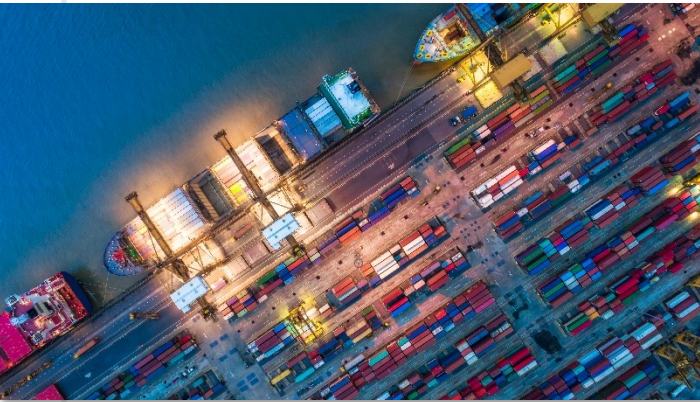


Supply Chain Technology and Logistics Report Second Half 2023



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

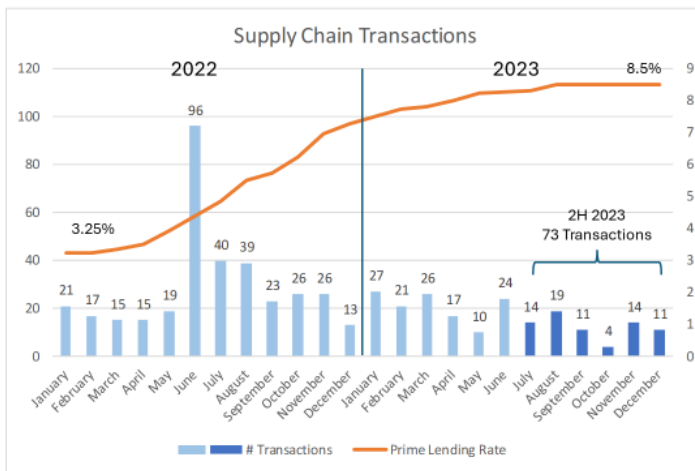
In our Second Half 2023 report we discuss some of the major trends we are seeing in the market, and report on the M&A activity in the overall Supply Chain market. As before, we focus our public company analysis on the Supply Chain Technology and Supply Chain Logistics companies featuring key participants in each sector. Also, included in the Appendix, is the list of 73 North American Supply Chain M&A transactions that have taken place since the June 30, 2023.

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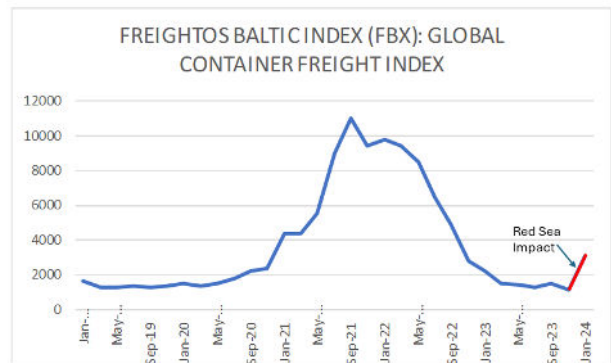
Trends in the Industry

- Interest Rates Hamper M&A** - Supply Chain M&A dropped off significantly during the second half of the year with 73 transactions vs 140 for the first half of 2022 and 147 for the second half of 2022. High interest rates continue to significantly affect the cost of borrowing. The increase in the Prime rate which many credit facilities depend on has risen by 162% in 2023 from 3.25% in the beginning of 2023 to 8.5% at the end of the year (see Figure 1 below). Financing equipment and plant expansions with higher rates can lower profitability, especially for asset heavy businesses that use leverage. From an M&A perspective, high interest rates have a dampening effect on M&A values where significant third-party financing is used. Marginal M&A deals continue to have trouble gaining financing because of this and tougher credit approvals.



