

Supply Chain Technology and Logistics Report Spring 2022



Investment Banking and Advisory Services

FOCUS Investment Banking is a leading investment bank with specialized supply chain industry expertise, concentrating on providing highly tailored services to emerging middle market and larger organizations in this sector:

- Mergers & Acquisition Advisory
- Corporate Development Consulting
- Strategic Partnering & Alliances
- Capital Financing, Debt & Equity
- Corporate Valuations

By Eric Oganessoff, FOCUS Managing Director and Supply Chain Team Leader

In our Spring report we provide some of the major trends we are seeing in the market, and we also expanded our report to include Supply Chain Technology companies as well as Supply Chain Logistics companies. Both sectors are undergoing significant changes due to global supply chain issues and changes in buying habits across the board. Also, included is a list of 89 North American M&A transactions that have taken place since the beginning of the year.

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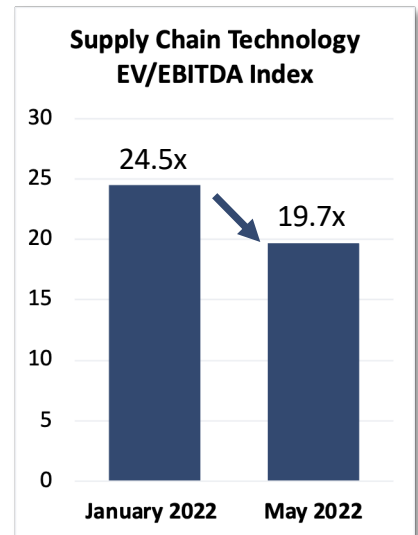
Trends in the Industry

- Overall, global supply chains continue to experience significant disruption. Covid's impact on China with restrictions on production, a lack of trucking capacity, and port congestion coupled with the conflict in Ukraine have negatively impacted imports into the U.S., delaying and increasing the cost of many products.
- However, M&A has remained strong through the early part of 2022. We report on 89 transactions in North America.
- The strategic operating model of the industry continues to be driven by the change in supply chain models to meet the new strategies of "just in case" vs "just in time," the need for urban micro-fulfillment centers, the repurposing of some retail stores into order fulfillment centers, the continuing emphasis on visibility, and delivery expectations.
- Private equity is playing an increasing role in the financing of growth and establishing platforms to acquire and grow companies across many sectors of the supply chain market.
- Operationally, the biggest issues in the supply chain market are worker shortages, product delays, and the increase in freight rates and fuel.
- The supply chain industry is poised for robust growth as the economy recovers and suppliers work to catch up with pent-up demand following the pandemic. That is also expected to attract increased competition.
- Many large retail companies (e.g., Walmart, Target, Amazon, Home Depot, etc.) have created their own proprietary supply chains dedicated to their own products.
- Supply chain industry players are investing heavily in supply chain management software and automation.
- Supply chain industry profits are likely to suffer in the near term as the result of these new investments, increased costs to attract workers, and higher energy-related costs.
- Labor negotiations between Pacific Maritime Association and the International Longshore and Warehouse Union, on behalf of 22,000 dockworkers at 29 West Coast ports, is underway at a very tenuous time. With the contract set to expire July 1st, any labor stoppage or slow down would exacerbate an already untenable capacity situation on the West Coast.

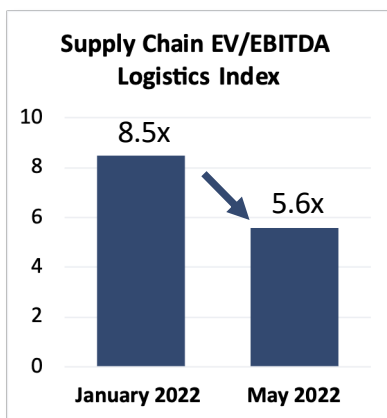
Supply Chain Index Summary

Supply Chain Technology Index

- FOCUS Supply Chain Technology Companies – This is a new sector for this report. As a group, the EV/EBITDA ratio dropped 20% from 24.5x to 19.7x, with the average gross margin remaining the same.
- The FOCUS Supply Chain Technology Companies have lagged the S&P 500 since the beginning of the year, having dropped by 20.5% vs the S&P's 16% decline. The FOCUS Supply Chain Software and Technology Companies beat the Technology Select Sector SPDR, which was down by 22%.
- The FOCUS Supply Chain Software and Technology Companies' gross margins stayed the same as at the beginning of the year, at 63.4%.



