UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): **May 4, 2023**

FOCUS FINANCIAL PARTNERS INC.
(Exact name of registrant as specified in its charter)

Delaware	**001-38604**	**47-4780811**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

875 Third Avenue, **28th Floor**
New York, NY 10022
(Address of principal executive offices)
(Zip Code)

(646) 519-2456
Registrant’s Telephone Number, Including Area Code

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value $0.01 per share	FOCS	Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

On May 4, 2023, Focus Financial Partners Inc. (the "Company") issued a press release reporting results for its first quarter ended March 31, 2023. A copy of the press release is furnished with this Current Report on Form 8-K (this "Current Report") as Exhibit 99.1.

Item 7.01 Regulation FD Disclosure.

The information set forth under Item 2.02 is incorporated by reference as if fully set forth herein.

On May 4, 2023, the Company also posted a slide presentation entitled "First Quarter 2023 Earnings Release Supplement" dated May 4, 2023 to the "Events" section of the "Investor Relations" section of its website (www.focusfinancialpartners.com). A copy of the slide presentation is furnished with this Current Report as Exhibit 99.2.

The information in this Current Report, being furnished pursuant to Items 2.02, 7.01 and 9.01, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, and is not incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Focus Financial Partners Inc. Press Release, dated May 4, 2023.
99.2	Focus Financial Partners Inc. Slide Presentation, dated May 4, 2023.
104	Cover Page Interactive Data File - the cover page iXBRL tags are embedded within the inline XBRL document.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FOCUS FINANCIAL PARTNERS INC.

By: /s/ J. Russell McGranahan
J. Russell McGranahan
General Counsel

Dated: May 4, 2023

Exhibit 99.1

Focus Financial Partners Reports First Quarter 2023 Results

Resilient Financial Performance and Strong M&A Momentum Despite Challenging Macro Environment

New York, New York – May 4, 2023 – Focus Financial Partners Inc. (Nasdaq: FOCS) ("Focus Inc.", "Focus", the "Company", "we", "us" or "our"), a leading partnership of independent, fiduciary wealth management firms, today reported results for its first quarter ended March 31, 2023.

First Quarter 2023 Highlights

- Total revenues of $557.5 million, 3.9% growth year over year
- Organic revenue growth(1) rate of 0.3% year over year
- GAAP net loss of ($7.0) million
- GAAP basic and diluted loss per share of Class A common stock of ($0.01) and ($0.22), respectively
- Adjusted Net Income Excluding Tax Adjustments(2) of $60.1 million and Tax Adjustments(3) of $17.4 million
- Adjusted Net Income Excluding Tax Adjustments Per Share(2) of $0.69 and Tax Adjustments(3) Per Share(2) of $0.20
- Net Leverage Ratio(4) of 4.41x
- On February 27, 2023, entered into an Agreement and Plan of Merger (the "Merger Agreement") with affiliates of Clayton, Dubilier & Rice, LLC ("CD&R") to be acquired by CD&R in an all-cash transaction

(1) Please see footnote 2 under "How We Evaluate Our Business" later in this press release.
(2) Non-GAAP financial measures. Please see "Reconciliation of Non-GAAP Financial Measures" later in this press release for a reconciliation and more information on these measures.
(3) Please see footnote 6 under "How We Evaluate Our Business" later in this press release.
(4) Please see footnote 7 under "How We Evaluate Our Business" later in this press release.

"Our first quarter 2023 results reflected the resiliency of our business despite the challenging macro backdrop," said Rudy Adolf, Founder, CEO and Chairman of Focus. "Our partners delivered excellent service to their clients and managed their businesses well, remaining agile during the quarter. They also continued to take advantage of our value-added programs, designed to give them an edge in meeting their clients' growing demand for highly personalized advice and services. Our global partnership creates a number of scale advantages, reinforcing the sustainability of our growth over the long term."

"While slightly below our expectations, our first quarter performance benefitted from our diverse, recurring revenue stream, variable management fee structure, and the economic alignment we have with our partners," said Jim Shanahan, Chief Financial Officer of Focus. "Our Q1 M&A activity reflected strong momentum, with twelve closed transactions, including one new partner firm and eleven mergers. Our differentiated ability to source, structure, and execute these transactions is a core element of our value proposition to growth-oriented firms. We are executing well, and we remain confident that we are well-positioned to capitalize on our industry's substantial forward growth opportunity."

First Quarter 2023 Financial Highlights

Total revenues were $557.5 million, 3.9%, or $20.9 million higher than the 2022 first quarter. The increase was primarily attributable to $19.2 million of revenues from new partner firms acquired during the last twelve months. Our year-over-year organic revenue growth rate(1) was 0.3%, marginally lower than our estimated range for the quarter due to lower than anticipated non-market correlated revenues.

An estimated 74.6%, or $415.9 million, of total revenues in the quarter were correlated to the financial markets. Of this amount, 64.8%, or $269.7 million, were generated from advance billings generally based on market levels in the 2022 fourth quarter. The remaining 25.4%, or $141.6 million, were not correlated to the markets. These revenues typically consist of family office type services, tax advice and fixed fees for investment advice, primarily for high and ultra-high net worth clients.

GAAP net loss was ($7.0) million compared to net income of $39.1 million in the prior year quarter. GAAP basic and diluted loss per share of Class A common stock was ($0.01) and ($0.22), respectively, as compared to $0.45 and $0.44 for basic and diluted income per share of Class A common stock, respectively, in the prior year quarter.

Adjusted EBITDA(2) was $132.5 million, (1.9)%, or ($2.6) million, lower than the prior year period. Our Adjusted EBITDA margin(3) was 23.8%, marginally below our outlook of approximately 24% for the quarter.

Adjusted Net Income Excluding Tax Adjustments(2) was $60.1 million, and Tax Adjustments(4) was $17.4 million. Adjusted Net Income Excluding Tax Adjustments Per Share(2) was $0.69, down (29.6)% compared to the prior year period reflecting the effect of higher interest expense on our borrowings. Tax Adjustments Per Share(2) was $0.20, up 11.1% compared to the prior year period reflecting the tax efficiency of our acquisition activity associated with the high M&A transaction volume we sustained during this period.

(1) Please see footnote 2 under "How We Evaluate Our Business" later in this press release.
(2) Non-GAAP financial measures. Please see "Reconciliation of Non-GAAP Financial Measures" later in this press release for a reconciliation and more information on these measures.
(3) Calculated as Adjusted EBITDA divided by Revenues.
(4) Please see footnote 6 under "How We Evaluate Our Business" later in this press release.

Balance Sheet and Liquidity

As of March 31, 2023, cash and cash equivalents were $100.2 million and debt outstanding under our credit facilities was approximately $2.7 billion.

Our Net Leverage Ratio(1) as of March 31, 2023 was 4.41x. We remain committed to maintaining our Net Leverage Ratio(1) between 3.5x to 4.5x and believe this is the appropriate range for our business given our highly acquisitive nature.

As of March 31, 2023, $850 million, or 32.0%, of our debt outstanding under our credit facilities had SOFR swapped from a floating rate to a fixed weighted average interest rate of 53 basis points plus a spread of 325 basis points. The residual amount of approximately $1.8 billion remains at floating rates, with $906.3 million at an interest rate of SOFR (subject to a 50 basis point floor) plus 250 basis points spread, and $901.2 million at an interest rate of SOFR (subject to a 50 basis point floor) plus 325 basis points spread. We typically use 30-day Term SOFR for our term loans.

