

A Year in Review: Building Stability & Opportunity During Challenging Market

40+
Senior Bankers

300+
Deals Completed

36
Global Partners

11
Industry Groups

With 2024 in full swing, we take a quick look at the 2023 market dynamics as they affected middle market M&A and how FOCUS performed over the year. Perhaps more importantly we look ahead to the “new normal” conditions and our strong position for 2024. While the past year was challenging and the volume of deals closed was down across the industry, we saw successes for our clients and for our firm. Both the market and FOCUS demonstrated characteristic resilience, setting up a very robust 2024 for middle market M&A.

2023 Middle Market Lookback: A Balance Challenged

The robust M&A markets of '21 and '22 relied on a productive balance of three forces: sellers, buyers, and banks. When one of these becomes unwilling or unable to fully participate...the market begins to slow down or even break down. In 2023, we observed the following:

Owners/Sellers: heavily influenced by what they saw in the previous two years, remained interested in selling their businesses, but they had little appetite for lower prices.

Buyers: (think PE) continued to have cash and a need to invest these dollars. The sheer number of companies looking to invest via middle-market M&A kept valuations up and supported optimistic owner expectations.

Banks: facing market challenges on several fronts, couldn't support their end of the deal.

Time to Pay for the “Good Times”

Everyone saw that 2023 was not nearly as robust as the previous two years – an anomalous period that was heavily bolstered by COVID effects and money injected into the economy. In many ways, 2023 was the year in which we began to “pay” for the success of ’21 and ’22. Even though **inflation** moderated, and **interest rates** leveled out in 2023, the market was playing “catch up” for the staggering increases of both in 2022. The result? **Instability** for lenders of all sizes.

The mix of the rising 3 I’s (Inflation, Interest Rates, Instability) put a lot of pressure on lenders’ ability to support the rich deal terms agreed to by sellers and buyers in ’22 and early ’23. Deals took longer. Much, much longer. Diligence seemed to go on forever in many cases. Deals that would normally take six months seemed to linger on for 10 to 12 months, and beyond. No one wanted to kill many of these deals as the buyer and seller were still feeling good about the deal they inked.... but the banks just couldn’t get there.

A few deals got shelved, but most just got extended beyond 2023. The market has had a period now to understand just how much leverage banks can deliver, and term sheets written after mid-2023 reflect that. The market’s “reset” has taken much of the surprise out of the equation, leading to a more streamlined deal environment.

FOCUS in 2023: Stability & Opportunity

Like most investment banking firms and the markets they work in, FOCUS prioritizes stability in its operations and opportunities for its people and its partners. However, we are unlike almost any other middle market banking firm of size in that we are 100%



employee owned (ESOP) and therefore very much control our own future and provide a very long-term stable platform for our bankers and support team.

We continue to invest in long-term stability for the firm and are pleased to report that we are 100% debt-free and completely independent – notable in a year when several of our peers were acquired by larger players. FOCUS brought on new bankers and staff in 2023, augmenting our teams and supporting the firm’s evolution. The addition of another high-quality referral partner to our robust network promises even more activity from that channel, and our international relationships continue to thrive.

FOCUS experienced a very active Q4 2022 full of closings which caused 2023 to start out quietly. As noted above, deals at FOCUS took longer than is typical, but overall, we had an above average year for closings and revenue. Our success was recognized by Axial, a middle market deal platform, as FOCUS was named the #1 middle-market bank in 2023. This award reflects a collective effort from our team of bankers, research, marketing, and operational staff.

Operational Milestones

FOCUS has been built by the success of our people. Our culture ensures every employee has a keen sense of ownership and dedication to the brand and what we stand for. Our people are why we achieve significant success. We remain committed not only to our clients – but to our fellow colleagues. Last year we added five accomplished professionals to the team.



