

Letter from the CEO, 2020

January 2020 starts a new chapter for the Clark Associates companies. As previously announced, I have turned over the CEO position to Gene Clark for 2020. I took over this position in 1993- that's 27 years and a lot has happened during that time. Effective this year, I will become Chairman of the Board, so this is the last letter I will have to compose.

I started by looking back at some of the first CEO letters, we only started publishing them in 2010, so I'll begin from there. At that time we had 350 employees and about \$103 million in revenue. In 10 years we have been able to create 3,500 jobs and increase revenue to over \$1.7 billion. That's a pretty amazing feat, and the credit can't go to one person. We have built an incredible group of managers, leaders, and associates. To all of you, thanks for all of your hard work and for proving me right about one of my founding principles:

“Hire the smartest, hardest working people you can find and give them room to grow and encourage them to make some mistakes. Instill morals, values, and ethics in their business training and then get out of their way.”

So here are some of our accomplishments for 2019:

Companywide, we maintained our ranking as the second largest Foodservice equipment and supplies dealer in the country, according to Foodservice Equipment & Supplies Magazine's 2019 “Distribution Giants” survey. I'm proud of the fact that we led all of our competitors in terms of dollar growth.

WebstaurantStore had another strong year, with work continuing on its 9th Distribution Center, located in Bloomsburg, PA. When completed, this facility will help us continue to grow and better support our Mid-Atlantic and Northeast regions. We've also completed phase 3 of our Tampa office expansion. This will allow us to accommodate another 350 employees, up from the 150 that are there now.

Thanks to its continued focus on having the best employees, prices, and technology options, The Restaurant Store saw a record year, hitting \$100 million in sales for the first time in its history. The Restaurant Store Express is now available in all locations. This program allows customers to pick up orders without going into the store after placing their order online. 2020 is shaping up to be another strong year, with the opening of 3 new store locations: Capitol Heights, MD, Plymouth Meeting, PA, and breaking ground on our first new build, Pennsauken, NJ.

We had another record year in sales in Clark Food Service Equipment & 11400, which included a record number of projects beyond the east coast, ranging from Ohio to Texas and into California. We also completed the implementation of a full project management team system to best serve our customers' needs. Clark Pro had another strong year too, as we created a new process and technological solution for seamlessly executing our staged order offerings.

Clark National Accounts transitioned from a start up to shipping thousands of orders per week all across the country, as well as offering support for new store openings, to multi-unit operators. Our other specialty channel, Hometown Provisions, became fully integrated with Clark's systems and infrastructure and launched an online ordering platform for the first time in Hometown Provision's history.

Procurement continued to help fuel the growth of all our companies by following market trends, broadening our product offerings and adding new SKUs. IT completed its final department migration onto our new Inventory Distribution System (IDS), our built in-house ERP system, and launched a 24/7 Helpdesk. Business Services handled the financial reporting, payroll, tax management, and strengthened our employee benefits package. Dependent care reimbursement account options were added and we took steps to offer an improved 401(k) platform.

Our charitable foundation was very active again this year with support totaling \$2.5 million and over 160 different organizations and individuals were helped. Our support impacted every community where we have a physical presence. We also helped 4 organizations that support those in need in Haiti, Guatemala, Kenya, and Costa Rica. As the Company grows, so does our Foundation and its ability to give more back both locally and globally.

Finally, we had another great year with our internship program. With 66 interns in 13 different departments across 5 states, we've continued to strengthen our partnership with area colleges and

universities by exposing their brightest students to our business. We aim to give them the opportunity to work alongside our teams, learning about our business from the ground up.

As far as the future is concerned, the companies are in great hands with Gene, Dave, Steve, Charlie and Erin in charge. I look forward to seeing where they are able to lead us next.

So for those of you reading this, whether you are a customer, vendor, supplier, current or former employee - thank you for being part of this success.

Best Regards,

Fred E. Clark
CEO, Clark Associates, Inc.