

M&A INDUSTRY REPORT

Telecom U.S. Communications Service Provider

FOCUS is a leading national M&A brand for the lower middle market. With over 40 years of experience, a global footprint, and hundreds of successful deals across myriad industries, FOCUS continues its mission to redefine the banker/client relationship.

WINTER 2026



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OVERVIEW

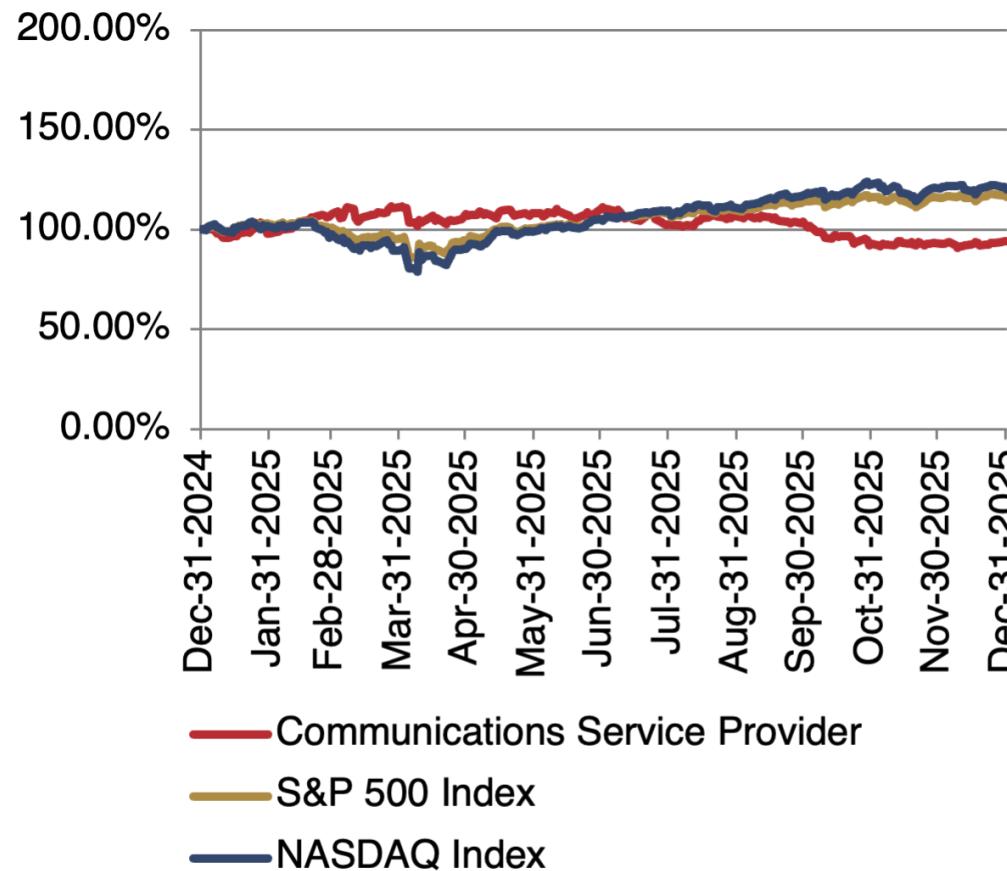
For a third straight reporting period, the FOCUS Communications Service Provider Index (CSPI) suffered a decline.

Over the past three months, the sector fell 9.3%. This steep decline was in stark contrast to the broader indices, as the S&P 500 gained 2.3% and the NASDAQ gained 2.6% over the corresponding time period. Year-over-year performance for the CSPI also remained in negative territory with a loss of 5.9%. This was despite the fact that the S&P 500 and NASDAQ delivered strong gains of 16.4% and 20.4% over the past year. Sector multiples also trended down over the past twelve months. The CSPI revenue multiple dropped from 2.4x a year ago to 2.3x currently, while the EBITDA multiple fell from 6.5x to 6.0x.