Our net cash provided by operating activities for the trailing four quarters ended March 31, 2023 was $290.0 million compared to $275.1 million for the comparable prior year period. Our Cash Flow Available for Capital Allocation(2) for the trailing four quarters ended March 31, 2023 was $303.9 million compared to $299.6 million for the comparable prior year period. In the 2023 first quarter, we paid $26.1 million in cash earn-out obligations and $6.5 million of required amortization under our First Lien Term Loans.

(1) Please see footnote 7 under “How We Evaluate Our Business” later in this press release.
(2) Non-GAAP financial measure. See ‘‘Reconciliation of Non-GAAP Financial Measures—Cash Flow Available for Capital Allocation” later in this press release.

The Merger

On February 27, 2023, Focus Inc. entered into the Merger Agreement for Focus to be acquired by affiliates of CD&R in an all-cash transaction (the “Merger”). Funds managed by Stone Point Capital LLC (“Stone Point”) will retain a portion of their investment in Focus and provide new equity financing as part of the Merger. If the Merger is consummated, Focus will cease to be publicly-traded. Completion of the Merger is subject to customary closing conditions, including approval by holders of a majority of the shares held by the shareholders other than CD&R, Stone Point and certain affiliates. The Merger is expected to close in the third quarter of 2023. However, the Company cannot assure completion of the Merger by any particular date, if at all or that, if completed, it will be completed on the terms set forth in the Merger Agreement. For more information see Current Report on Form 8-K filed on February 28, 2023.

Teleconference, Webcast and Presentation Information

Founder, CEO and Chairman, Rudy Adolf, and Chief Financial Officer, Jim Shanahan, will host a conference call today, May 4, 2023 at 8:30 a.m. Eastern Time to discuss the Company’s 2023 first quarter results and outlook. The call can be accessed by dialing +1-800-285-6670 (callers inside the U.S.) or +1-713-481-1320 (callers outside the U.S.).

A live, listen-only webcast, together with a slide presentation titled "First Quarter 2023 Earnings Release Supplement" dated May 4, 2023, will be available under Events in the Investor Relations section of the Company's website, www.focusfinancialpartners.com. A webcast replay of the call will be available shortly after the event at the same address. Registration for the call will begin 15 minutes prior to the start of the call, using the following link.

Due to the pending Merger, we do not intend to take questions after the prepared remarks.

About Focus Financial Partners Inc.

Focus Financial Partners Inc. is a leading partnership of independent, fiduciary wealth management firms. Focus provides access to best practices, resources, and continuity planning for its partner firms who serve individuals, families, employers and institutions with comprehensive wealth management services. Focus partner firms maintain their operational independence, while they benefit from the synergies, scale, economics and best practices offered by Focus to achieve their business objectives.

Cautionary Note Concerning Forward-Looking Statements

The foregoing information contains certain forward-looking statements that reflect the Company's current views with respect to certain current and future events, including with respect to the Merger and the expected timing of closing of the Merger, and financial performance. These forward-looking statements are and will be, as the case may be, subject to many risks, uncertainties and factors, including relating to the Company's operations and business environment, which may cause the Company's actual results to be materially different from any future results, expressed or implied, in these forward-looking statements. Any forward-looking statements in this release are based upon information available to the Company on the date of this release. The Company does not undertake to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any statements expressed or implied therein will not be realized. Additional information on risk factors that could potentially affect the Company's financial results may be found in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 filed and our other filings with the Securities and Exchange Commission.

Investor and Media Contacts

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How We Evaluate Our Business

We focus on several key financial metrics in evaluating the success of our business, the success of our partner firms and our resulting financial position and operating performance. Key metrics for the three months ended March 31, 2022 and 2023 include the following:

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2023
	(dollars in thousands, except per share data)	
Revenue Metrics:		
Revenues	$ 536,567	$ 557,507
Revenue growth (1) from prior period	36.1%	3.9%
Organic revenue growth (2) from prior period	22.0%	0.3%
Management Fees Metrics (operating expense):		
Management fees	$ 137,839	$ 124,594
Management fees growth (3) from prior period	35.0%	(9.6)%
Organic management fees growth (4) from prior period	21.6%	(11.1)%
Net Income (loss) Metrics:		
Net income (loss)	$ 39,082	$ (6,977)
Net income (loss) growth from prior period	*	*
Income (loss) per share of Class A common stock:		
Basic	$ 0.45	$ (0.01)
Diluted	$ 0.44	$ (0.22)
Income (loss) per share of Class A common stock growth from prior period:		
Basic	*	*
Diluted	*	*
Adjusted EBITDA Metrics:		
Adjusted EBITDA (5)	$ 135,080	$ 132,518
Adjusted EBITDA growth (5) from prior period	33.7%	(1.9)%
Adjusted Net Income Excluding Tax Adjustments Metrics:		
Adjusted Net Income Excluding Tax Adjustments (5)	$ 83,073	$ 60,124
Adjusted Net Income Excluding Tax Adjustments growth (5) from prior period	30.9%	(27.6)%
Tax Adjustments		
Tax Adjustments (5)(6)	$ 14,813	$ 17,378
Tax Adjustments growth from prior period (5)(6)	41.2%	17.3%

	Three Months Ended March 31, 2022	2023
	(dollars in thousands, except per share data)	
Adjusted Net Income Excluding Tax Adjustments Per Share and Tax Adjustments Per Share Metrics:		
Adjusted Net Income Excluding Tax Adjustments Per Share (5)	$ 0.98	$ 0.69
Tax Adjustments Per Share (5)(6)	$ 0.18	$ 0.20
Adjusted Net Income Excluding Tax Adjustments Per Share growth (5) from prior period	22.5%	(29.6)%
Tax Adjustments Per Share growth from prior period (5)(6)	38.5%	11.1%
Adjusted Shares Outstanding		
Adjusted Shares Outstanding (5)	84,579,820	86,844,405
Other Metrics:		
Net Leverage Ratio (7) at period end	3.84x	4.41x
Acquired Base Earnings (8)	$ —	$ 1,731
Number of partner firms at period end (9)	84	89

* Not meaningful

(1) Represents period-over-period growth in our GAAP revenue.

(2) Organic revenue growth represents the period-over-period growth in revenue related to partner firms, including growth related to acquisitions of wealth management practices and customer relationships by our partner firms, including Connectus, and partner firms that have merged, that for the entire periods presented, are included in our consolidated statements of operations for each of the entire periods presented. We believe these growth statistics are useful in that they present full-period revenue growth of partner firms on a "same store" basis exclusive of the effect of the partial period results of partner firms that are acquired during the comparable periods.

(3) The terms of our management agreements entitle the management companies to management fees typically consisting of all Earnings Before Partner Compensation ("EBPC") in excess of Base Earnings up to Target Earnings, plus a percentage of any EBPC in excess of Target Earnings. Management fees growth represents the period-over-period growth in GAAP management fees earned by management companies. While an expense, we believe that growth in management fees reflect the strength of the partnership.

(4) Organic management fees growth represents the period-over-period growth in management fees earned by management companies related to partner firms, including growth related to acquisitions of wealth management practices and customer relationships by our partner firms and partner firms that have merged, that for the entire periods presented, are included in our consolidated statements of operations for each of the entire periods presented. We believe that these growth statistics are useful in that they present full-period growth of management fees on a "same store" basis exclusive of the effect of the partial period results of partner firms that are acquired during the comparable periods.