Supply Chain Logistics Index

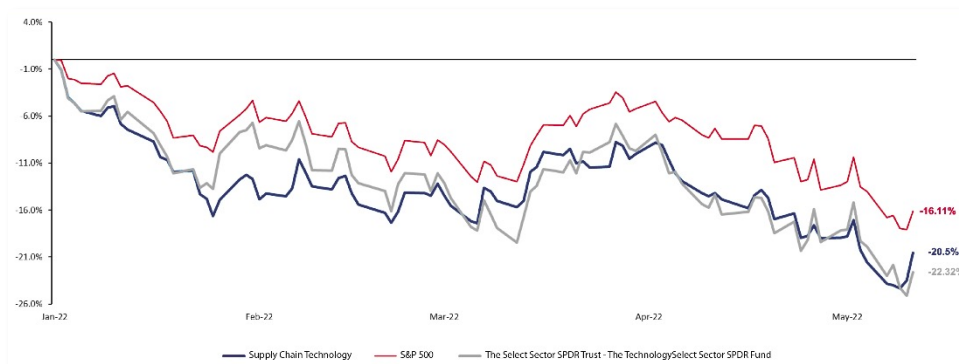
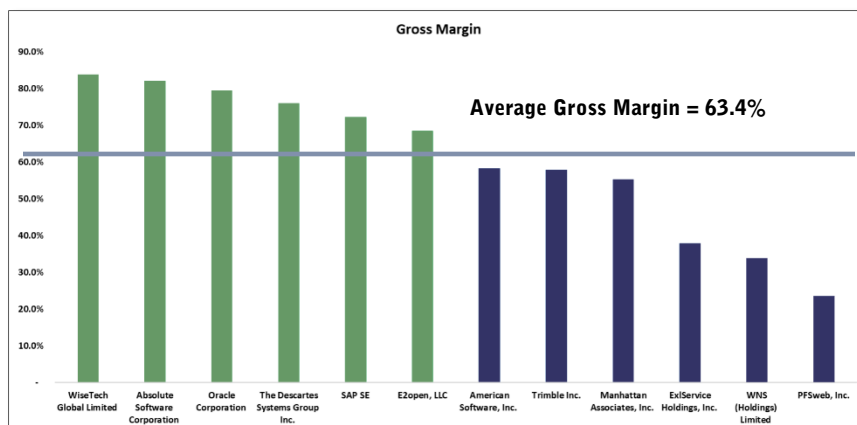
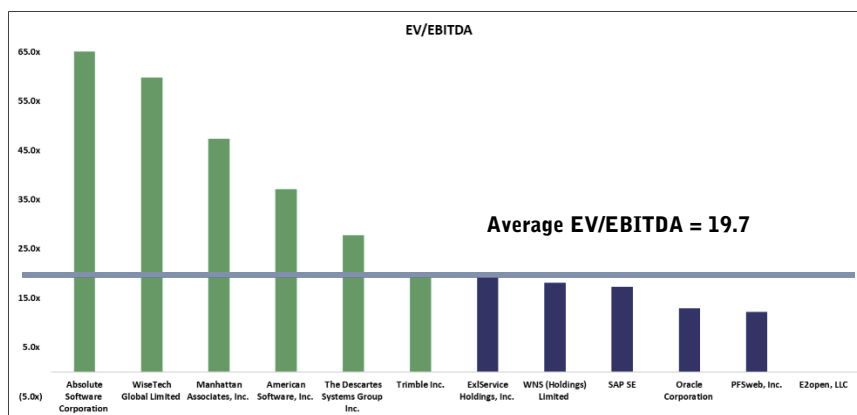


- FOCUS Logistics Companies – There has been a significant drop in the average EV/EBITDA ratio for these companies. At the end of 2021 these companies averaged 8.5x EV/EBITDA, but at the beginning of May 2022 that metric had dropped 34% to 5.6x EV/EBITDA.
- The FOCUS Logistics Companies have outperformed the S&P 500 since the beginning of the year, having dropped by only 13% vs the S&P's 16% decline. These companies also beat the performance of the Transportation ETF, which was down by 15%.
- The FOCUS Supply Chain Logistics Companies' gross margins increased slightly since the beginning of the year, from 19.1% to 19.2%.