- Strategic Buyers Dominate M&A** - Strategic buyers continue to be largest participant by number of transactions at 82% with private equity backed transactions at 18%.
 - Technology M&A Drops Off** - Non-technology M&A transactions represented 95% of the transaction with Technology transactions representing 5%. This is a significant reduction in technology transactions from the first half of 2023 which were 29% of total transactions.
- Back to Normal?** - Many supply chains, particularly in the retail market, are bringing inventory in for "just in time" normal operations after the pandemic surge. Warehouse availability has also significantly increased with vacancy rates at 5.2% vs 3.1% a year ago. It is getting closer to the 15-year average of 6.4%.

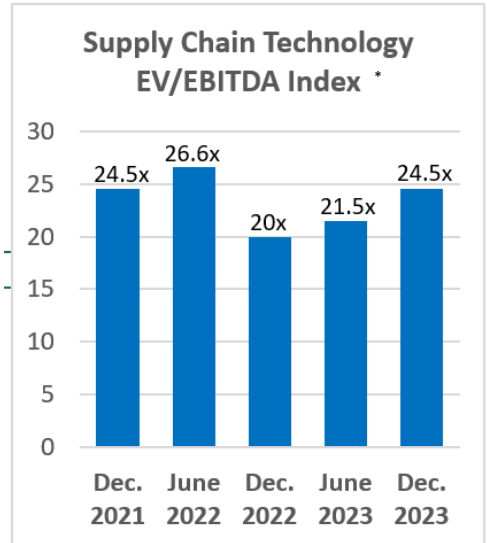
- Red Sea Impact on Shipping** - 2023 had relatively stable container rates for the year, at least until the Red Sea attacks. Most of the year was in a tight range as supply chain bottlenecks were resolved and inventory levels approached more normal levels. However, the recent attacks on shipping companies in the Red Sea have resulted in a shipping rate surge of over 200% in one month (see Figure 2 below) that could put pressure on inflation and extend into key sectors of the global economy depending on the duration of this issue.



Supply Chain Index Summary

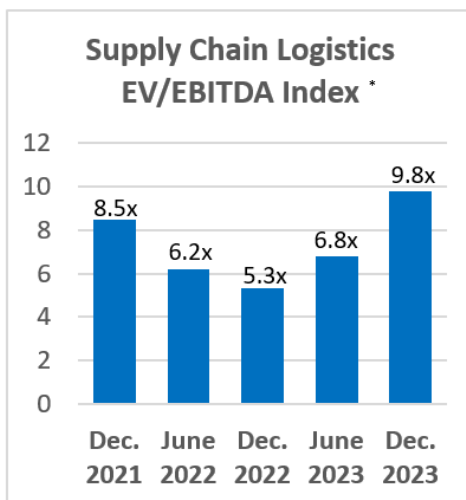
FOCUS Supply Chain Technology Companies

- The 9 companies we consider as the core have increased the EV/EBITDA ratio 23% from the beginning of 2023 from 20.0x to 24.5x at the end of the year. This is still off a high in December 2021 of 26.6x EV/EBITDA.
- By the end of December 2023, in spite of the lofty EV/EBITDA multiples, the FOCUS Supply Chain Technology Companies stock performance trailed the S&P 500 by 35% coming in at +16.1% vs the S&P's +24.73%.
- While the Supply Chain companies' valuations did not improve with S&P 500 the recent steady increase in EV/EBITDA ratio is reflective of stabilized supply chain technologies coming off the volatile COVID related supply chain issues since the beginning of 2020.