(5) For additional information regarding Adjusted EBITDA, Adjusted Net Income Excluding Tax Adjustments, Adjusted Net Income Excluding Tax Adjustments Per Share, Tax Adjustments, Tax Adjustments Per Share and Adjusted Shares Outstanding, including a reconciliation of Adjusted EBITDA, Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share to the most directly comparable GAAP financial measure, please read "—Adjusted EBITDA" and "—Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share."

(6) Tax Adjustments represent the tax benefits of intangible assets, including goodwill, associated with deductions allowed for tax amortization of intangible assets in the respective periods based on a pro forma 27% income tax rate. Such amounts were generated from acquisitions completed where we received a step-up in basis for tax purposes. Acquired intangible assets may be amortized for tax purposes, generally over a 15-year period. Due to our acquisitive nature, tax deductions allowed on acquired intangible assets provide additional significant supplemental economic benefit. The tax benefit from amortization is included to show the full economic benefit of deductions for acquired intangible assets with the step-up in tax basis. As of March 31, 2023, estimated Tax Adjustments from intangible asset related income tax benefits from closed acquisitions based on a pro forma 27% income tax rate for the next 12 months is $69.6 million.

(7) Net Leverage Ratio represents the First Lien Leverage Ratio (as defined in the Credit Facility), and means the ratio of amounts outstanding under the First Lien Term Loan A, First Lien Term Loan B and First Lien Revolver plus other outstanding debt obligations secured by a lien on the assets of Focus LLC (excluding letters of credit other than unpaid drawings thereunder) minus unrestricted cash and cash equivalents to Consolidated EBITDA (as defined in the Credit Facility).

(8) The terms of our management agreements entitle the management companies to management fees typically consisting of all future EBPC of the acquired wealth management firm in excess of Base Earnings up to Target Earnings, plus a percentage of any EBPC in excess of Target Earnings. Acquired Base Earnings is equal to our preferred position in Base Earnings or comparable measures. We are entitled to receive these earnings notwithstanding any earnings that we are entitled to receive in excess of Target Earnings. Base Earnings may change in future periods for various business or contractual matters. For example, from time to time when a partner firm consummates an acquisition, the management agreement among the partner firm, the management company and the principals is amended to adjust Base Earnings and Target Earnings to reflect the projected post acquisition earnings of the partner firm.

(9) Represents the number of partner firms on the last day of the period presented.

Unaudited Condensed Consolidated Financial Statements

FOCUS FINANCIAL PARTNERS INC.
Unaudited Condensed Consolidated Statements of Operations
(in thousands, except share and per share amounts)

	For the three months ended March 31, 2022	2023
REVENUES:		
Wealth management fees	$ 515,179	$ 533,889
Other	21,388	23,618
Total revenues	536,567	557,507
OPERATING EXPENSES:		
Compensation and related expenses	181,800	206,416
Management fees	137,839	124,594
Selling, general and administrative	88,650	112,816
Intangible amortization	60,276	71,786
Non-cash changes in fair value of estimated contingent consideration	(8,985)	16,488
Depreciation and other amortization	3,633	3,967
Total operating expenses	463,213	536,067
INCOME FROM OPERATIONS	73,354	21,440
OTHER INCOME (EXPENSE):		
Interest income	3	464
Interest expense	(17,616)	(43,929)
Amortization of debt financing costs	(1,101)	(1,105)
Other expense—net	(36)	(2,725)
Income from equity method investments	95	175
Total other expense—net	(18,655)	(47,120)
INCOME (LOSS) BEFORE INCOME TAX	54,699	(25,680)
INCOME TAX EXPENSE (BENEFIT)	15,617	(18,703)
NET INCOME (LOSS)	39,082	(6,977)
Non-controlling interest	(9,980)	6,345
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ 29,102	$ (632)
Income (loss) per share of Class A common stock:		
Basic	$ 0.45	$ (0.01)
Diluted	$ 0.44	$ (0.22)
Weighted average shares of Class A common stock outstanding:		
Basic	65,331,370	65,940,004
Diluted	65,767,463	84,174,046

FOCUS FINANCIAL PARTNERS INC.
Unaudited Condensed Consolidated Balance Sheets
(in thousands, except share and per share amounts)

	December 31, 2022	March 31, 2023
ASSETS		
Cash and cash equivalents	$ 139,973	$ 100,199
Accounts receivable less allowances of $3,862 at 2022 and $3,887 at 2023	217,219	225,257
Prepaid expenses and other assets	151,356	173,167
Fixed assets—net	54,748	56,840
Operating lease assets	258,697	268,783
Debt financing costs—net	7,590	7,204
Deferred tax assets—net	230,130	231,432
Goodwill	2,167,917	2,213,019
Other intangible assets—net	1,639,124	1,749,829
TOTAL ASSETS	$ 4,866,754	$ 5,025,730
LIABILITIES AND EQUITY		
LIABILITIES		
Accounts payable	$ 12,213	$ 15,100
Accrued expenses	80,679	79,117
Due to affiliates	70,974	21,920
Deferred revenue	10,726	12,086
Contingent consideration and other liabilities	335,033	421,185
Deferred tax liabilities	29,579	28,373
Operating lease liabilities	288,895	301,237
Borrowings under credit facilities (stated value of $2,563,970 and $2,657,519 at December 31, 2022 and March 31, 2023, respectively)	2,510,749	2,604,929
Tax receivable agreements obligations	224,611	215,013
TOTAL LIABILITIES	3,563,459	3,698,960
EQUITY		
Class A common stock, par value $0.01, 500,000,000 shares authorized; 65,929,644 and 65,960,079 shares issued and outstanding at December 31, 2022 and March 31, 2023, respectively	659	660
Class B common stock, par value $0.01, 500,000,000 shares authorized; 11,827,321 and 12,540,262 shares issued and outstanding at December 31, 2022 and March 31, 2023, respectively	118	125
Additional paid-in capital	918,044	907,591
Retained earnings	116,779	116,147
Accumulated other comprehensive income	18,318	12,635
Total shareholders' equity	1,053,918	1,037,158
Non-controlling interest	249,377	289,612
Total equity	1,303,295	1,326,770
TOTAL LIABILITIES AND EQUITY	$ 4,866,754	$ 5,025,730

FOCUS FINANCIAL PARTNERS INC.
Unaudited Condensed Consolidated Statements of Cash Flows
(in thousands)

	For the three months ended March 31, 2022	For the three months ended March 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 39,082	$ (6,977)
Adjustments to reconcile net income (loss) to net cash provided by operating activities—net of effect of acquisitions:		
Intangible amortization	60,276	71,786
Depreciation and other amortization	3,633	3,967
Amortization of debt financing costs	1,101	1,105
Non-cash equity compensation expense	6,707	7,911
Non-cash changes in fair value of estimated contingent consideration	(8,985)	16,488
Income from equity method investments	(95)	(175)
Distributions received from equity method investments	425	327
Deferred taxes and other non-cash items	6,424	(2,231)
Changes in cash resulting from changes in operating assets and liabilities:		
Accounts receivable	(10,478)	(8,098)
Prepaid expenses and other assets	(12,827)	(32,427)
Accounts payable	3,081	2,883
Accrued expenses	4,721	(1,253)
Due to affiliates	(76,997)	(49,101)
Contingent consideration and other liabilities	(22,520)	(8,102)
Deferred revenue	1,810	669
Net cash used in operating activities	(4,642)	(3,228)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for acquisitions and contingent consideration—net of cash acquired	(2,603)	(84,708)
Purchase of fixed assets	(3,232)	(5,609)
Investments and other, net	(5,232)	—
Net cash used in investing activities	(11,067)	(90,317)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings under credit facilities	50,000	98,500
Repayments of borrowings under credit facilities	(6,174)	(6,451)
Payments in connection with tax receivable agreements	(3,856)	(9,598)
Contingent consideration paid	(10,443)	(14,815)
Payments of deferred cash consideration	—	(12,505)
Proceeds from exercise of stock options	422	1,005
Equity awards withholding	—	(704)
Distributions for unitholders	(8,209)	(1,531)
Net cash provided by financing activities	21,740	53,901
EFFECT OF EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	319	(130)
CHANGE IN CASH AND CASH EQUIVALENTS	6,350	(39,774)
CASH AND CASH EQUIVALENTS:		
Beginning of period	310,684	139,973
End of period	$ 317,034	$ 100,199