The CSPI's losses were broad-based, with all three sub sectors trading in the red for our winter reporting period. The National Providers sub sector had a loss of 9.3%. Lumen was the only stock in the sub sector in positive territory with an extremely strong gain of 27.0%. However, this was more than canceled out by losses at all of the other components of the index, including a 24.1% decline at Charter. The Business and Wholesale sub sector was far and away the worst performing sub sector in the CSPI with a three-month loss of 16.5%. A 43.8% drop in the stock of Cogent Communications served as the primary catalyst for this decline, with additional help from a 7.3% decline at Bandwidth. Finally, the Residential Providers sub sector was the CSPI's best performing sub sector over the past three months with a loss of 7.2%. The sub sector's two cable companies, Cable One and Optimum Communications, both suffered losses of more than 30%. Meanwhile, Telephone and Data Systems and WOW had solidly positive returns of 4.5% and 11.0%, respectively.

PUBLIC MARKETS SUMMARY

Twelve Month Index Returns



Sector and Sub Sector Returns

	12 Month	3 Month
Communications Service Provider	-5.9%	-9.3%
National Providers	-5.3%	-9.3%
Business and Wholesale	-54.6%	-16.5%
Residential Providers	-12.7%	-7.2%
S&P 500	16.4%	2.3%
NASDAQ	20.4%	2.6%

PUBLIC MARKETS SUMMARY CONTINUED

Sector and Sub Sector Revenue Multiples

	12/31/25	12/31/24
Communications Service Provider	2.3x	2.4x
National Providers	2.3x	2.4x
Business and Wholesale	4.8x	4.8x
Residential Providers	2.5x	2.7x

Sector and Sub Sector EBITDA Multiples

	12/31/25	12/31/24
Communications Service Provider	6.0x	6.5x
National Providers	5.9x	6.4x
Business and Wholesale	13.9x	11.9x
Residential Providers	6.9x	7.2x

M&A ACTIVITY

The final three months of 2025 saw a slowdown in M&A activity in the Communications Service Provider sector with only 19 total transactions. The total announced transaction dollar value was also low, coming in at only \$68.2 million. However, despite the end-of-year slowdown, 2025 ended up being a solid year for M&A activity for communications service providers. We counted 88 total transactions for the year, which was the highest number since the boom year of 2022. In addition, the year's total announced transaction dollar value of \$48.3 billion made 2025 the best M&A year of the last five based on this metric by a wide margin.

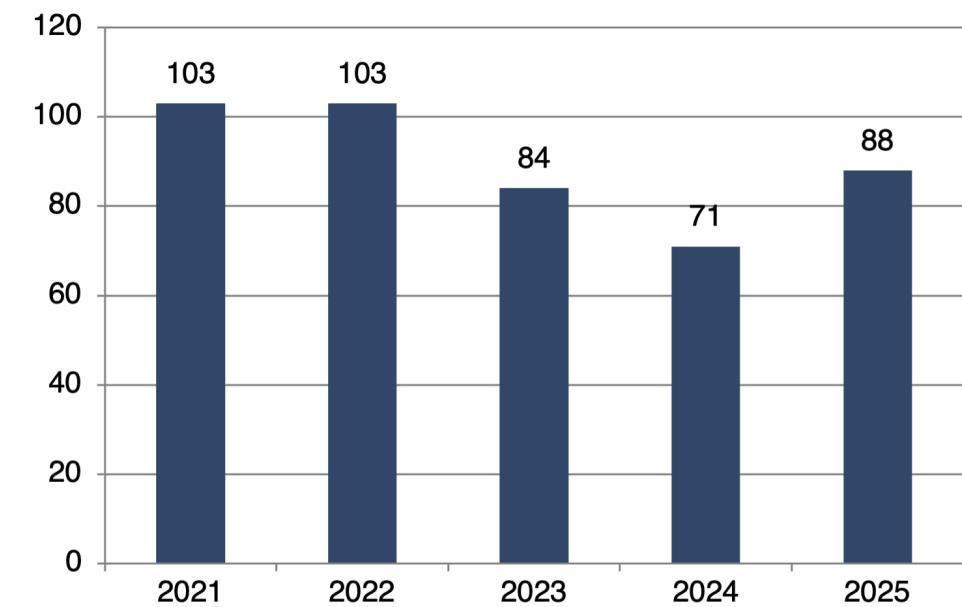
The Business and Wholesale sub sector accounted for 11 of the period's 19 transactions. Ooma notched two of these transactions with its acquisitions of Phone.com for \$23.2 million and Fluenstream for \$45.0 million. The Fluenstream deal also had the distinction of having the largest announced transaction dollar value of any deal this period. There were also two deals involving business-focused fiber providers over these past three months. These were the Oak Hill Capital Partners acquisition of Hunter Communications and the Metro Communications acquisition of the Southern Illinois Operations of Clearwave Fiber. Both of these targets were also expanding into residential fiber. Finally, Bluewave Technology Group continued its acquisitive ways as the company inked two more deals this period.