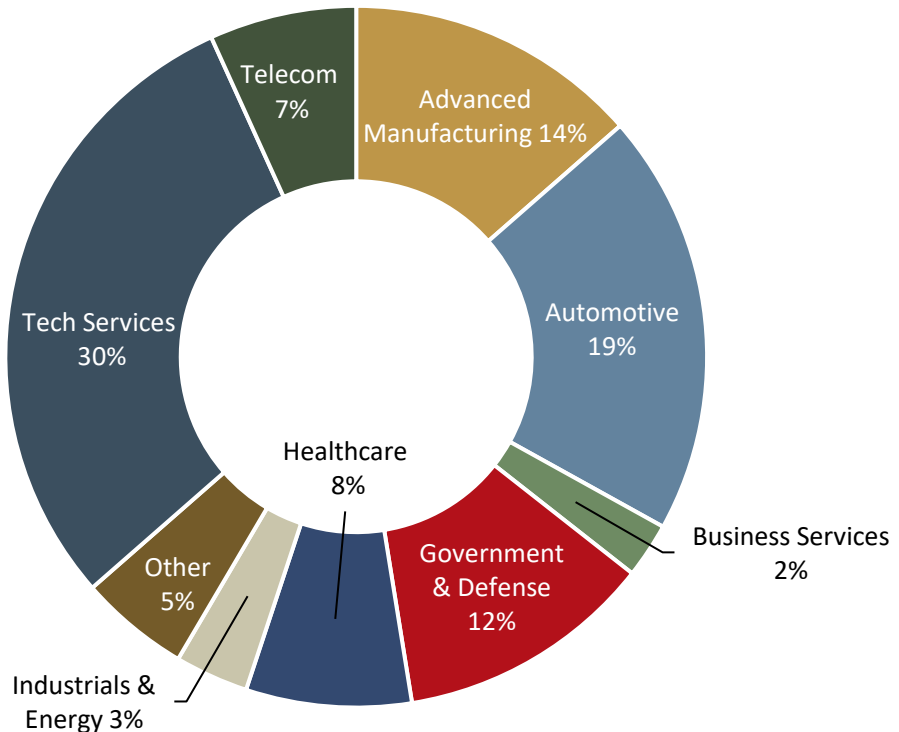
New team members included Anna Brumby White, Mike McCraw, Chandler Kohn, Bill Snow and Paul Waters. These new hires brought diverse expertise, enriching the firm's capabilities and bolstering its position in the market. Our most active sector, Technology Services, launched a new sub-sector, AI (Artificial Intelligence), with three engagements in that market.

We have strategically expanded our sector coverage in targeted areas.

Mike McCraw, new to the Food & Beverage team, is busy driving activity in the multi-location restaurant sector.

The chart below provides a breakdown of closed transactions across FOCUS industries over the past four years. Automotive Aftermarket remains a very active sector for FOCUS with four senior bankers running a practice in collision, tire and service, parts and accessories, and dealerships.

FOCUS closed transactions by industry (2020 - 2023)



Looking Back and Preparing for What's Ahead

This year is already showing strong signals of what's ahead. We started the year strong with seven engagements under Letter of Intent (LOI) slated to close in the first half of 2024. Within weeks, six new deals went under LOI, also slated to close in the first half of 2024. We continue to network within our communities to help business owners sell their companies – most of whom will transact one time in their life. We predict 2024 will “normalize” and be an active year for middle market M&A.

Reflecting on Success: A Selection of the Past Year's Transactions

We proudly present a summary of some of the past year's transactions. Throughout the year, our team orchestrated and successfully closed transactions spanning diverse industries, highlighting our versatility and expertise in navigating various sectors. Each transaction represents a unique blend of innovation and careful execution.

*This announcement appears
as a matter of record only*

**Bearing
Distributors, Inc.**

has been acquired by

APPLIED
Industrial Technologies®

The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to Bearing Distributors, Inc.

FOCUS
Investment Banking

INDUSTRY: ADVANCED MANUFACTURING

TYPE: SELL

Bearing Distributors Inc., a family-owned and operated provider of bearings, power transmission components, motors, controls, and material handling equipment, sought an acquisition partner with a common vision for the legacy of the company, its stability, and its future. Applied Industrial Technologies emerged from the competitive process as BDI's choice. The acquisition brings BDI meaningful opportunity, including additional resources, technology, and training, along with needed sales &

marketing and integrated operations. For the buyer, the acquisition enhances Applied's footprint, reputation, and strategic growth initiatives within the southeastern region of the United States.

*This announcement appears
as a matter of record only*



has been acquired by



The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to CES Industrial, LLC.