Reconciliation of Non-GAAP Financial Measures

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP measure. Adjusted EBITDA is defined as net income (loss) excluding interest income, interest expense, income tax expense (benefit), amortization of debt financing costs, intangible amortization and impairments, if any, depreciation and other amortization, non-cash equity compensation expense, non-cash changes in fair value of estimated contingent consideration, other expense—net and Merger-related expenses, if any. We believe that Adjusted EBITDA, viewed in addition to and not in lieu of, our reported GAAP results, provides additional useful information to investors regarding our performance and overall results of operations for various reasons, including the following:

- non-cash equity grants made to employees or non-employees at a certain price and point in time do not necessarily reflect how our business is performing at any particular time; stock-based compensation expense is not a key measure of our operating performance;
- contingent consideration or earn outs can vary substantially from company to company and depending upon each company's growth metrics and accounting assumption methods; the non-cash changes in fair value of estimated contingent consideration is not considered a key measure in comparing our operating performance; and
- amortization expenses can vary substantially from company to company and from period to period depending upon each company's financing and accounting methods, the fair value and average expected life of acquired intangible assets and the method by which assets were acquired; the amortization of intangible assets obtained in acquisitions are not considered a key measure in comparing our operating performance.

We use Adjusted EBITDA:

- as a measure of operating performance;
- for planning purposes, including the preparation of budgets and forecasts;
- to allocate resources to enhance the financial performance of our business;
- to evaluate the effectiveness of our business strategies; and
- as a consideration in determining compensation for certain employees.

Adjusted EBITDA does not purport to be an alternative to net income (loss) or cash flows from operating activities. The term Adjusted EBITDA is not defined under GAAP, and Adjusted EBITDA is not a measure of net income (loss), operating income or any other performance or liquidity measure derived in accordance with GAAP. Therefore, Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect all cash expenditures, future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, working capital needs; and
- Adjusted EBITDA does not reflect the interest expense on our debt or the cash requirements necessary to service interest or principal payments.

In addition, Adjusted EBITDA can differ significantly from company to company depending on strategic decisions regarding capital structure, the tax jurisdictions in which companies operate and capital investments. We compensate for these limitations by relying also on the GAAP results and using Adjusted EBITDA as supplemental information.

Set forth below is a reconciliation of net income (loss) to Adjusted EBITDA for the three months ended March 31, 2022 and 2023:

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2023
	(in thousands)	
Net income (loss)	$ 39,082	$ (6,977)
Interest income	(3)	(464)
Interest expense	17,616	43,929
Income tax expense (benefit)	15,617	(18,703)
Amortization of debt financing costs	1,101	1,105
Intangible amortization	60,276	71,786
Depreciation and other amortization	3,633	3,967
Non-cash equity compensation expense	6,707	7,911
Non-cash changes in fair value of estimated contingent consideration	(8,985)	16,488
Other expense—net	36	2,725
Merger-related expenses (1)	—	10,751
Adjusted EBITDA	$ 135,080	$ 132,518

(1) Represents costs incurred in conjunction with the Merger Agreement entered into on February 27, 2023. Refer to our SEC filings for additional information.

Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share

We analyze our performance using Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share. Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share are non-GAAP measures. We define Adjusted Net Income Excluding Tax Adjustments as net income (loss) excluding income tax expense (benefit), amortization of debt financing costs, intangible amortization and impairments, if any, non-cash equity compensation expense, non-cash changes in fair value of estimated contingent consideration, and Merger-related expenses, if any. The calculation of Adjusted Net Income Excluding Tax Adjustments also includes adjustments to reflect a pro forma 27% income tax rate reflecting the estimated U.S. federal, state, local and foreign income tax rates applicable to corporations in the jurisdictions we conduct business and is used for comparative purposes. The actual effective income tax rate, in current or future periods, may differ significantly from the pro forma income tax rate of 27%.

Adjusted Net Income Excluding Tax Adjustments Per Share is calculated by dividing Adjusted Net Income Excluding Tax Adjustments by the Adjusted Shares Outstanding. Adjusted Shares Outstanding includes: (i) the weighted average shares of Class A common stock outstanding during the periods, (ii) the weighted average incremental shares of Class A common stock related to stock options and restricted stock units outstanding during the periods, (iii) the weighted average number of Focus LLC common units outstanding during the periods (assuming that 100% of such Focus LLC common units, including contingently issuable Focus LLC common units, if any, have been exchanged for Class A common stock), (iv) the weighted average number of Focus LLC restricted common units outstanding during the periods (assuming that 100% of such Focus LLC restricted common units have been exchanged for Class A common stock) and (v) the weighted average number of common unit equivalents of Focus LLC vested and unvested incentive units outstanding during the periods based on the closing price of our Class A common stock on the last trading day of the periods (assuming that 100% of such Focus LLC common units have been exchanged for Class A common stock).

We believe that Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share, viewed in addition to and not in lieu of, our reported GAAP results, provide additional useful information to investors regarding our performance and overall results of operations for various reasons, including the following:

- non-cash equity grants made to employees or non-employees at a certain price and point in time do not necessarily reflect how our business is performing at any particular time; stock-based compensation expense is not a key measure of our operating performance;
- contingent consideration or earn outs can vary substantially from company to company and depending upon each company's growth metrics and accounting assumption methods; the non-cash changes in fair value of estimated contingent consideration is not considered a key measure in comparing our operating performance; and
- amortization expenses can vary substantially from company to company and from period to period depending upon each company's financing and accounting methods, the fair value and average expected life of acquired intangible assets and the method by which assets were acquired; the amortization of intangible assets obtained in acquisitions are not considered a key measure in comparing our operating performance.

Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share do not purport to be an alternative to net income (loss) or cash flows from operating activities. The terms Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share are not defined under GAAP, and Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share are not a measure of net income (loss), operating income or any other performance or liquidity measure derived in accordance with GAAP. Therefore, Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share have limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share do not reflect all cash expenditures, future requirements for capital expenditures or contractual commitments;
- Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share do not reflect changes in, or cash requirements for, working capital needs; and
- Other companies in the financial services industry may calculate Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share differently than we do, limiting its usefulness as a comparative measure.

In addition, Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share can differ significantly from company to company depending on strategic decisions regarding capital structure, the tax jurisdictions in which companies operate and capital investments. We compensate for these limitations by relying also on the GAAP results and use Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share as supplemental information.

Tax Adjustments and Tax Adjustments Per Share

Tax Adjustments represent the tax benefits of intangible assets, including goodwill, associated with deductions allowed for tax amortization of intangible assets in the respective periods based on a pro forma 27% income tax rate. Such amounts were generated from acquisitions completed where we received a step-up in basis for tax purposes. Acquired intangible assets may be amortized for tax purposes, generally over a 15-year period. Due to our acquisitive nature, tax deductions allowed on acquired intangible assets provide additional significant supplemental economic benefit. The tax benefit from amortization is included to show the full economic benefit of deductions for acquired intangible assets with the step-up in tax basis.

