraud, accounting issues and mis-managed companies continue to be present in the market and are finding their way onto our deal sheet.

COVID-19

At the time of writing there are multi-state lockdowns and border closures in place across Australia as State Governments attempt to get ahead of the highly contagious Delta variant. Allegro has protocols and procedures in place to support working from home arrangements. However, we

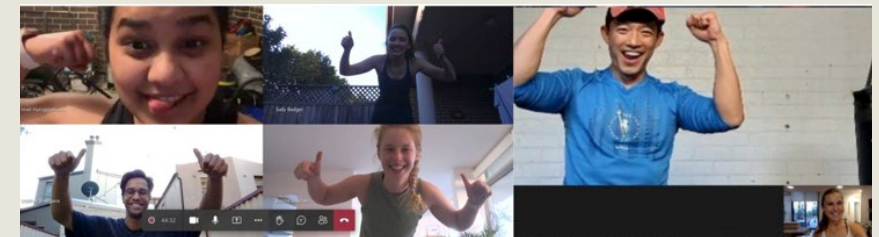
acknowledge personal situations vary considerably and staff are being provided with as much support as possible. The same applies to our portfolio companies, hence we are monitoring them closely and assisting management teams. Many readers of this newsletter will be in a similar situation, and we wish everyone the best.

As COVID-19 took hold in 2020 last year, Adrian Loader, Founder & Managing Partner at Allegro published a thought leadership piece about how to manage the impact of lockdowns on portfolio companies. Given the current outbreak, we thought it timely to provide a [link here](#) to the article.

OPERATING PARTNERS

Menno Veeneklaas, one of Allegro's senior Operating Partners focused on strategy, recently led a PEI (Private Equity International) hosted panel discussion on the topic: "How are private equity value creation models evolving". The panel discussed the increasing focus on digital and data transformation, driving value through stronger BI and data analytics capability, proactive human capital management and ESG. We're excited to see Menno involved in such industry building forums as

we continue to grow and build our operating partner practice. If you would like to know how Allegro, including our operating partners, can partner with you and take your business to that next level get in touch.



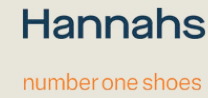
WELLNESS AND MATESHIP

The Allegro team loves working up a sweat just as much as we enjoy each other's company. During this current lockdown, our team have transitioned to virtual work-outs together. This has been vital for maintaining a healthy and positive mindset, in addition to checking-in with each other in a social setting with our peers. Don't be fooled by the smiles, they've been put through their paces!

CURRENT PORTFOLIO



EXITED PORTFOLIO



CONTACT US:

If there is anything that you are keen to hear more about, please don't hesitate to contact us. We have a lot going on, but we always welcome the opportunity to chat with our investors, supporters and followers.

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