FOCUS Logistics Companies

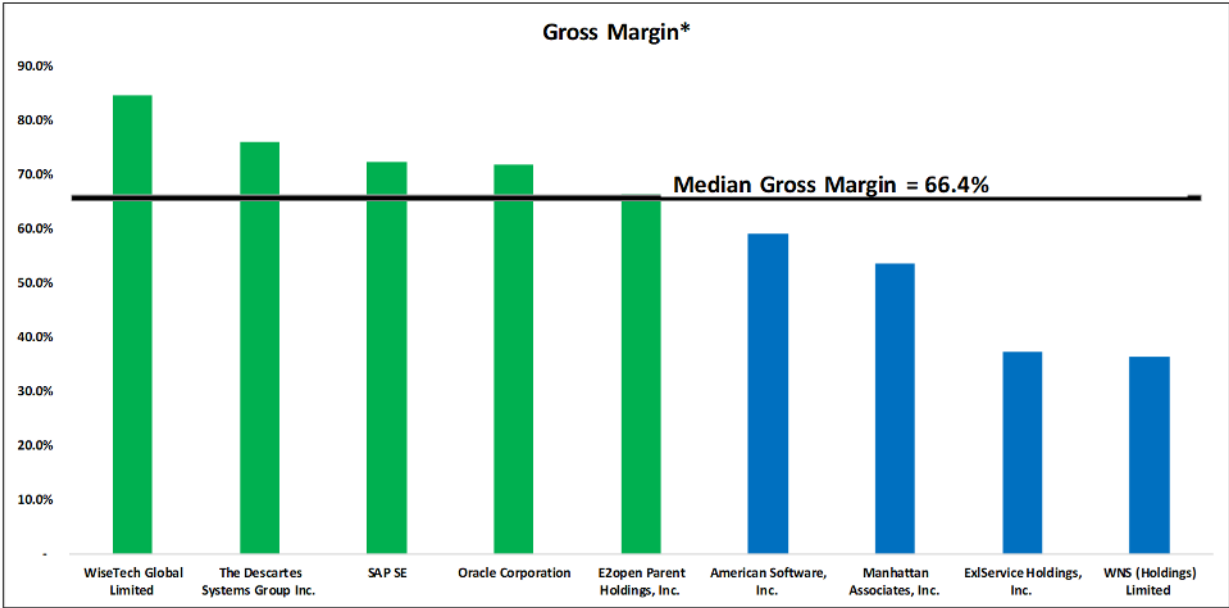
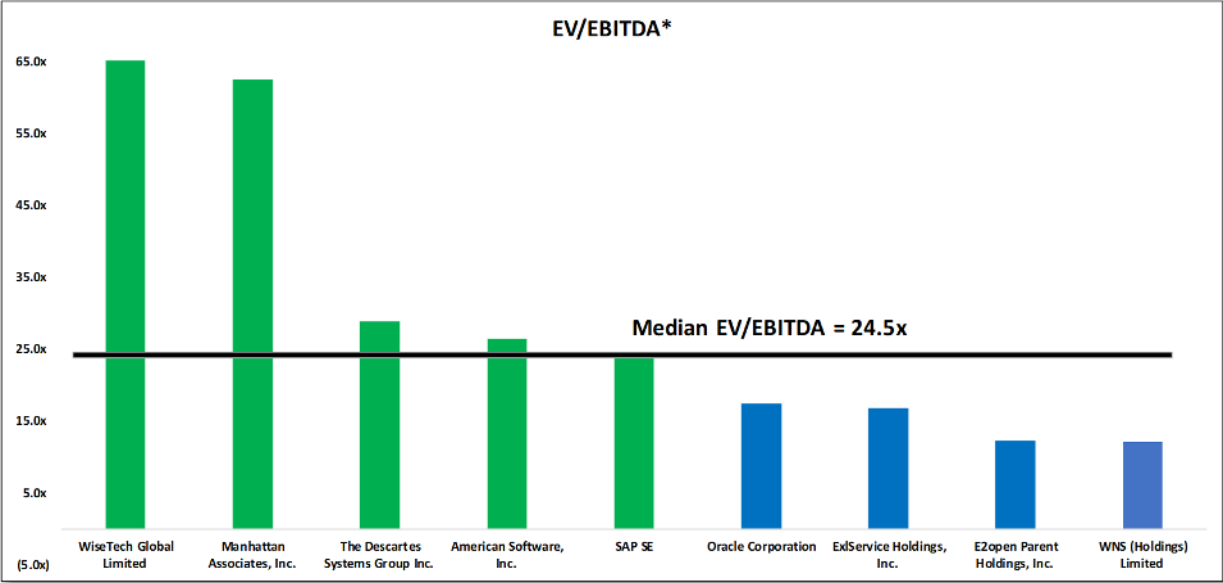
- The 15 companies we consider as the core have increased the EV/EBITDA ratio 44% from the beginning of 2023 from 6.8x to 9.8x at the end of the year. This is the highest EV/EBITDA ratio for these companies in the past two years.
- By the end of June 2023, the FOCUS Supply Chain Logistics companies outperformed the S&P 500 by 9.2% coming in at +27.01% vs the S&P's +24.73%.