Tax Adjustments Per Share is calculated by dividing Tax Adjustments by the Adjusted Shares Outstanding.

Set forth below is a reconciliation of net income (loss) to Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share for the three months ended March 31, 2022 and 2023:

	Three Months Ended March 31,	
	2022	2023
	(dollars in thousands, except per share data)	
Net income (loss)	$ 39,082	$ (6,977)
Income tax expense (benefit)	15,617	(18,703)
Amortization of debt financing costs	1,101	1,105
Intangible amortization	60,276	71,786
Non-cash equity compensation expense	6,707	7,911
Non-cash changes in fair value of estimated contingent consideration	(8,985)	16,488
Merger-related expenses (1)	—	10,751
Subtotal	113,798	82,361
Pro forma income tax expense (27%) (2)	(30,725)	(22,237)
Adjusted Net Income Excluding Tax Adjustments	$ 83,073	$ 60,124
Tax Adjustments (3)	$ 14,813	$ 17,378
Adjusted Net Income Excluding Tax Adjustments Per Share	$ 0.98	$ 0.69
Tax Adjustments Per Share (3)	$ 0.18	$ 0.20
Adjusted Shares Outstanding	84,579,820	86,844,405
Calculation of Adjusted Shares Outstanding:		
Weighted average shares of Class A common stock outstanding—basic (4)	65,331,370	65,940,004
Adjustments:		
Weighted average incremental shares of Class A common stock related to stock options and restricted stock units (5)	436,093	443,542
Weighted average Focus LLC common units outstanding (6)	11,621,814	12,072,890
Weighted average Focus LLC restricted common units outstanding (7)	193,625	296,548
Weighted average common unit equivalent of Focus LLC incentive units outstanding (8)	6,996,918	8,091,421
Adjusted Shares Outstanding	84,579,820	86,844,405

(1) Represents costs incurred in conjunction with the Merger Agreement entered into on February 27, 2023. Refer to our SEC filings for additional information.

(2) The pro forma income tax rate of 27% reflects the estimated U.S. federal, state, local and foreign income tax rates applicable to corporations in the jurisdictions we conduct business and is used for comparative purposes. The actual effective income tax rate, in current or future periods, may differ significantly from the pro forma income tax rate of 27%. The actual effective income tax rate is the percentage of income tax after taking into consideration various tax deductions, credits and limitations. Among other things, periods of increased interest expense and limits on our ability to deduct interest expense may, in current or future periods, contribute to an actual effective income tax rate that is less than or greater than the pro forma income tax rate of 27%.

(3) Tax Adjustments represent the tax benefits of intangible assets, including goodwill, associated with deductions allowed for tax amortization of intangible assets in the respective periods based on a pro forma 27% income tax rate. Such amounts were generated from acquisitions completed where we received a step-up in basis for tax purposes. Acquired intangible assets may be amortized for tax purposes, generally over a 15-year period. Due to our acquisitive nature, tax deductions allowed on acquired intangible assets provide additional significant supplemental economic benefit. The tax benefit from amortization is included to show the full economic benefit of deductions for acquired intangible assets with the step-up in tax basis. As of March 31, 2023, estimated Tax Adjustments from intangible asset related income tax benefits from closed acquisitions based on a pro forma 27% income tax rate for the next 12 months is $69.6 million.

(4) Represents our GAAP weighted average Class A common stock outstanding—basic.

(5) Represents the incremental shares related to stock options and restricted stock units as calculated under the treasury stock method.

(6) Assumes that 100% of the Focus LLC common units, including contingently issuable Focus LLC common units, if any, were exchanged for Class A common stock.

(7) Assumes that 100% of the Focus LLC restricted common units were exchanged for Class A common stock.

(8) Assumes that 100% of the vested and unvested Focus LLC incentive units were converted into Focus LLC common units based on the closing price of our Class A common stock at the end of the respective period and such Focus LLC common units were exchanged for Class A common stock.

Adjusted Free Cash Flow and Cash Flow Available for Capital Allocation

To supplement our statements of cash flows presented on a GAAP basis, we use non-GAAP liquidity measures on a trailing 4-quarter basis to analyze cash flows generated from our operations. We consider Adjusted Free Cash Flow and Cash Flow Available for Capital Allocation to be liquidity measures that provide useful information to investors about the amount of cash generated by the business and are two factors in evaluating the amount of cash available to pay contingent consideration and deferred cash consideration, make strategic acquisitions and repay outstanding borrowings. Adjusted Free Cash Flow and Cash Flow Available for Capital Allocation do not represent our residual cash flow available for discretionary expenditures as they do not deduct our mandatory debt service requirements and other non-discretionary expenditures. We define Adjusted Free Cash Flow as net cash provided by operating activities, less purchase of fixed assets, distributions for Focus LLC unitholders and payments under tax receivable agreements. We define Cash Flow Available for Capital Allocation as Adjusted Free Cash Flow plus the portions of contingent consideration and deferred cash consideration paid which are classified as operating cash flows under GAAP. The balances of such contingent consideration and deferred cash consideration are classified as investing or financing cash flows under GAAP; therefore, we add back the amounts included in operating cash flows so that the full amount of contingent consideration and deferred cash consideration payments are treated consistently. Adjusted Free Cash Flow and Cash Flow Available for Capital Allocation are not defined under GAAP and should not be considered as alternatives to net cash from operating, investing or financing activities. In addition, Adjusted Free Cash Flow and Cash Flow Available for Capital Allocation can differ significantly from company to company.

Set forth below is a reconciliation of net cash provided by operating activities to Adjusted Free Cash Flow and Cash Flow Available for Capital Allocation for the trailing 4-quarters ended March 31, 2022 and 2023:

	Trailing 4-Quarters Ended March 31,	
	2022	2023
	(in thousands)	
Net cash provided by operating activities	$ 275,148	$ 290,013
Purchase of fixed assets	(11,415)	(23,394)
Distributions for unitholders	(31,465)	(16,306)
Payments under tax receivable agreements	(4,167)	(9,598)
Adjusted Free Cash Flow	$ 228,101	$ 240,715
Portion of contingent consideration paid included in operating activities (1)	71,508	62,835
Portion of deferred cash consideration paid included in operating activities (2)	—	304
Cash Flow Available for Capital Allocation (3)	$ 299,609	$ 303,854

(1) A portion of contingent consideration paid is classified as operating cash outflows in accordance with GAAP, with the balance reflected in investing or financing cash outflows. Contingent consideration paid classified as operating cash outflows for each of the trailing 4-quarters ended March 31, 2022 was $11.6 million, $20.4 million, $16.4 million and $23.1 million, respectively, totaling $71.5 million for the trailing 4-quarters ended March 31, 2022. Contingent consideration paid classified as operating cash outflows for each of the trailing 4-quarters ended March 31, 2023 was $18.2 million, $29.5 million, $6.1 million and $9.0 million, respectively, totaling $62.8 million for the trailing 4-quarters ended March 31, 2023.

(2) A portion of deferred cash consideration paid is classified as operating cash outflows in accordance with GAAP, with the balance reflected in financing cash outflows. Deferred cash consideration paid and classified as operating cash outflows was $0.3 million for the trailing 4-quarters ended March 31, 2023.

(3) Cash Flow Available for Capital Allocation excludes all contingent consideration and deferred cash consideration that was included in either operating, investing or financing activities of our consolidated statements of cash flows.

