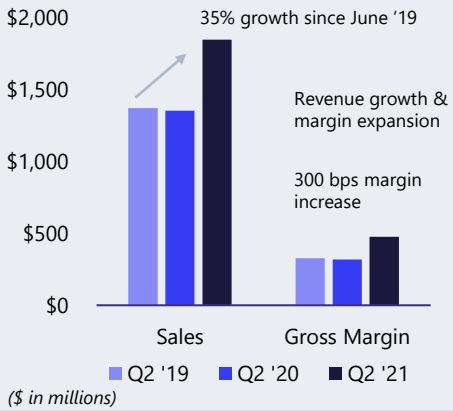
HVACR Strategic Update
Q3 2021

SUMMARY OBSERVATIONS

Strong Performance Through Pandemic Despite Inflation

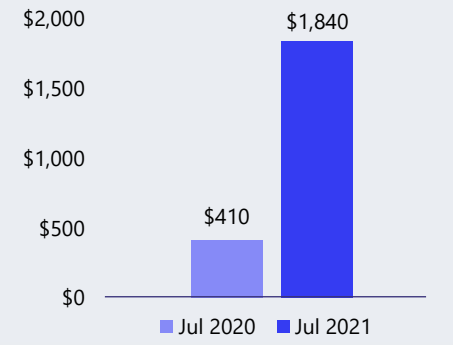
- While equipment and parts shortages are evident up and down the supply chain, and the uncertainty created by the pandemic**, the HVACR sector has performed exceptionally well**
- Additionally, steel prices are creating significant inflationary pressures on equipment and parts
- Other commodity prices and input prices alike, including plastic resin, lumber and freight, have all seen similar pricing inflation, creating significant headwinds yet **the industry appears to be successfully passing these increases downstream**

WATSCO PERFORMANCE THROUGH PANDEMIC



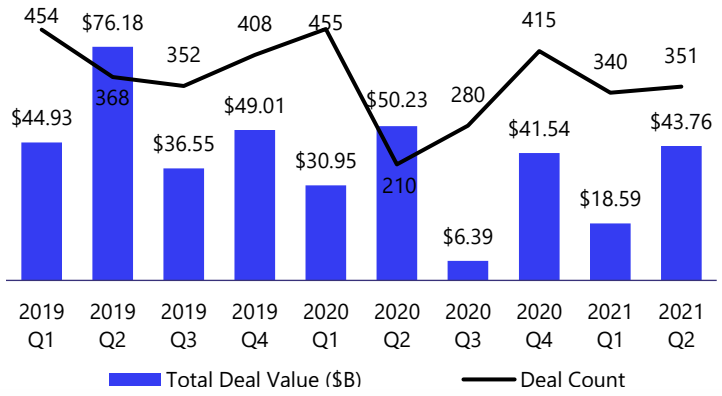
($ in millions)

STEEL COMMODITY PRICE (HOT ROLLED $ / TON)



U.S. INDUSTRIAL M&A ACTIVITY STARTING TO REBOUND

- Industrial M&A deal activity began to resemble pre-pandemic levels in the first half of 2021
- Deal count in the sector grew roughly 4% over the same period in 2020, with activity split evenly between strategic and financial buyers
- Similarly, Q3 started strong and is on track to reach 2019 levels, both in deal count and total deal value
- The increased activity in the first half and strong start to Q3 demonstrates a strong and sustained appetite for M&A by both strategic and financial acquirers



OEMs

The OEM market is relatively consolidated among the top seven players, who account for nearly two thirds of the U.S. market. The top three players Carrier, Daikin, and Ingersoll-Rand (owner of Trane) account for approximately 17%, 15%, and 10% of the total market, respectively

Notable Transaction (April 2021) - Johnson Controls acquired Silent-Aire Manufacturing, for $870M

DISTRIBUTORS

The distribution market has been slowly consolidating around a few major players. Industry leaders (Ferguson & Watsco) are the most active acquirers, looking to both gain market share and expand their geographical exposure

Notable Transactions - Watsco buys Acme Refrigeration (May '21), Gryphon acquires Wittichen (Aug '21)

DEALERS / SERVICE

Significant consolidation activity has been underway for several years as regional players and PE firms aggressively pursue roll up strategies

Notable Transactions (1H 2021) – Private Equity firm New Mountain Capital's Strikepoint Group Holdings (formerly Horizon Group Holdings) has completed over 8 transactions year to date, including the SolvIt, Inc. and First Class HVAC acquisitions

