

Letter from the CEO, 2019

2019 will be our companies' 48th year in business. It's hard for me to believe what has happened in those years. Even though I was only 12 when it began, I can still remember the beginning. 48 years of opportunities, many battles won and a few lost. So here are a few of our accomplishments for 2018 and a few plans for 2019.

2018 was another great year for Clark Associates. We've regained the #1 slot in the Central Penn Business Journal's "Top 50 Fastest Growing Companies" ranking of regional businesses. That was the 10th consecutive year we made the list, and our second year holding the first place spot. We have also maintained our 2nd place ranking in Foodservice Equipment & Supplies Magazine's 2018 "Distribution Giants" study.

To keep pace with WebstaurantStore's growth and to expand our storage and shipping capacity in the Midwest, we purchased a property next door to our current Kentucky distribution center and are finalizing construction with plans to open this 500,000 sq. ft. facility in Q2 of 2019. Overall, we've added over 600,000 sq. ft. of distribution space over the past year, which brings us up to a total of nearly 3 million sq. ft.; and on the books for 2019 will be our 9th distribution center located in Bloomsburg, PA, which will add nearly another 600,000 sq. ft. Likewise, to continue growth of our Development, Marketing, and Customer Service/Logistics teams, we're expanding office space in our Tampa, Florida, location.

Both 11400 and Clark Food Service Equipment finished a record year, having been awarded over \$90 million in equipment contracts across several hundred jobs. A few noteworthy projects included work for Facebook, Universal Studios, Disney World, and the Department of Defense. Our Clark PRO marketplace completed its transition to a new website, which allows for more

tailored solutions for its customer base of large, sophisticated hospitals, amusement parks, casinos, and senior living facilities. The newly formed Clark National Accounts began working with several chain restaurants of varying sizes, including shipping over 600 orders a week for its largest client, a widely recognized national restaurant chain. We have been busy fully integrating Hometown Provisions and its products and services into our existing operations, and we're gearing up for a successful 2019.

The Restaurant Store saw its membership sales grow by 40%, and sales through the website now make up 36% of total store sales. TRS Express is now open at the Lehigh Valley, Baltimore East, and Reading store locations. We're currently renovating the Lancaster Restaurant Store, whose plans include an expanded footprint, centralized entrance and checkout area, and TRS Express. We also are currently developing a property just east of Washington, DC. This will be our 9th store, and we anticipate opening that new location in Q2 of 2019.

We've also strengthened our partnerships in the community, both with local high schools as well as colleges. For example, we want to make sure that as many young people as possible are prepared at the end of high school to make wise career decisions. As a result, we've started a high school mentor program that gives interested students real-world work experience that helps them learn more about themselves and their own aptitudes and interests. It gives them the chance to work with a professional mentor over the course of a school year. We currently have 11 company mentor/student pairs and look to expand this program going forward.

Finally, we are continuing to have a strong summer internship program. This past summer, we had 69 bright college students participate in Lancaster, and 5 in Georgia. Each intern works for one of our business divisions, right alongside full-time employees doing the same type of work. We like to emphasize overall professional development, and in order for our interns to get the most out of their experience, our program aims to expose them to the company's history and goals. We facilitate this through round table discussions, company tours, panel discussions with

our executive team, volunteer activities, and even shadowing and personality assessment activities.

Our employees' generosity in both volunteering activities and financial support for all of the communities across the country where we have a physical or business presence is still an important part of our business. We supported over 180 different organizations in 2018, with approximately \$1.8 million in donations between employee donations and Clark Charitable Foundation contributions.

As always, I'd like to thank our 3,000 employees for all their hard work. Feel free to visit our Careers page if you would like to learn more about becoming part of our future success and growth!

Best Regards,

Fred E. Clark
CEO, Clark Associates, Inc.