Supplemental Information

Economic Ownership

The following table provides supplemental information regarding the economic ownership of Focus Financial Partners, LLC as of March 31, 2023:

	March 31, 2023	
Economic Ownership of Focus Financial Partners, LLC Interests:	**Interest**	**%**
Focus Financial Partners Inc.	65,960,079	75.9%
Non-Controlling Interests (1)	20,928,231	24.1%
Total	86,888,310	100.0%

(1) Includes 8,091,421 Focus LLC common units issuable upon conversion of the outstanding 16,602,886 vested and unvested incentive units (assuming vesting of the unvested incentive units and a March 31, 2023 period end value of the Focus LLC common units equal to $51.87) and includes 296,548 Focus LLC restricted common units.

Class A and Class B Common Stock Outstanding

The following table provides supplemental information regarding the Company's Class A and Class B common stock:

	Number of Shares Outstanding at March 31, 2023	Number of Shares Outstanding at May 1, 2023
Class A	65,960,079	66,009,979
Class B	12,540,262	12,540,262

Incentive Units

The following table provides supplemental information regarding the outstanding Focus LLC vested and unvested Incentive Units ("IUs") at March 31, 2023. The vested IUs in future periods can be exchanged into shares of Class A common stock (after conversion into a number of Focus LLC common units that takes into account the then-current value of common units and such IUs aggregate hurdle amount), and therefore, the Company calculates the Class A common stock equivalent of such IUs for purposes of calculating per share data. The period-end share price of the Company's Class A common stock is used to calculate the intrinsic value of the outstanding Focus LLC IUs in order to calculate a Focus LLC common unit equivalent of the Focus LLC IUs.

Hurdle Rates	Number Outstanding
$ 1.42	421
$ 5.50	798
$ 6.00	386
$ 7.00	1,081
$ 9.00	708,107
$ 11.00	813,001
$ 12.00	513,043
$ 13.00	540,000
$ 14.00	10,098
$ 16.00	45,191
$ 17.00	20,000
$ 19.00	527,928
$ 21.00	3,017,692
$ 22.00	796,417
$ 23.00	524,828
$ 26.26	12,500
$ 27.00	12,484
$ 27.90	1,890,440
$ 28.50	1,424,225
$ 30.48	30,000
$ 33.00	3,617,500
$ 36.64	30,000
$ 37.59	508,145
$ 43.07	60,000
$ 43.50	30,000
$ 44.71	806,324
$ 58.50	662,277
	16,602,886

Exhibit 99.2

FOCUS®
FINANCIAL PARTNERS

Focus Financial Partners Inc.

First Quarter 2023
Earnings Release Supplement

May 4, 2023

VISION *for* VISIONARIES.

Disclaimer (1/2)

Special Note Regarding Forward-Looking Statements

Some of the information in this presentation may contain forward-looking statements. Forward-looking statements give our current expectations, contain projections of results of operations or of financial condition, or forecasts of future events. Words such as “may,” “assume,” “forecast,” “position,” “predict,” “strategy,” “expect,” “intend,” “plan,” “estimate,” “anticipate,” “believe,” “project,” “budget,” “potential,” “continue,” “will” and similar expressions are used to identify forward-looking statements. They can be affected by assumptions used or by known or unknown risks or uncertainties. Consequently, no forward-looking statements can be guaranteed. When considering these forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this presentation. Actual results may vary materially. You are cautioned not to place undue reliance on any forward-looking statements. You should also understand that it is not possible to predict or identify all such factors and should not consider the following list to be a complete statement of all potential risks and uncertainties. Factors that could cause our actual results to differ materially from the results contemplated by such forward-looking statements include the timing and terms of any required governmental or regulatory approvals of the proposed transaction with Clayton, Dubilier & Rice (“CD&R”); timing and ability to satisfy conditions to closing the proposed transaction (including obtaining necessary approvals of the Focus stockholders); impact of announcements relating to the proposed transaction on the price of Focus’ common stock; impact of proposed transaction on ability to maintain business and operational relationships, including retaining and hiring personnel and partner firm clients; the occurrence of any circumstances that could give rise to the termination of the merger agreement with CD&R; disruption of management’s attention from Focus’ ongoing business operations due to the proposed transaction; significant transaction costs; the risk of litigation and/or regulatory actions related to the proposed transaction, fluctuations in wealth management fees, our reliance on our partner firms and the principals who manage their businesses, our ability to make successful acquisitions, unknown liabilities of or poor performance by acquired businesses, harm to our reputation, our inability to facilitate smooth succession planning at our partner firms, our inability to compete, our reliance on key personnel, our inability to attract, develop and retain talented wealth management professionals, our inability to retain clients following an acquisition, write down of goodwill and other intangible assets, our failure to maintain and properly safeguard an adequate technology infrastructure, cyber-attacks, our inability to recover from business continuity problems, inadequate insurance coverage, the termination of management agreements by management companies, our inability to generate sufficient cash to service all of our indebtedness, the failure of our partner firms to comply with applicable U.S. and non-U.S. regulatory requirements, legal proceedings and governmental inquiries and certain other factors. All forward-looking statements are expressly qualified in their entirety by the foregoing cautionary statements. Our forward-looking statements speak only as of the date of this presentation or as of the date as of which they are made. Except as required by applicable law, including federal securities laws, we do not intend to update or revise any forward-looking statements.

Disclaimer (2/2)

Non-GAAP Financial Measures

Adjusted EBITDA is a non-GAAP measure. Adjusted EBITDA is defined as net income (loss) excluding interest income, interest expense, income tax expense (benefit), amortization of debt financing costs, intangible amortization and impairments, if any, depreciation and other amortization, non-cash equity compensation expense, non-cash changes in fair value of estimated contingent consideration, loss on extinguishment of borrowings, other expense – net, Merger-related expenses, if any, and secondary offering expenses, if any. We believe that Adjusted EBITDA, viewed in addition to and not in lieu of, our reported GAAP results, provides additional useful information to investors regarding our performance and overall results of operations for various reasons, including the following: (i) non-cash equity grants made to employees or non-employees at a certain price and point in time do not necessarily reflect how our business is performing at any particular time; stock-based compensation expense is not a key measure of our operating performance, (ii) contingent consideration or earn outs can vary substantially from company to company and depending upon each company's growth metrics and accounting assumption methods; the non-cash changes in fair value of estimated contingent consideration is not considered a key measure in comparing our operating performance, and (iii) amortization expenses can vary substantially from company to company and from period to period depending upon each company's financing and accounting methods, the fair value and average expected life of acquired intangible assets and the method by which assets were acquired; the amortization of intangible assets obtained in acquisitions are not considered a key measure in comparing our operating performance. We use Adjusted EBITDA (i) as a measure of operating performance, (ii) for planning purposes, including the preparation of budgets and forecasts, (iii) to allocate resources to enhance the financial performance of our business, (iv) to evaluate the effectiveness of our business strategies, and (v) as a consideration in determining compensation for certain employees. Adjusted EBITDA does not purport to be an alternative to net income (loss) or cash flows from operating activities. The term Adjusted EBITDA is not defined under GAAP, and Adjusted EBITDA is not a measure of net income (loss), operating income or any other performance or liquidity measure derived in accordance with GAAP. Therefore, Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are: (i) Adjusted EBITDA does not reflect all cash expenditures, future requirements for capital expenditures or contractual commitments, (ii) Adjusted EBITDA does not reflect changes in, or cash requirements for, working capital needs, and (iii) Adjusted EBITDA does not reflect the interest expense on our debt or the cash requirements necessary to service interest or principal payments. In addition, Adjusted EBITDA can differ significantly from company to company depending on strategic decisions regarding capital structure, the tax jurisdictions in which companies operate and capital investments. We compensate for these limitations by relying also on the GAAP results and using Adjusted EBITDA as supplemental information.