In the Residential Providers sub sector, we saw eight transactions this period. Vero Broadband expanded its footprint into the Southeast with the acquisition of TEC. Greenlight Networks also expanded further in New York and Pennsylvania with the purchase of FastBridge Fiber. In the final Residential Providers transaction that we will highlight, rural broadband provider Highline grew its footprint in Texas with the acquisition of certain assets from RTA.

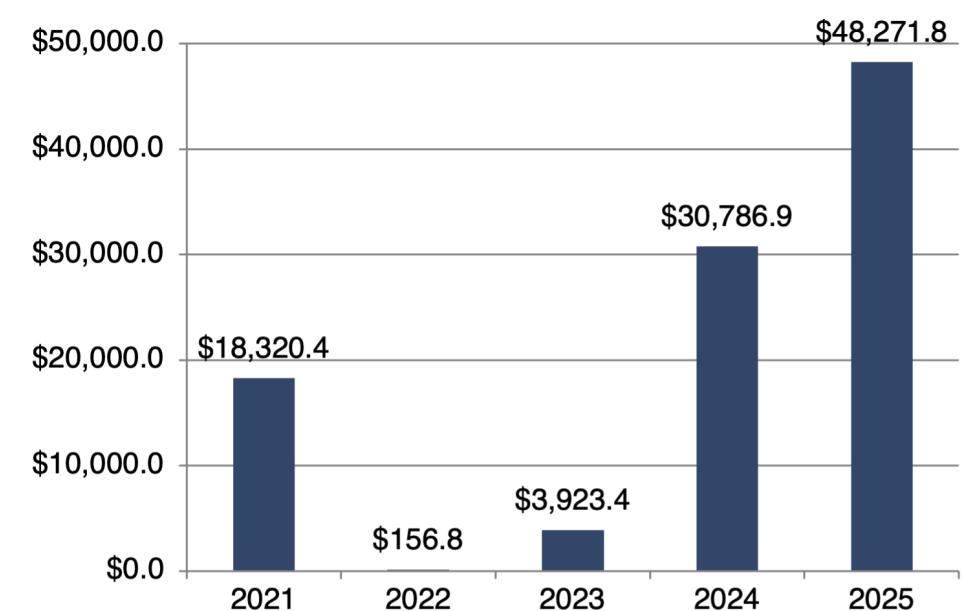
Both transactions with announced multiples were in the hosted VoIP space, and both of the acquisitions were by Ooma. The Ooma acquisition of Phone.com had a revenue multiple of 1.0x and an EBITDA multiple of 18.6x. Ooma's acquisition of Fluenstream had a significantly higher revenue multiple at 1.8x, but the EBITDA multiple was low at only 4.5x. This latter multiple was likely based on an EBITDA number that included significant cost synergies.

Source: Capital IQ

Number of Transactions



\$ Value of Transactions in Millions



ANNOUNCED TRANSACTIONS (10/1/25 – 12/31/25)