*Source: Capital IQ

FOCUS Supply Chain Technology Index

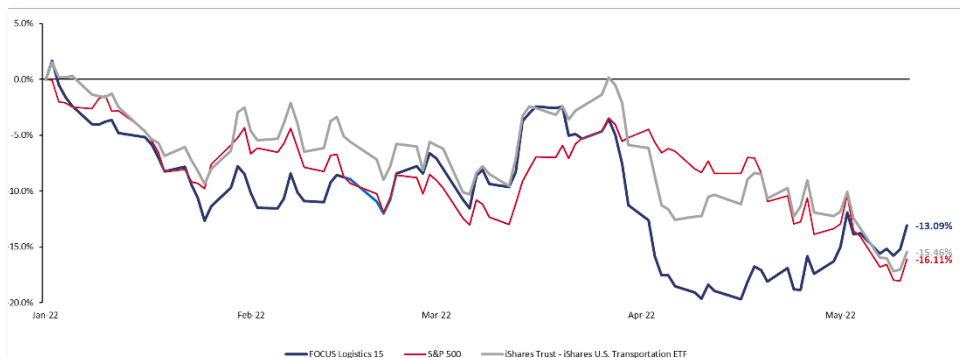
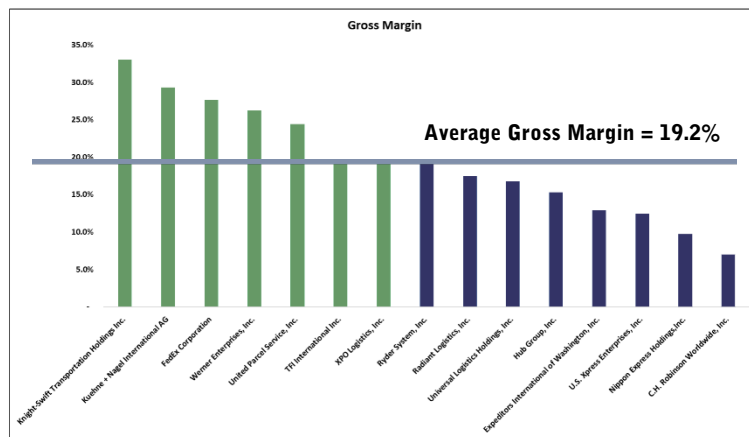
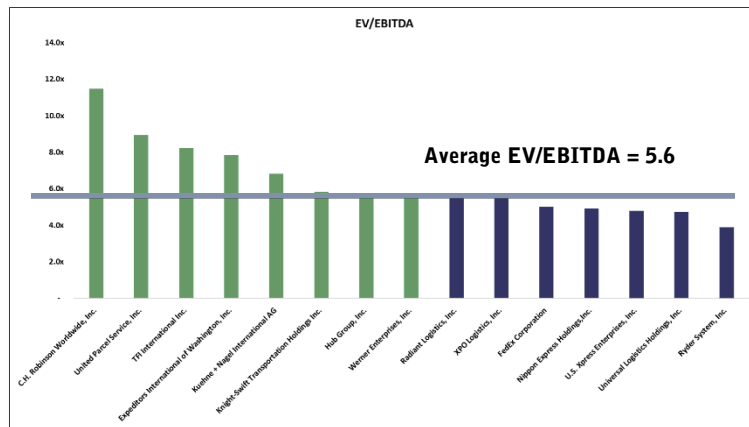
This index is comprised of 11 technology companies that are important to the overall market, they are public, they have a significant US presence and, for the most part, they have been active acquirers. Included are SaaS software, IOT and advanced equipment manufacturers.



*Source: Capital IQ

FOCUS Supply Chain Logistics Index

This index is comprised of 15 logistics companies that are important to the overall market, they are public, they have a significant US presence and, for the most part, they have been active acquirers. Included are EPLs, LTL and TL trucking companies and US based/dominant global companies.