*Source: Capital IQ

FOCUS Supply Chain Technology Index

This index is comprised of 9 technology companies that are important to the overall market. They are public, they have a significant US presence, and they have been active acquirers. Included are SaaS software, IOT and advanced equipment manufacturers. From our prior list Absolute Software went private and PFSweb was acquired by GXO Logistics.

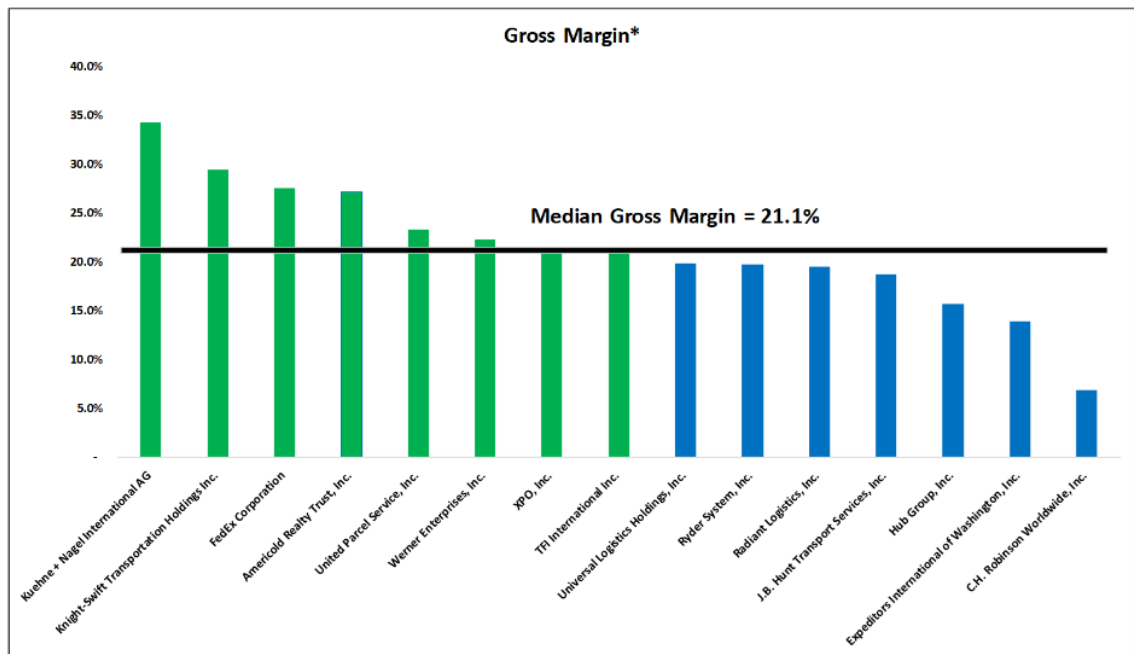
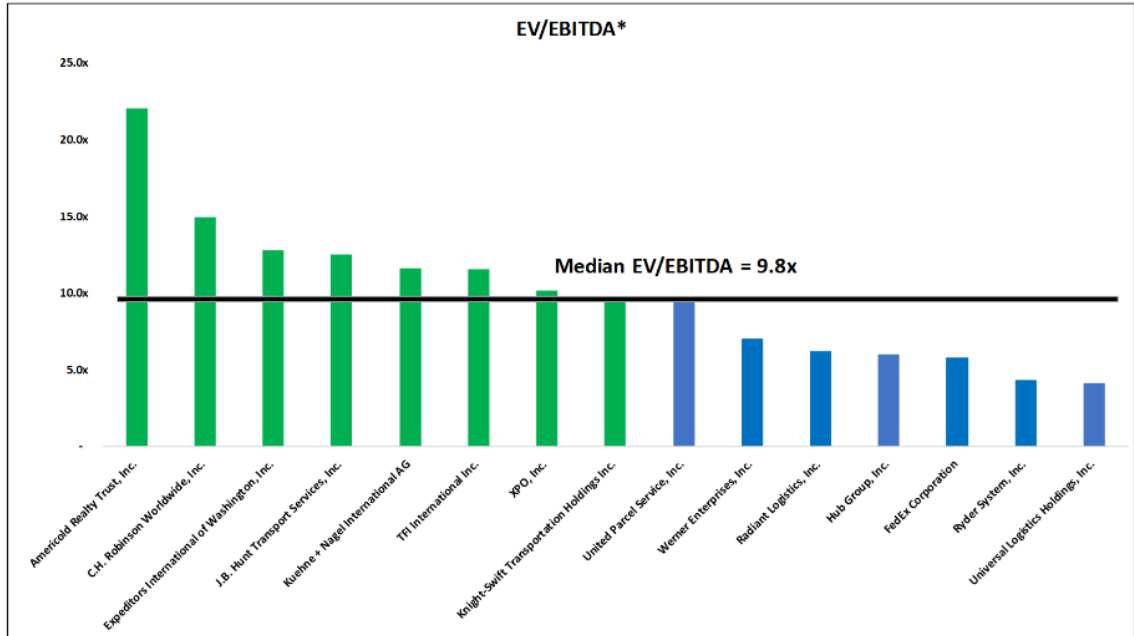