Acquiror	Target	Date Announced	Sector	Purchase Price	Description
TruVista Communications	Slytel	12/18/25	Residential Providers	NA	Municipal telecommunications company located in Sylvester, Georgia.
Pollock Company	ATG Communications	12/14/25	Business and Wholesale	NA	Voice and internet service provider located in Augusta, Georgia.
Oak Hill Capital Partners	Hunter Communications	12/10/25	Business and Wholesale	NA	Regional commercial, enterprise and residential fiber internet provider with more than 3,000 route miles of fiber in Oregon and Northern California.
Ooma	Phone.com	11/24/25	Business and Wholesale	\$23.2	Cloud communications/UCaaS provider focused on serving small and medium sized businesses.
AppDirect	NXTSYS Consulting	11/20/25	Business and Wholesale	NA	Telecom master agency focused on serving managed service providers.
Ara Partners	Centric Fiber	11/19/25	Residential Providers	NA	Fiber-to-the-home broadband infrastructure provider serving master-planned communities and MDUs in Texas, Florida and Arizona.
Metro Communications Company	Clearwave Fiber (Southern Illinois Assets)	11/7/25	Business and Wholesale	NA	Operates a fiber network that supports backhaul, public safety and education in Southern Illinois as well as an expanding residential business.
ScanSource	DataXoom	11/6/25	Business and Wholesale	NA	Multi-carrier billing, rating and provisioning platform that connects enterprise customers to LTE and 5G networks.
Bluewave Technology Group	Technology Navigation	11/5/25	Business and Wholesale	NA	CCaaS, UCaaS, SaaS, data connectivity, internet services, IT security, colocation, cloud, wireless and mobility, VoIP and POTS solutions.
Cal.net	Internet Free Planet	11/5/25	Residential Providers	NA	Broadband and wireless internet services for residential and commercial customers in rural California.
Vero Broadband	Telephone Electronics Corporation (TEC)	11/5/25	Residential Providers	NA	Fiber broadband provider serving residential and business customers in Mississippi, Alabama and Tennessee.
Greenlight Networks	FastBridge Fiber	11/3/25	Residential Providers	NA	Provides fiber broadband services to residential and business customers in Pennsylvania and New York.
Ooma	Fluentstream	11/3/25	Business and Wholesale	\$45.0	Cloud-hosted unified communications solutions for small and medium-sized businesses in the United States.
Fourteen IP	Clearly IP	10/13/25	Business and Wholesale	NA	Telecom solutions, including SIP trunking, managed phone systems, VoIP gateways and emergency alert technologies.
UPSTACK	Breakwater Cloud Advisors	10/9/25	Business and Wholesale	NA	Consultancy specializing in contact center modernization, automation and AI transformation.
Highline	Rural Telecommunications of America (Smithville Fiber Assets)	10/8/25	Residential Providers	NA	Fiber assets in Bastrop (including the Bastrop County BOOT II project), Fayette and Lavaca counties.
Verizon Communications	Starry	10/8/25	Residential Providers	NA	Fixed wireless broadband services in Boston, NY, LA, Denver and DC.
Bluewave Technology Group	Streamline Communications	10/7/25	Business and Wholesale	NA	Technology solutions provider located in Salt Lake City, Utah offering cloud, network, voice, security and IoT solutions.
United Communications	Loretto Telephone Company	10/2/25	Residential Providers	NA	Fiber-backed internet services for consumers and businesses in Lawrence County, Tennessee.

ANNOUNCED TRANSACTIONS WITH MULTIPLES (1/1/25 – 12/31/25)

Acquiror	Target	Date Announced	Sector	Purchase Price	Revenue Multiple	EBITDA Multiple	Description
Ooma	Phone.com	11/24/25	Business and Wholesale	\$23.2	1.0 x	18.6 x	Cloud communications/UCaaS provider focused on serving small and medium sized businesses.
Ooma	Fluentstream	11/3/25	Business and Wholesale	\$45.0	1.8 x	4.5 x	Cloud-hosted unified communications solutions for small and medium-sized businesses in the United States.
Digital Bridge and Crestview Partners	Wide Open West	8/11/25	Residential Providers	\$1,503.0	2.5 x	6.5 x	Broadband internet services for consumers and businesses including cable TV, home phone, home Wi-Fi and mobile phone.
AT&T	Lumen (Fiber to the Home Business)	5/21/25	Residential Providers	\$5,750.0	7.7 x	NA	Fiber to the home business with assets in 11 states.
Charter Communications	Cox Communications	5/16/25	National Provider	\$36,697.6	2.8 x	7.4 x	Provides broadband internet and entertainment services for consumers and businesses throughout the United States.