*Source: Capital IQ

M&A Announced Transactions

Buyer	Target	Sector	Target Business	Date	Strategy
ShipX	Princeton Logistics	3PL	Contract capacity and truckload brokerage services.	5/26/22	Services expansion
DBL Partners	Airspace	SaaS	Technology platform to expedite deliveries, shipment, and provide full transparency	5/25/22	Investment - \$70 million
ShipHero	Delivery Net	3PL	Canadian 3PL serving Toronto and Vancouver	5/25/22	Geographic expansion
Lab Logistics	Allied Group	Fulfillment Services	Provides printing, kitting, and mailing services to healthcare and organizations	5/24/22	Services and customer expansion
GrubMarket	Spring Valley/Produce Connection	Food distribution	Technology based food distribution and wholesales	5/24/22	Services expansion
Lawless Group	Distributor's Source of Florida	Distribution	Industrial products distribution	5/20/22	Geographic expansion
Fox Logistics	Boxton's Freight Automation Platform	SaaS	Automates the quoting process and API connectivity.	5/18/22	Services expansion
LGT Transport	Jason Thomas Trucking	3PL	Provider of liquid fertilizer services	5/17/22	Services and geographic expansion
Benchmark	Mothership	SaaS	Short-haul technology company dedicated to same-day delivery	5/11/22	Investment - \$76 Million
Capital Food Company	Allied Sales and Distribution	Food distribution	Specialty bakery ingredient distributor and importer	5/11/22	Services and customer expansion
Diligent Delivery Systems	xpress Courier International	3PL	Transportation logistics and transportation services to customers including Office Depot, McKesson, The Home Depot, and Lab Corp.	5/11/22	Geographic expansion
Multiple investors	Stord	SaaS Technology	Cloud based supply chain management	5/10/22	Investment - \$120 million
Forward Air	Edgmon Trucking	Intermodal logistics	Short distance drayage provider in Seattle and Tacoma WA	5/8/22	Geographic expansion
Shopify	Deliverr	3PL - ecommerce fulfillment	E-commerce fulfillment for order storage services	5/6/22	Services expansion
SIRVA	BGRS	SaaS	Software engaged with developing relocation management system	5/5/22	Services and customer expansion
Echo Global Logistics	Roadtex	Cold storage solutions	National warehouse footprint temperature-controlled transportation solutions	5/5/22	Services expansion
Marquis Book Printing	GTW Book Warehousing Services	Distribution	Book warehousing and distribution	5/5/22	Vertical integration
CV International	Ryan Ship Services LLC	Shipping freight forwarding	Freight forwarding service	5/4/22	Geographic expansion

M&A Announced Transactions

Buyer	Target	Sector	Target Business	Date	Strategy
TA Services	C2 Freight Resources	Freight brokerage	High-end brokerage specializing in dry van, flatbed, temperature controlled, expedited and LTL services.	5/3/22	Services expansion
American Expediting	Crosstown	Last mile	Provides on-demand and scheduled courier transportation services throughout Tennessee	5/3/22	Geographic expansion
EPES Logistics Services	A. Cooper Logistics	Freight brokerage	Transportation brokerage company specializing in full and partial truck load	5/1/22	Geographic and services expansion
Armstrong Relocation	BBF Global Logistics	Freight brokerage	Memphis-based transportation brokerage company	4/30/22	Services and geographic expansion
Swire Shipping Limited	Westwood Shipping Lines, Inc	Shipping	Independent vessel operator	4/28/22	Services expansion
TFI International Inc. (TSX:TFII)	Unity Courier Service, Inc.	Logistics technology for time and temperature sensitive products	Nationwide network of close to 30 company locations and over 400 vendor sites	4/28/22	Services expansion
VerifyMe, Inc. (NasdaqCM:VRME)	PeriShip, LLC	Shipping	Logistics for time and temperature-controlled shipping	4/25/22	Services expansion
GTI Transport Solutions	Foxconn Logistics	Freight brokerage	Asset-light brokerage company	4/21/22	Services and geographic expansion
Lone Pine Capital	Convoy, Inc	SaaS - digital freight network	Technology to connect shippers to carriers	4/21/22	Investment - \$260 Million
Alpine Air Express	Suburban Air Freight, Inc.	Air freight	Regional air cargo carrier	4/18/22	Services and geographic expansion
Aoi Capital LLC	RK Logistics Group Inc	3PL	Warehousing, e-commerce and supply chain management services	4/15/22	Investment
GrubMarket	WaudWare	SaaS services	Enterprise software-as-a-service (SaaS) provider for the North American fresh produce industry	4/14/22	Services expansion
Lineage Logistics	VersaCold Logistics Services	Cold logistics and storage	Cold chain solution provider in Canada	4/13/22	Geographic expansion
Total Transportation Services	Marine Container Services, Inc. ("MCS").	Drayage and warehousing	Intermodal drayage and warehousing services	4/11/22	Services expansion
Sensia	Swinton Technology	IOT	Metering and measurement for expertise in the oil and gas industry	4/8/22	Services expansion
PSA International	BDP International	3PL	Global third-party logistics (3PL) services provider	4/7/22	Services, product and geographic expansion
Direct Connect Logistix	Hoosier Logistics	Freight brokerage	Freight brokerage company with specialization in asset-light, temperature-controlled transportation	4/5/22	Geographic expansion
Weber Logistics	Pacific Coast Warehouse Company ("PCWC")	3PL	3PL providing services to customers in food & beverage, and CPG	4/4/22	Geographic expansion
Nations Capital	Art Logistics	TL and LTL trucking	Logistics company specializing in delivery to southern states	3/30/22	Investment