*Source: Capital IQ

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 they have been active acquirers.

Included are freight brokerages, 3PLs, LTL and TL trucking companies.



*Source: Capital IQ

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Appendix: M&A Announced Transactions

July 1, 2023 to December 31, 2023

M&A Announced Transactions

Date	Buyer	Target	Sector	Target Business	Strategy
12/29/23	Cedric Miller Integrated Solutions	Shippers First Logistics	Transportation/ Freight	Freight forwarder specializing in international shipping	Service Expansion
12/23/23	TFI International	Daseke	Transportation/ Freight	Flatbed and specialized transportation and logistics company	Geographic Expansion
12/20/23	Arrive Technology	AirBox Technologies	Technology/ Automation	High-tech mailbox system designed for autonomous and conventional package delivery	Service Expansion
12/20/23	Hub Group	Forward Air Final Mile	Logistics/ Final-mile	Final mile segment with 46 locations and 640 employees	Service Expansion
12/19/23	BWT Logistics	International Express Trucking	Transportation/ 3PL	Regional 3PL player in the North Carolina market	Geographic Expansion
12/19/23	Carlyle and Insight Partners	Exiger	Software/AI	SaaS company providing AI solutions for supply chain management	Sponsor Acquisition
12/14/23	Argosy Private Equity	Wize Solutions	Warehouse/ Automation	Full-service warehouse racking, automation, and dock & door installation company	Sponsor Acquisition
12/12/23	Harbor Logistics	A&R Bulk-Pak	Warehouse/ Packaging	Local provider of contract packaging, transloading, and warehousing for the petrochemical industry	Service Expansion
12/11/23	Canadian National	Iowa Northern Railway	Transportation/ Rail	440 tack-km Class III short line railway	Geographic Expansion
12/4/23	RealCold	Forte Frozen	Warehouse/ Temperature-controlled	Temperature-controlled warehousing and fulfillment services	Geographic Expansion
12/4/23	AIT Worldwide Logistics	Mach II Shipping	Transportation/ Pharmaceuticals	Specialized in worldwide distribution of pharmaceuticals and related products	Service Expansion
11/28/23	Kuehne+Nagel	Farrow	Logistics/ Customs	Canada-based customs broker	Service Expansion
11/27/23	TJC	Global Transport Services	Logistics/ Forwarding	Logistics service provider specializing in supply chain and forwarding solutions for the maritime industry	Sponsor Acquisition
11/21/23	Aptean	3T Logistics & Technology Group	Transportation/ Software	Cloud-based transportation management systems to shippers and carriers	Service Expansion
11/17/23	AIT Worldwide Logistics	Lubbers Logistics Group	Logistics/ High-value	Specializes in high-value, complex, and time-sensitive transport services	Service Expansion
11/16/23	FOG Software Group	Logility TRS Business	Logistics/ Freight	On-premise freight shipping solutions	Service Expansion
11/14/23	MercuryGate International	International Trade Systems	Software/ Customs	SaaS provider of cross-border customs clearance capabilities	Service Expansion
11/14/23	Epicor	Elite EXTRA	Software/ Last-mile	Cloud-based last mile delivery solutions	Service Expansion
11/10/23	Cube Cold Europe	Frigocaserta	Warehouse/ Temperature-controlled	Italian temperature-controlled warehousing	Geographic Expansion
11/10/23	FreightWise	Kuebix	Transportation/ Software	Transportation management system software provider	Service Expansion
11/10/23	Astatine Investment Partners	McKeil Marine	Transportation/ Marine	Marine transportation business	Sponsor Acquisition
11/7/23	Estes Forwarding Worldwide	Superior Brokerage Services	Transportation	Single-sourced supply chain company specializing in domestic and international transportation	Service Expansion
11/7/23	Presidio Investors	Almaden	Marketing	Supply chain marketing services	Sponsor Acquisition