INDUSTRY: ADVANCED MANUFACTURING
TYPE: SELL

CES Industrial, a leading industrial electrical installation and control panel manufacturing company, was acquired by Chicago Switchboard, Inc. The management and business combination offered by Chicago Switchboard was attractive to CES, and the new entity will leverage CES' high levels of brand loyalty, responsive and professional operations, and significant upside from various pipeline opportunities. The purchase will allow both companies to expand the territories in which they can serve customers and significantly increase

their product offerings, covering needs from low to high voltage.

*This announcement appears
as a matter of record only*



a portfolio company of



has acquired



The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to CORE Industrial.



INDUSTRY: ADVANCED MANUFACTURING
TYPE: BUY

CORE Industrial Partners, an industrials-focused private equity firm investing in manufacturing, industrial technology, and industrial services businesses, acquired Coining Manufacturing in June 2023. The acquisition was the first add-on to GEM Manufacturing, a provider of precision deep-drawn metal components and mechanical assemblies based in the Northeast Region of the United States, acquired by CORE in February 2023. As CORE seeks continued expansion in this sector, GEM and CORE expect to provide additional resources

and strategic guidance to Coining Manufacturing and other acquisitions in the next growth phase.

*This announcement appears
as a matter of record only*



has been acquired by



The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to Metaltech Service Center, Inc.



INDUSTRY: ADVANCED MANUFACTURING
TYPE: SELL

Metaltech Service Center, a hybrid metal service center and value-add processor for the oil & gas, petrochemical, and industrial products end markets based in Houston, Texas, was acquired by Newbury Franklin Industrials. NFI, a diversified industrial components distributor and specialty manufacturer of consumable industrial and commercial products, was selected by the Metaltech team after careful consideration of several alternatives. Metaltech recognized NFI's intention to carry on the legacy, culture, and values that it has cultivated

and maintained over the years. NFI is extremely excited to leverage Metaltech's capabilities and expertise to continue growing and developing in the metal supply solutions market.

*This announcement appears
as a matter of record only*



has been acquired by



The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to SisTech Manufacturing, Inc.



INDUSTRY: ADVANCED MANUFACTURING
TYPE: SELL

SisTech Manufacturing secured a majority investment from LFM Capital, a private equity firm specializing in manufacturing and industrial services businesses within the lower middle market. This strategic investment represents the sixth platform company in LFM's third fund. SisTech specializes in the production of high-complexity Printed Circuit Board Assemblies catering to defense, aerospace, industrial, and consumer applications. The company stands out by maintaining best-in-class standards of quality and

delivery, coupled with robust supply chain partnerships that allow SisTech to offer a cost-effective, turnkey solution to its diverse customer base.

*This announcement appears
as a matter of record only*



has been acquired by



The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to Auto Body Innovations.



INDUSTRY: AUTOMOTIVE AFTERMARKET - COLLISION TYPE: SELL

Auto Body Innovations (ABI), with locations in Upper Marlboro and Owings, Maryland, has been acquired by Caliber Collision. ABI's owners, brothers Keith and Kevin Dick, started out as kids assisting their father in the collision business in Bowie, MD. In 2006, they decided that it was time to pursue their dream of owning their own shop, and Auto Body Innovations, Inc. became a reality. Since then, ABI has consistently grown by producing great quality work for its customers.

*This announcement appears
as a matter of record only*



has been acquired by



The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to K's Kollision.



INDUSTRY: AUTOMOTIVE AFTERMARKET - COLLISION TYPE: SELL

K's Kollision ("K's"), an independent, full-service auto body repair facility, has been acquired by Caliber Collision Centers ("Caliber"). The owners and operators of K's grew this collision repair business into a premier shop over the last 40 years, developing a loyal customer following and a reputation for top-quality work. Caliber is the largest collision repair company in America with over 1,700 locations across 41 states, and one of the largest national consolidators.

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GUARANTY[™]
LOCALLY OWNED CHEVROLET

has been acquired by

CFO Auto Group, Inc.

The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to Guaranty Chevrolet.

FOCUS
Investment Banking

**INDUSTRY: AUTOMOTIVE AFTERMARKET - DEALERSHIP
TYPE: SELL**

Guaranty Chevrolet, a family-owned Chevrolet dealer in Lane County, Oregon, has been acquired by CFO Auto Group, Inc. This acquisition is the perfect financial and strategic fit for both Guaranty Chevy and CFO Auto Group. The team at CFO Auto Group is thrilled to add Guaranty Chevy to its growing network of dealerships, and after over 40 years the Nill family is excited to be passing on their legacy to Joel Olsen and his team of professionals at CFO Auto Group.