M&A Announced Transactions

Buyer	Target	Sector	Target Business	Date	Strategy
Hy-Tek Holdings	FASCOR	Software	Supply chain execution software vendor	3/29/22	Services expansion
Hy-Tek Holdings	LCS	SaaS	Warehouse and transportation management	3/29/22	Services expansion
Becker Logistics	Trek Freight Services, LLC	3PL	Non-asset-based services van, flat bed, reefer, intermodal, LTL, team service and expedited	3/28/22	Geographic expansion
STG Logistics	XPO Logistics	Intermodal logistics	Intermodal unit – provides rail brokerage and drayage services across the US	3/28/22	Services expansion
Dropof	Rightaway Delivery LLC	Same day delivery	Same-day delivery throughout Michigan, Ohio, and Indiana	3/23/22	Services and geographic expansion
US Services Group	Walker Crane & Rigging Corp.	Transportation services	Crane, rigging and transportation operations	3/23/22	Geographic expansion
Veho	QuikReturn	Reverse logistics	Reverse logistics serving e-commerce brands	3/17/22	Services expansion
Fourshore Partners	Buske Logistics	Warehousing	Contract logistics services packaging, food & beverage, and automotive industries	3/14/22	Investment
Transport Investments	SmartWay Transportation	Freight brokerage	Multi-modal freight brokerage and transportation management	3/14/22	Services and customer expansion
Sympler	Green Light Medical	SaaS	Cloud-based software platform for evaluating, purchasing, and deploying medical technology	3/10/22	Services and customer expansion
Lineage Logistics	MTC Logistics	Cold chain	Cold-chain logistics provider with locations in Baltimore, MD, Wilmington, DE and Mobile, AL	3/9/22	Geographic expansion
AFS Logistics	DTA Services	Freight audit and payments	Freight bill auditing, cost management and analytics	3/8/22	Services and customer expansion
E2open Parent Holdings, Inc. (NYSE: ETW0)	Logistyx Technologies	SaaS	Global parcel and e-commerce shipping and fulfillment technology	3/3/22	Services and customer expansion
Andlauer Healthcare Group	Logistics Support Unit	3PL	Specialty pharmacy, warehousing, distribution and order management services	3/2/22	Services and customer expansion
GXO Logistics (NYSE:GXO)	Clipper Logistics Plc (LON:CLG)	3PL	Retail logistics company which serves fashion, tobacco, and alcohol	2/28/22	Geographic expansion
Dayton Freight Lines	Valley Companies	Cartage	Cartage division of Valley Companies	2/28/22	Geographic expansion
Control Freight Systems	Anchor Transportation Services	Freight brokerage	3PL and freight brokerage in Canada	2/23/22	Services expansion
Direct Connect Logistix	3PL Performance Logistics	3PL	Utah-based food & beverage-focused 3PL	2/23/22	Services expansion
Sensata	Elastic M2M	IOT analytics	Connected intelligence for operational assets across heavy-duty transport, warehouse, supply chain and logistics	2/22/22	Services expansion
Direct Connect Logistix	Performance Logistics	3PL	Time and temperature sensitive 3PL services	2/21/22	Services and customer expansion
Hirschbach	John Christner Trucking	Refrigerated trucking	Refrigerated carrier	2/16/22	Geographic expansion