We analyze our performance using Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share. Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share are non-GAAP measures. We define Adjusted Net Income Excluding Tax Adjustments as net income (loss) excluding income tax expense (benefit), amortization of debt financing costs, intangible amortization and impairments, if any, non-cash equity compensation expense, non-cash changes in fair value of estimated contingent consideration, loss on extinguishment of borrowings, Merger-related expenses, if any, and secondary offering expenses, if any. The calculation of Adjusted Net Income Excluding Tax Adjustments also includes adjustments to reflect a pro forma 27% income tax rate reflecting the estimated U.S. federal, state, local and foreign income tax rates applicable to corporations in the jurisdictions we conduct business and is used for comparative purposes. The actual effective income tax rate, in current or future periods, may differ significantly from the pro forma income tax rate of 27%. The actual effective income tax rate is the percentage of income tax after taking into consideration various tax deductions, credits and limitations. Among other things, periods of increased interest expense and limits on our ability to deduct interest expense may, in current or future periods, contribute to an actual effective income tax rate that is less than or greater than the pro forma income tax rate of 27%.

We believe that Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share, viewed in addition to and not in lieu of, our reported GAAP results, provide additional useful information to investors regarding our performance and overall results of operations for various reasons, including the following: (i) non-cash equity grants made to employees or non-employees at a certain price and point in time do not necessarily reflect how our business is performing at any particular time; stock-based compensation expense is not a key measure of our operating performance, (ii) contingent consideration or earn outs can vary substantially from company to company and depending upon each company's growth metrics and accounting assumption methods; the non-cash changes in fair value of estimated contingent consideration is not considered a key measure in comparing our operating performance, and (iii) amortization expenses can vary substantially from company to company and from period to period depending upon each company's financing and accounting methods, the fair value and average expected life of acquired intangible assets and the method by which assets were acquired; the amortization of intangible assets obtained in acquisitions are not considered a key measure in comparing our operating performance.

Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share do not purport to be an alternative to net income (loss) or cash flows from operating activities. The terms Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share are not defined under GAAP, and Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share are not a measure of net income (loss), operating income or any other performance or liquidity measure derived in accordance with GAAP. Therefore, Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share have limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are: (i) Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share do not reflect all cash expenditures, future requirements for capital expenditures or contractual commitments, (ii) Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share do not reflect changes in, or cash requirements for, working capital needs, and (iii) Other companies in the financial services industry may calculate Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share differently than we do, limiting its usefulness as a comparative measure. In addition, Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share can differ significantly from company to company depending on strategic decisions regarding capital structure, the tax jurisdictions in which companies operate and capital investments. We compensate for these limitations by relying also on the GAAP results and use Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share as supplemental information.

To supplement our statements of cash flows presented on a GAAP basis, we use non-GAAP liquidity measures on a trailing 4-quarter basis to analyze cash flows generated from our operations. We consider Adjusted Free Cash Flow and Cash Flow Available for Capital Allocation to be liquidity measures that provide useful information to investors about the amount of cash generated by the business and are two factors in evaluating the amount of cash available to pay contingent consideration and deferred cash consideration, make strategic acquisitions and repay outstanding borrowings. Adjusted Free Cash Flow and Cash Flow Available for Capital Allocation do not represent our residual cash flow available for discretionary expenditures as they do not deduct our mandatory debt service requirements and other non-discretionary expenditures. We define Adjusted Free Cash Flow as net cash provided by operating activities, less purchase of fixed assets, distributions for Focus LLC unitholders and payments under tax receivable agreements (if any). We define Cash Flow Available for Capital Allocation as Adjusted Free Cash Flow plus the portions of contingent consideration and deferred cash consideration paid which are classified as operating cash flows under GAAP. The balances of such contingent consideration and deferred cash consideration are classified as investing or financing cash flows under GAAP; therefore, we add back the amounts included in operating cash flows so that the full amount of contingent consideration and deferred cash consideration payments are treated consistently. Adjusted Free Cash Flow and Cash Flow Available for Capital Allocation are not defined under GAAP and should not be considered as alternatives to net cash from operating, investing or financing activities. In addition, Adjusted Free Cash Flow and Cash Flow Available for Capital Allocation can differ significantly from company to company.

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Pending Acquisition by CD&R

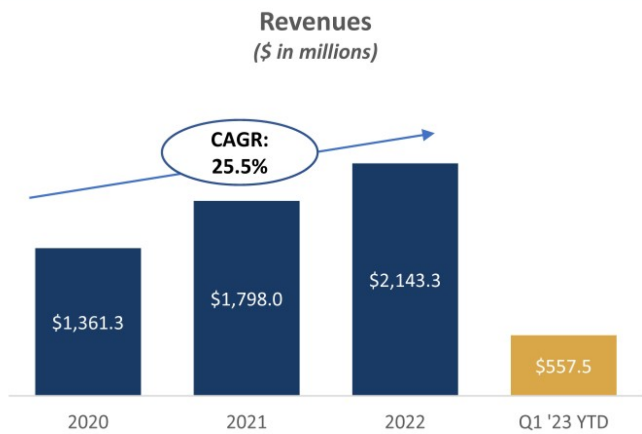
Pending Acquisition by CD&R (1)

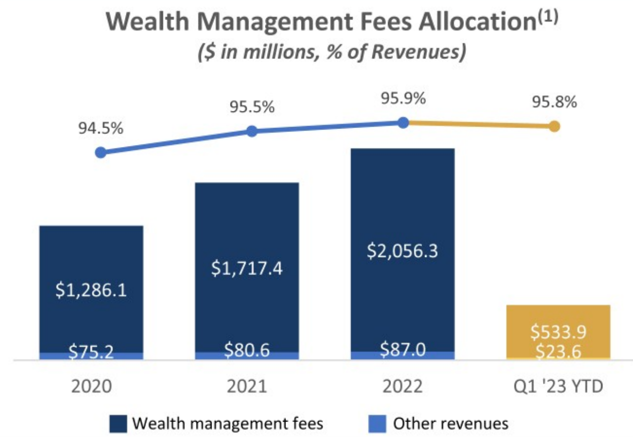
- On February 27, 2023, Focus entered in an Agreement and Plan of Merger (the "Merger" or "Merger Agreement") by and among affiliates of Clayton, Dubilier & Rice, LLC ("CD&R") pursuant to which Focus is to be acquired by CD&R for $53 per share in an all-cash transaction
- Funds managed by Stone Point Capital LLC ("Stone Point") will retain a portion of their investment in Focus and provide new equity financing as part of the proposed transaction
- The Merger Agreement provided for a 40-day "go-shop" period to allow the Special Committee of our Board of Directors to actively initiate, solicit and consider alternative acquisition proposals from third parties
- The "go-shop" period expired at 11:59 p.m. Eastern Time on April 8, 2023, with no alternative acquisition proposals received from any third party
- Closing is subject to stockholder approval, regulatory approvals and other customary conditions
- The transaction is expected to close in the third quarter of 2023 (2)
- Focus will cease to be a publicly traded company upon consummation of the proposed transaction

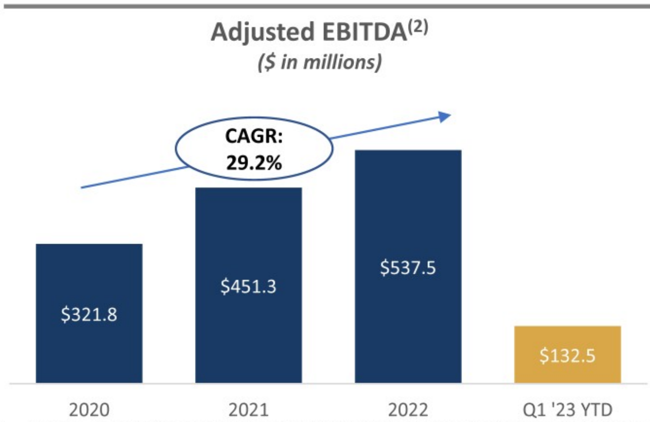
1. Refer to our SEC filings for additional information regarding the Merger Agreement entered into on February 27, 2023.
2. Focus cannot assure completion of the Merger by any particular date, if at all, or that, if completed, it will be completed on the terms set forth in the Merger Agreement.