HVACR Strategic Update
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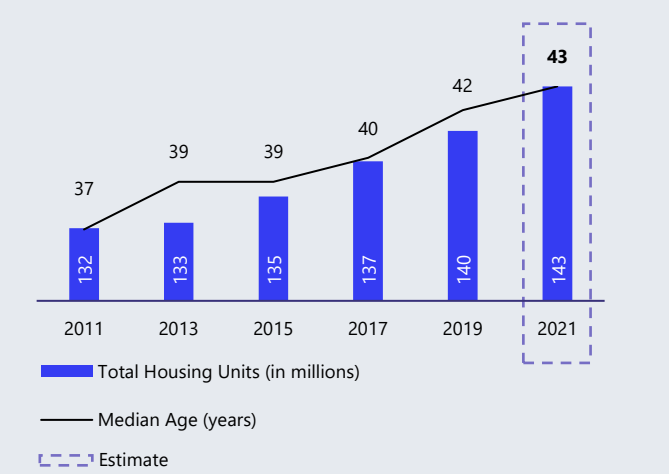
MEGA TRENDS DRIVING THE INDUSTRY

Demand for air quality and air comfort has intensified, driven by:

- COVID-19 created more demand for air filtration in residential, commercial, and institutional settings
- Relentless need for energy efficient systems as businesses and consumers seek to reduce costs and improve performance
- Extreme weather conditions
- The large, growing, and aging U.S. HVAC install base in need of repair & replacement

These trends are impacting the entire supply chain

CREATING PENT-UP REPAIR AND MAINTENANCE DEMAND



Source: fred.stlouisfed.org

Technology in HVACR equipment, applications & smart devices are expanding the market, leading to:

- Greater pricing for premium products and services
- Complexity in solutions leading to greater need for expert sales at the counter and in the home or building and increased need for premium service
- More data produced for consumers and OEMs alike which will drive behavior changes, responsiveness and energy efficient improvements

Technology & corresponding complexity will continue

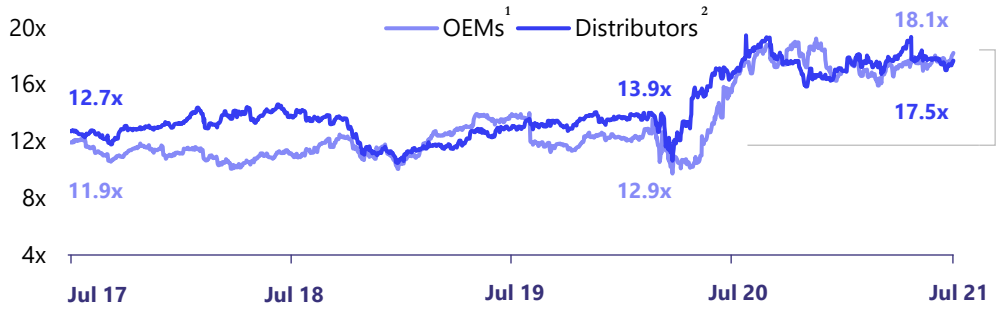


THE HVACR SECTOR HAS BEEN REPRICED UPWARD

- Valuation multiples have trended up over the last four years for both HVACR OEMs and Distributors.
- The sector has been "repriced" upward by roughly **3.5x - 5x EBITDA** following the March 2020 downturn as investors placed greater value on businesses with exposure to demand for air filtration and air quality

The HVACR sector has been repriced upward EV to FW EBITDA

1. OEM peer group: Trane Technologies, Johnson Controls International, Carrier Corporation, Lennox International, Daikin Industries, & Aaon
2. Distributor peer group: Ferguson & Watsco



OEMs
Pre-Pandemic - 12.9x
Post-Pandemic - 18.1x

Distributors
Pre-Pandemic - 13.9x
Post-Pandemic - 17.5x

Valuation Repricing

HVACR Premium Value Drivers Across Three Categories

Q3 2021

THE BUSINESS

Opportunity for growth with substantially reduced risk:

- Diverse customer base
- Recurring revenue and customer dynamics
- Strong management team pre- and post-transaction
- Scalable ERP and IT systems already in place
- Consistent financial performance top and bottom line
- Broad vendor base
- High performance and loyal culture

THE GEOGRAPHY

Where the business is will drive value:

- Underlying demographic trends
- Extreme weather conditions
- Degree of market share distribution – fragmented vs concentrated positions
- Multiple markets or multiple locations
- Regulatory environment – can be positive and negative
- Expansion potential

THE MARKET

Liquidity available and supply / demand:

- Currently in a favorable period of capital flows – low interest rates plus aggressive lending
- Surplus of available buyers with cash "on the sidelines"
- Scarcity of assets or businesses to acquire
- Outperformance of publicly-traded comparable companies in the stock market
- Tax environment
- Positive macro environment – CEO and consumer confidence alike



VALUATIONS OF HVACR BUSINESSES ARE DRIVEN BY VARIABLES IN YOUR CONTROL AND VERY MUCH OUTSIDE YOUR CONTROL…

Uplift Partners HVACR Expertise

Q3 2021

"We are honored to be members of the HARDI network and continue to be very active in the HVACR M&A market"

SELECT HVACR ASSIGNMENTS

Wittichen Supply Co.

Sold to

GRYPHON INVESTORS

Uplift Partners acted as sole advisor to Wittichen Supply Co.

- Wittichen is a leading distributor providing best in class HVACR equipment, parts, supplies and service to contractors, dealers, and institutions in the Southern United States
- Uplift Partners advised Wittichen's ownership on its sale to Gryphon Investors, a leading private equity firm with over $5B in assets under management

SolvIt, Inc.

Sold to

STRIKEPOINT GROUP HOLDINGS, LLC

Uplift Partners acted as sole advisor to SolvIt, Inc.

- SolvIt, Inc. is a founder owned and run proven multi-trade residential service company with a strong market share in the Northeast United States
- Uplift Partners advised SolvIt's ownership on the sale to Strikepoint Group Holdings (formerly Horizon Group Holdings), one of the largest home services companies in the United States

Fox Service

Sold to

SOUTHERN HVAC & LOCHRIDGE PRIEST

Uplift Partners acted as sole advisor to Fox Services

- Fox Service company provides HVAC, mechanical, electrical, refrigeration, and plumbing services to thousands of customers in Central Texas
- Uplift Partners managed two distinct processes, selling the residential business to Southern HVAC, and the commercial business to Lochridge Priest, a large family-owned commercial HVAC contractor

JR Hobbs

Recapitalized by

GLADSTONE INVESTMENT

Uplift Partners acted as sole advisor to JR Hobbs

- JR Hobbs is an HVAC design build & planning, installation, and commercial services business based in Atlanta and the largest HVAC service partner to the multi-family sector
- Uplift Partners advised the shareholders of JR Hobbs on its transaction with Gladstone Investment, a publicly traded business development company

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Uplift Partners M&A Expertise

Q3 2021

"We are independent, dedicated advisors to family-owned and entrepreneur businesses."

SELECT M&A ASSIGNMENTS

irms360

Sold to

aptean

Uplift Partners acted as sole advisor to IRMS 360

- irms360 was a division of a 100% family-owned software business housed in the cloud. The company focuses on warehouse, asset, and emergency management software solutions supporting supply chain clients across the United States
- Uplift Partners facilitated the sale of irms360 to Aptean, a portfolio company of Vista Equity Partners, a top private equity software and technology buyer

Roshal Imaging

Received growth investment from

CAMDEN PARTNERS

Uplift Partners acted as sole advisor to Roshal Imaging

- Roshal is a new leader in the multibillion-dollar healthcare on-demand market. Earlier in 2020, the Company decided to seek an equity partner to enable it to expand nationally
- Uplift Partners advised Roshal's ownership on the equity investment

Elkay

Acquired

INTERIOR SYSTEMS think. create. build.

Uplift Partners acted as sole advisor to Elkay

- ISI is a market-leading interior design and engineering service provider to large retail and commercial foodservice establishments in the US and Canada. Elkay is one of the largest privately-held building products players in North America with leading positions in sinks, plumbing products, and more
- Uplift Partners advised Elkay on the transaction and ISI's fit in Elkay's commercial foodservice division

CASK

Merged with

AZ PARTSMASTER

Uplift Partners acted as sole advisor to Cortland

- CASK Industries is a premier value-added supplier of high-quality interior products to the multifamily renovation market in the US and abroad. Cortland Partners is a large multi-family institutional investor in the US AZ Partsmaster is a full line maintenance supply company to the multi-family housing and property management industries serving clients across the US
- Uplift Partners advised Cortland Partners on the merger

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