*This announcement appears
as a matter of record only*

FUNDER
AMERICA, INC.

has been acquired by

 **GENESIS
PRODUCTS**

The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to Funder America, Inc.

FOCUS
Investment Banking

**INDUSTRY: GENERAL – COMPOSITE WOOD PRODUCTS
TYPE: SELL**

Funder America, Inc., one of the oldest, largest and most diversified thermally fused melamine (TFL) panel and component manufacturers in North America with 50 years of experience, has been acquired by Genesis Products, LLC. The acquisition positions Genesis to meet the high demand for TFL panels and broadens its expertise as a leading supplier of laminated panels, components and panel processing. Genesis currently serves the markets for kitchen cabinets, closets and shelving, RVs, and office and healthcare furniture. Adding TFL

manufacturing to Genesis' capabilities solidifies its position as one of the most comprehensive suppliers of laminated components and panels in North America. After a competitive process, management selected Genesis Products as the buyer due to its complementary strategic, operational, and cultural fit.

*This announcement appears
as a matter of record only*

Prime Contractor & Operator of Education Facilities

has been acquired by

Undisclosed Buyer

The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to the Prime Contractor.



INDUSTRY: GOVERNMENT & DEFENSE – MANAGEMENT CONSULTING

TYPE: SELL

The owners of this business approached FOCUS to find an investor for the business that would help them scale it to even greater success. We were able to do just that, and both parties are partnering for future growth. The company is a prime contractor and operator of education facilities across the nation, serving thousands of students on multiple campuses each year.

*This announcement appears
as a matter of record only*



has been acquired by



The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to Michigan ENT.



INDUSTRY: HEALTHCARE – MEDICAL PRACTICE, ENT

TYPE: SELL

Michigan ENT and Allergy Specialists is a leading otolaryngology practice in Western Michigan. Its five physician owners knew that they wanted to bring on a PE partner and wanted professional assistance maximizing the terms of their transaction. The deal was completed with Parallel ENT and Allergy, a physician practice management platform backed by Trinity Hunt Partners.

*This announcement appears
as a matter of record only*



has been acquired by



The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to East Coast Retina, PA.



INDUSTRY: HEALTHCARE – MEDICAL PRACTICE, RETINA TYPE: SELL

FOCUS represented East Coast Retina, PA in its acquisition by Retina Consultants of America, a comprehensive physician management services organization. East Coast Retina is led by Dr. Stephen Phillips, a leading specialist in diseases and surgery of the retina. The company's clinical team has been treating retina patients in the Myrtle Beach area since Dr. Phillips founded the practice in 2004. East Coast Retina joins other premier retina groups in a collaborative, patient-first environment.

*This announcement appears
as a matter of record only*



has been acquired by



The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to PCR.



INDUSTRY: TECHNOLOGY SERVICES – SOFTWARE TYPE: SELL

Valsoft, a Montreal-based company specializing in the acquisition and development of software companies within specific markets, has successfully acquired PCR, a prominent developer of software solutions catering to enterprise IT departments. This strategic move marks Valsoft's foray into the IT service and asset management (ITSM/ITAM) sector. Boasting over four decades of industry expertise, PCR has earned a distinguished reputation for delivering superior, cost-effective, and innovative software applications. These applications aid

organizations of various sizes in efficiently managing day-to-day IT service requests, such as moves, adds, changes, and deletes (MACDs). With this acquisition, Valsoft is committed to ensuring continuity for PCR's clients and partners, assuring them that they will receive the same high-quality solutions and support that they have come to expect from PCR's existing management team.

*This announcement appears
as a matter of record only*

MSP CORP

has been acquired by

Alfar Capital and **WALTER**
CAPITAL PARTNERS

and merged with

GRUPE
Access

The undersigned acted as financial advisor
to MSP Corp.