OUR TEAM

FOCUS Telecom Technology and Services Team



Richard H. Pierce

Managing Director and Telecom Technology and Services Team Leader, Washington, DC

rich.pierce@focusbankers.com
202-470-1983

Rich Pierce has more than 20 years of investment banking experience advising middle market clients on a variety of mergers and acquisitions and capital raising transactions. During that time, Mr. Pierce's primary emphasis has been on serving clients in the telecommunications industry including providers of network related hardware and software products, wireless and wireline telecommunications service providers and network engineering and construction companies.



David Freeland

Managing Director, San Francisco, California

david.freeland@focusbankers.com
978-505-1837

David Freeland, a FOCUS Managing Director, has more than fifteen years of experience providing investment banking and management consulting services to a variety of corporate clients, ranging from the Fortune 500 to start-up businesses. He has been an investment banker since 2003, advising clients on mergers and acquisitions and capital raising transactions. Mr. Freeland has broad experience in the telecom and technology industry and has significant experience with data center companies.

APPENDIX

SUB SECTOR ANALYSIS:

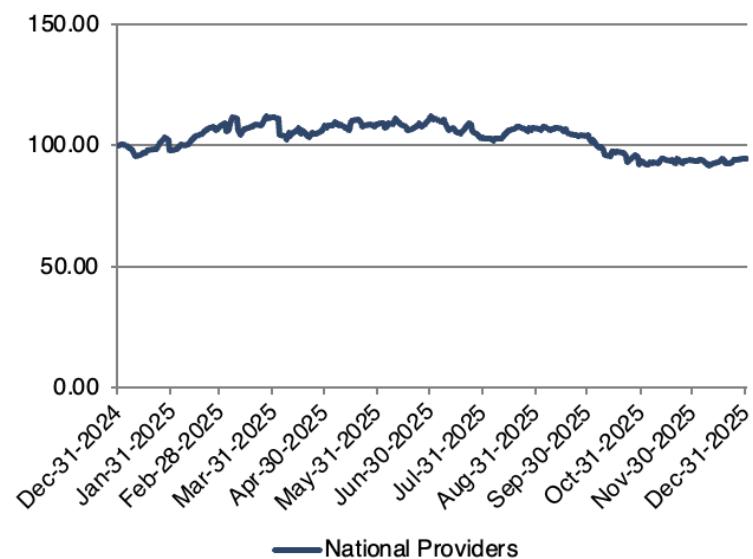
- National Providers
- Business and Wholesale
- Residential Providers

SUB SECTOR DEFINITIONS

- **National Providers:** Large, nationwide telecommunications and cable operators that offer a diverse array of services throughout much of the U.S.
- **Business and Wholesale:** Companies that focus on providing connectivity, voice and transport services to businesses and other telecom service providers.
- **Residential Providers:** Regional providers that have a large component of their business that serves residential and small business customers.

SUB SECTOR ANALYSIS: NATIONAL PROVIDERS

Twelve Month Index Return



Company Revenue Multiples

	12/31/25	12/31/24
National Providers Index	2.3x	2.4x
AT&T	2.7x	2.7x
Charter	2.3x	2.7x
Comcast	1.6x	1.9x
Lumen	1.9x	1.6x
Verizon	2.5x	2.5x

Company Returns

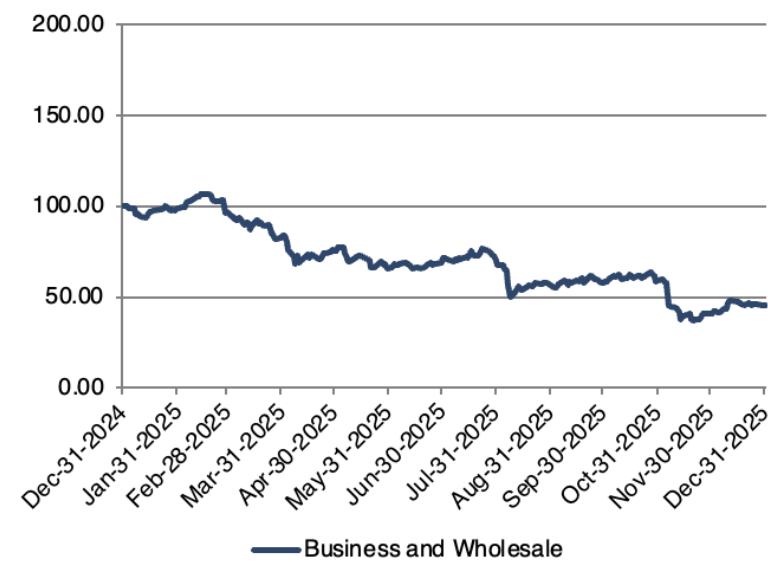
	12 Month	3 Month
National Providers Index	-5.3%	-9.3%
AT&T	9.1%	-12.0%
Charter	-39.1%	-24.1%
Comcast	-20.4%	-4.9%
Lumen	46.3%	27.0%
Verizon	1.9%	-7.3%