M&A Announced Transactions

Buyer	Target	Sector	Target Business	Date	Strategy
Antares Vision Group	ACSIS	SaaS	Software and services to companies with complex warehouse, distribution, and packaging challenges	2/15/22	Services and customer expansion
ID Logistics	Kane Logistics	3PL	Contract logistics with consumer packaged goods and food and beverage manufacturers	2/14/22	Geographic expansion
Descartes	NetCHB	Customs automation technology	Leading provider of customs filing solutions in the U.S.	2/11/22	Services expansion
Covenant Logistics Group	AAT Carriers, Inc	Trucking	Highly regulated, time-sensitive trucking for the U.S. government	2/10/22	Services expansion
ATCAP and Brookfield	Logistics portfolio	Warehousing	3.5 million square feet of warehouses	2/9/22	Investment
Bringg	Zenkraft	Parcel and return technology	Parcel and return delivery services provider	2/9/22	Services, product and geographic expansion
Maersk	Pilot Freight Services	3PL and last mile	3PL, last-mile and full mile services provider	2/9/22	Services expansion
Andreessen Horowitz and Michael Dell's MSD Partners	Flexport	SaaS	Provider of technology-forward freight services	2/7/22	Investment - \$935 Million
IPD South	95 Port Inland Port Logistics Center	Warehousing	Warehouse logistics property	2/3/22	Investment - \$48 Million
RLS Logistics	Hutt Trucking and Logistics and Performance Logistics	Trucking and cold storage	3PL warehouse specializing in cold storage and asset based trucking	2/3/22	Services, product and geographic expansion
J.B. Hunt Transport Services	Zenith Freight Lines	Trucking	Specialized furniture transportation	1/31/22	Geographic expansion
HTL Freight	3PL Matchmaker Logistics	3PL	Equipment and materials supplier	1/26/22	Services expansion
Port X Logistics	Denver Express	Drayage	Cross-docking, warehousing and transportation provider	1/25/22	Geographic expansion
ShipMonk	Ruby Has Fulfillment	SaaS	3PL technology company	1/21/22	Services, product and geographic expansion
Engineering USA	Movilitas	Consulting	Digital supply chain and manufacturing consulting services and solutions firm	1/20/22	Services expansion
Spotlight Capital Holdings	Chevine Transport	Trucking	Florida-based trucking company	1/18/22	Geographic expansion
FourKites	NIC-place	SaaS	Provider of supply chain visibility services	1/18/22	Geographic expansion
Sun Capital Partners	Total Transportation Services	Drayage	Provider of drayage transportation services	1/13/22	Investment
Cart.com	FB Flurry	3PL	eCommerce Fulfillment and customer care operator	1/10/22	Services expansion

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Buyer	Target	Sector	Target Business	Date	Strategy
Simfoni	EC Sourcing	Sourcing and spend management	Source-to-contract solution (S2C) and notable decision-award optimization capabilities	1/10/22	Services expansion
Bison Transport	Hartt Transportation Systems	Truckload carrier	Truckload carrier in the Northeastern US	1/5/22	Geographic expansion
Hy-Tek Holdings	Advanced Handling Systems	Material handling	Material handling automation integrator with a focus on robotic solutions	1/5/22	Services expansion
Tilley-Phoenix Group	Callahan Chemical	Distribution	Regional distributor of high-quality ingredients and compounds to food and beverage, personal care, and pharmaceuticals	1/5/22	Services expansion
Blume Global	LiveSource	Supply chain network	Multi-enterprise supply chain business network for complex manufacturers	1/4/22	Services expansion
CBRE	Hillwood	Logistics real estate	57-property, 28.4 million-square-foot portfolio	1/4/22	Investment
Schneider National	Midwest Logistics Systems	Truckload carrier	Dedicated carrier that specializes in hauling automotive parts	1/4/22	Geographic expansion and expanded customer base
Vertical Cold Storage	Lone Star Cold Storage	Cold storage	Cold storage facility in Richardson, TX	1/4/22	Geographic expansion
Littlejohn	Magnate Worldwide	Freight services	Llogistics services for sensitive, time-definite, high-value, and white-glove shipments	1/3/22	Services expansion
PwC	Olivehorse	Consulting	Supply chain management consultancy	1/3/22	Services expansion
Trinity Logistics	Team Eagle Logistics	Non-asset-based transportation provider	Non-asset-based transportation provider which specializes in TL and IMDL services	1/3/22	Geographic expansion
Fortune International	Ocean Harvest Wholesale	Distribution	Seafood distributor and processor	1/2/22	Geographic expansion

*Source: MergerMarket, CapIQ and Internal FOCUS research

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