FOCUS
Investment Banking

INDUSTRY: TECHNOLOGY SERVICES – MSP

TYPE: SELL

MSP Corp, a renowned Canadian managed service provider group, was acquired by Alfar Capital and Walter Capital Partners who simultaneously merged it with Groupe Access, a leading managed service provider of technology and cybersecurity solutions. The combined entity, called MSP Corp, creates a national Canadian platform of managed services poised to lead the industry in digital transformation, cloud computing, and cybersecurity solutions. The new MSP Corp will be led by former Groupe Access CEO, Habib Malik, who will

ensure a seamless integration process and a unified vision for the future. Ravi Ramharak, CEO & Co-Founder of MSP Corp, will remain with the company as Chief Mergers & Acquisitions Officer.

*This announcement appears
as a matter of record only*

Dunn Solutions

has been acquired by

Kaar
In Pursuit of Excellence

The undersigned initiated this transaction,
assisted in the negotiations, and acted as
financial advisor to Dunn Solutions.

FOCUS
Investment Banking

INDUSTRY: TECHNOLOGY SERVICES – IT

TYPE: SELL

KaarTech, a global Digital Transformation Consulting company, has successfully acquired Dunn Solutions Group Inc., a leading Customer Experience Solutions Consultancy based in Chicago, Illinois. This strategic transaction enhances KaarTech's capabilities and expands its geographical reach. Dunn Solutions Group Inc., established in 1988 with headquarters outside of Chicago and additional offices in Minneapolis and Bengaluru, specializes in Digital Commerce and Business Transformation Consultancy. The collaboration integrates KaarTech's extensive

expertise in the SAP domain, particularly in SAP S/4HANA, with Dunn Solutions' proficiency in Digital Customer Experience, creating a synergistic partnership poised for strategic growth.

This announcement appears as a matter of record only

ANP
WORK ANYWHERE
has been acquired by

 **coretelligent**
a portfolio company of

 **Norwest**
Equity
Partners

The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to Advanced Network Products.

FOCUS
Investment Banking

INDUSTRY: TECHNOLOGY SERVICES – MSP **TYPE: SELL**

Advanced Network Products (ANP), a provider of IT support and business transformation services to the financial services, healthcare, and professional services industries, was acquired by Coretelligent, a mid-market MSP backed by private equity firm Norwest Equity Partners (NEP). Headquartered in Philadelphia, PA, ANP has 39 years of experience, and its portfolio of solutions includes managed and co-managed IT, security, business continuity, and Azure and public cloud migrations. The ANP acquisition solidifies Coretelligent's

position as a technology leader by expanding its technical expertise within the Microsoft stack, particularly by leveraging Azure for streamlined infrastructure management and seamless integration with on-prem systems, among other capabilities. With this acquisition, Coretelligent further expands its presence in the Mid-Atlantic region and fortifies the company's growth in key locations and industries through strategic partnerships, acquisitions, and organic growth.

This announcement appears as a matter of record only

celito.net

has received an investment from

 **M/C**
PARTNERS

The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to celito.

FOCUS
Investment Banking

INDUSTRY: TELECOM - IT & TELECOMMUNICATIONS **TYPE: SELL**

Celito, a provider of communication and managed services catering to businesses in the Raleigh, North Carolina area, secured a substantial equity investment from M/C Partners, a prominent private equity firm specializing in the digital infrastructure and technology services sectors. Leveraging Celito's expanding fiber network, unwavering commitment to exceptional client experiences, and in-depth knowledge of the local market, this collaboration aims to establish Celito as the premier service provider in the region. The investment

demonstrates M/C Partners dedication to supporting promising companies for sustained growth and enduring value creation.

*This announcement appears
as a matter of record only*



has been acquired by



The undersigned initiated this transaction,
assisted in the negotiations, and acted as
financial advisor to MasterStream ERP.



INDUSTRY: TELECOM – SOFTWARE

TYPE: SELL

MasterStream, a provider of telecom-centric configure-price-and-quote software solutions, has been acquired by Connectbase, a provider of connectivity commerce transaction solutions. The acquisition brings together two highly complementary sets of software solutions and significantly enhances Connectbase's ability to support the channel sales programs of telecom service providers. The acquisition enables Connectbase to expand and accelerate its channel offerings to further empower the ease of connectivity buying and selling

for service providers, trusted advisors and the entire digital infrastructure and services ecosystem. It also grows the Connectbase ecosystem, accelerates the adoption of digital transactions by the channel world and solidifies Connectbase's position as the leading global quoting and transaction platform for connectivity.



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