Company EBITDA Multiples

	12/31/25	12/31/24
National Providers Index	5.9x	6.4x
AT&T	7.5x	7.4x
Charter	5.8x	6.8x
Comcast	5.2x	6.2x
Lumen	8.0x	6.3x
Verizon	6.8x	7.0x

SUB SECTOR ANALYSIS: BUSINESS AND WHOLESALE

Twelve Month Index Return



Company Revenue Multiples

	12/31/25	12/31/24
Business and Wholesale Index	4.8x	4.8x
Bandwidth	1.2x	1.2x
Cogent Communications	3.9x	5.9x
Uniti	7.1x	6.2x

Company Returns

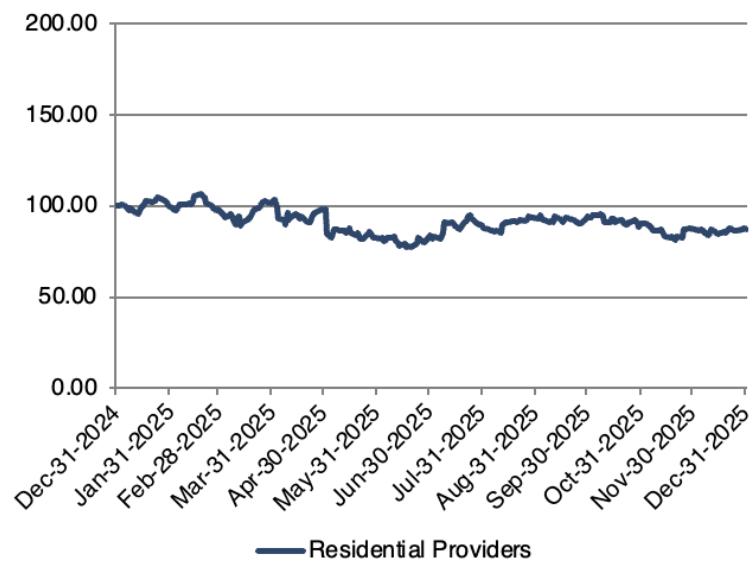
	12 Month	3 Month
Business and Wholesale Index	-54.6%	-16.5%
Bandwidth	-9.2%	-7.3%
Cogent Communications	-72.0%	-43.8%
Uniti	-23.2%	14.5%

Company EBITDA Multiples

	12/31/25	12/31/24
Business and Wholesale Index	13.9x	11.9x
Bandwidth	26.9x	36.8x
Cogent Communications	23.1x	47.7x
Uniti	13.6x	8.1x

SUB SECTOR ANALYSIS: RESIDENTIAL PROVIDERS

Twelve Month Index Return



Company Revenue Multiples

	12/31/25	12/31/24
Residential Providers Index	2.5x	2.7x
Cable One	2.5x	3.4x
Optimum Communications	3.0x	2.9x
Telephone and Data Systems	1.5x	2.1x
WOW	0.8x	0.7x

Company Returns

	12 Month	3 Month
Residential Providers Index	-12.7%	-7.2%
Cable One	-68.8%	-36.3%
Optimum Communications	-31.5%	-31.5%
Telephone and Data Systems	20.2%	4.5%
WOW	3.9%	11.0%

Company EBITDA Multiples

	12/31/25	12/31/24
Residential Providers Index	6.9x	7.2x
Cable One	5.0x	6.7x
Optimum Communications	8.2x	7.8x
Telephone and Data Systems	6.3x	9.4x
WOW	14.1x	10.0x

ABOUT FOCUS INVESTMENT BANKING

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