M&A Announced Transactions

Date	Buyer	Target	Sector	Target Business	Strategy
11/3/23	Palladium Equity Partners	Source Logistics	Warehouse/ 3PL	Provider of value-added warehousing, distribution and fulfillment 3PL to the consumer goods sector	Sponsor Acquisition
11/2/23	Accenture	The Shelby Group	Logistics	Provider of digital procurement and optimization services	Service Expansion
10/31/23	Accenture	OnProcess Technology	Software/ Inventory	Provider of supply chain managed services to help improve the way inventory is managed	Service Expansion
10/25/23	United Parcel Service	Happy Returns	Logistics/ Software	Software and reverse logistics company that enables frictionless returns	Service Expansion
10/10/23	Robot Morning	Enterprise Solutions Implementation Specialists	Software/EDI	Cloud-based EDI that streamlines supply chain processes	Service Expansion
10/2/23	Radiant Logistics	Daleray Corporation	Logistics/ Freight	Provider of both domestic and international freight forwarding services	Geographic Expansion
9/28/23	Warehouse Services	Sky Trans Group Holdings	Transportation /Freight	Regional truckload carrier focused on dry-van freight movements	Service Expansion
9/28/23	United Parcel Service	MNX Global Logistics	Logistics/ Temperature-controlled	Capabilities in radio pharmaceuticals and temperature controlled logistics	Service Expansion
9/25/23	Valsoft	ICL	Software	IT services provider for transportation and logistics sectors	Service Expansion
9/19/23	Buildkite	Packagecloud	Software	Cloud-based software package management platform	Service Expansion
9/14/23	J.B. Hunt Transport	BNSF Logistics	Logistics/3PL	3PL services for the movement of full truckload, flatbed, temp-controlled, and other services	Service Expansion
9/13/23	TradeBeyond	Pivot88	Software/ Tracking	SaaS provider of quality, compliance, and traceability solutions	Service Expansion
9/12/23	Synergie Canada	Overseas Transport Systems	Logistics/ Transportation	Provider of international logistics and transportation solutions	Service Expansion
9/7/23	ISN	Transparency-One	Software/ Mapping	Supply chain mapping technology	Service Expansion
9/5/23	TFI International	Vedder Transportation Group	Transportation /Food	Transporter of liquid food grade products	Geographic Expansion
9/5/23	Volaris Group	RAF Software Technologies	Software/ Tracking	Verification software products that enable transportation companies to track shipping items	Service Expansion
9/5/23	Acertus	RCG Logistics	Logistics	Transportation and remarketing provider	Service Expansion
8/30/23	Ever.ag	Roger	Logistics/ Software	Bulk agriculture commodity trucking technology and logistics provider	Service Expansion
8/28/23	360Pack	Team Packaging	Distribution	Custom packaging solutions provider	Geographic Expansion
8/24/23	Waterfall Holdings	Business Aviation Courier	Transportation /Air Cargo	Fleet of 8 Fairchild Metroliner aircraft specializing in regional air cargo	Geographic Expansion
8/24/23	Group AFFI	Abeilles Busy Bees	Distribution	Contract packaging	Social Mission Acquisition
8/22/23	Apollo	Composite Advanced Technologies	Transportation /Gas	Natural gas and hydrogen transportation and storage solutions	Sponsor Acquisition
8/22/23	H.I.G. Capital	Ascent Global Logistics	Logistics/ Freight	Freight management and forwarding company	Sponsor Acquisition
8/19/23	DP World	CFR Rinkens	Logistics	Specialized logistics service provider for automotive clients	Service Expansion

M&A Announced Transactions

Date	Buyer	Target	Sector	Target Business	Strategy
8/15/23	two	LatAm Logistic Properties	Logistics/Real Estate	Industrial and logistics real estate in Central and South America	SPAC
8/14/23	OnLine Transport	A/T Transportation and Automated Logistics	Logistics/Transportation	Asset-based transportation and additional logistics solutions	Service Expansion
8/14/23	Granite Creek Capital Partners	Salem One	Logistics/Communication	Corporate communication services, including marketing, packaging, and logistics	Sponsor Acquisition
8/12/23	Blue Yonder	Dodde	Last-mile/Software	Suite of supply chain management and commerce offerings for first and last mile technology	Service Expansion
8/12/23	Kenan Advantage Group	Idaho Milk Transport	Logistics/Food	Food-grade liquid products carrier	Service Expansion
8/10/23	Givens Transportation	Highways & Skyways of NC	Logistics	Full-service logistics management	Geographic Expansion
8/10/23	Forward Air	Omni Logistics	Logistics/Software	Asset-light, high-touch logistics and supply chain management	Merger
8/10/23	WillScot Mobile Mini	Cold Box	Warehouse/Cold Storage	Cold storage units	Service Expansion
8/10/23	WillScot Mobile Mini	A&M Cold Storage	Warehouse/Cold Storage	Cold storage units	Service Expansion
8/7/23	TFI International	JHT Holdings	Logistics/Transportation	Asset light logistics and transportation provider	Service Expansion
8/1/23	Schneider National	M&M Transport Services	Transportation	Specialty contract carrier for retail and manufacturing companies	Geographic Expansion
8/1/23	Angeles Equity Partners	Custom Goods	Logistics	Provider of customized logistics solutions	Sponsor Acquisition
7/31/23	Titanium Transportation	Crane Transport	Transportation/Freight	Interstate freight transportation services	Geographic Expansion
7/25/23	Point Pickup Technologies	PICKUP Now	Last-mile	Texas-based enterprise grade, last-mile delivery service focused on larger item delivery and assembly	Merger
7/24/23	GSC Enterprises	MacMillan-Piper	Logistics/Transloaders	Specialty transloaders in the Pacific Northwest	Geographic Expansion
7/20/23	Alba Wheels Up	V.T. Mancusi	Logistics/Brokerage	Provider of customs brokerage and trade compliance services	Service Expansion
7/18/23	Stage Equity Partners	GetSwift	Logistics/Last-mile	New York-based provider of last mile SaaS logistics technology and services	Sponsor Acquisition
7/17/23	P&S Transportation	Action Dedicated	Transportation	Transportation fleet hauling automotive components	Geographic Expansion
7/14/23	GXO Logistics	PFSweb	E-Commerce	E-commerce order fulfillment provider	Service Expansion
7/13/23	Faix Capital	Integrity Data Solutions	Software	Automated data collection and supply chain solutions provider	Sponsor Acquisition
7/11/23	Redwood Logistics	Rockfarm	Logistics/Freight	Tech-enabled transportation logistics	Service Expansion
7/10/23	SMG Industries	Barnhart Transportation	Logistics/Transportation	Logistics and transportation solution provider	Geographic Expansion
7/7/23	Mubadala	Cam-Scott Transport	Transportation/Cold Storage	Temperature sensitive delivery services	Sponsor Acquisition
7/6/23	Delmar International	Alisped	Logistics	Supplier of comprehensive logistics services	Geographic Expansion
7/6/23	Ubiquity	EdgePresence	Software	Localized and scalable network compute solutions for carriers and data hyperscalers	Service Expansion
7/2/23	Gather AI	Ware	Software/Inventory	Advanced inventory software	Service Expansion