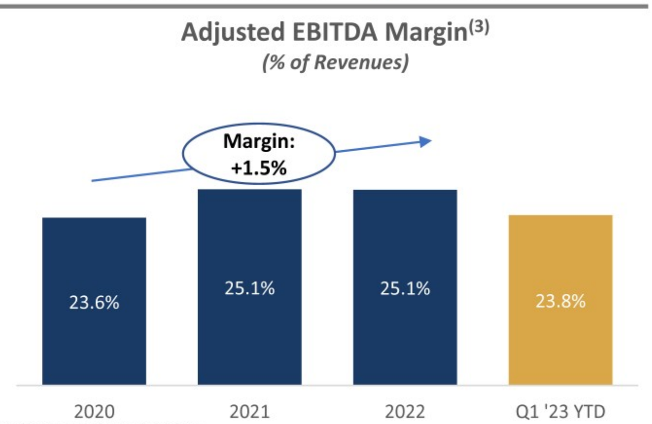
Selected Growth Trends

Revenue and Adjusted EBITDA Growth Over Time









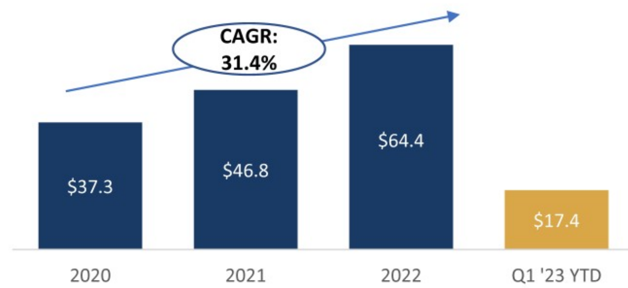
1. The sum of wealth management fees and other revenues as presented in this chart may not agree to total revenues due to rounding.
2. Non-GAAP financial measure. See Appendix for reconciliations.
3. Calculated as Adjusted EBITDA divided by revenues.

Bottom-Line Performance Enhanced by a Tax Efficient Structure

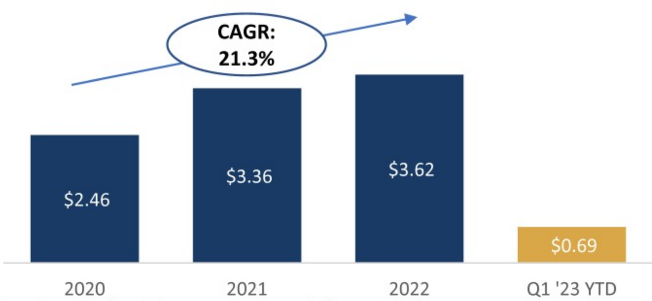
FOCUS FINANCIAL PARTNERS

Adjusted Net Income ("ANI") Excluding Tax Adjustments[(1)]
($ in millions)

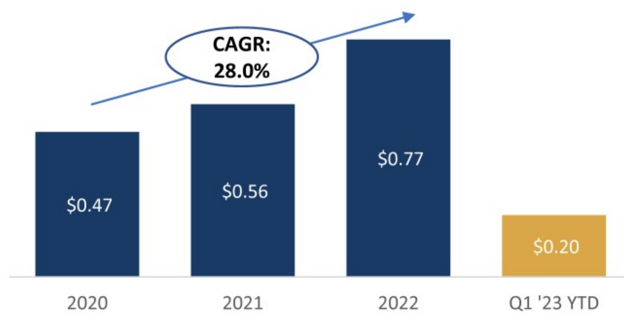
Tax Adjustments[(2)]
($ in millions)



ANI Excluding Tax Adjustments Per Share[(1)]



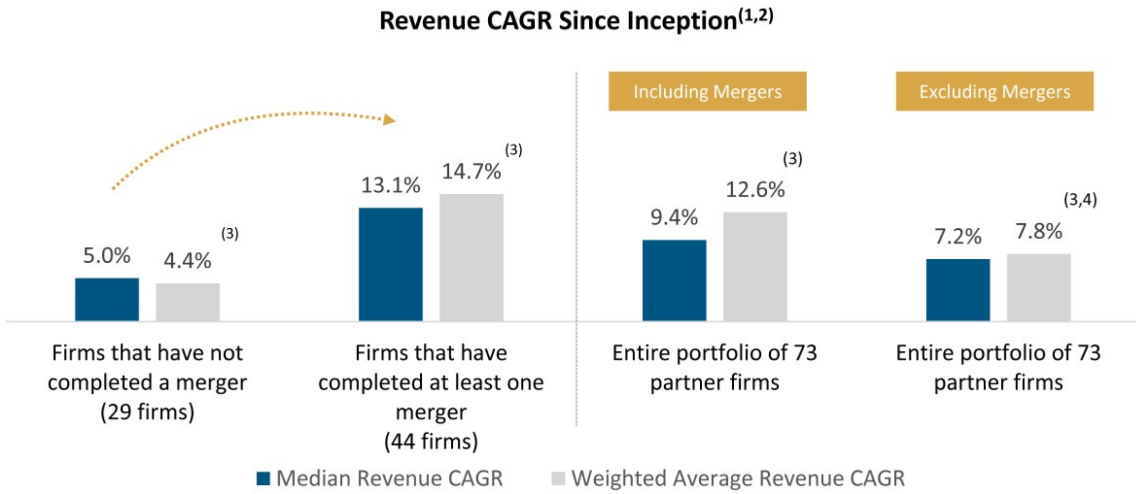
Tax Adjustments Per Share[(1,2)]



1. Non-GAAP financial measure. See Appendix for reconciliations.
2. Tax Adjustments represent the tax benefits of intangible assets, including goodwill, associated with deductions allowed for tax amortization of intangible assets in the respective periods based on a pro forma 27% income tax rate. Such amounts were generated from acquisitions completed where the Company received a step-up in basis for tax purposes. Acquired intangible assets may be amortized for tax purposes, generally over a 15-year period. Due to the Company's acquisitive nature, tax deductions allowed on acquired intangible assets provide additional significant supplemental economic benefit. The tax benefit from amortization is identified to show the full economic benefit of deductions for acquired intangible assets with the step-up in tax basis.

Organic Revenue Growth, Including and Excluding Mergers

- Partner firms who grow through mergers in addition to traditional client acquisition strategies have transformed their businesses through accelerated growth.
- Mergers enable efficient access to large pools of client assets, new spheres of influence, distribution channels and exceptional advisor talent.

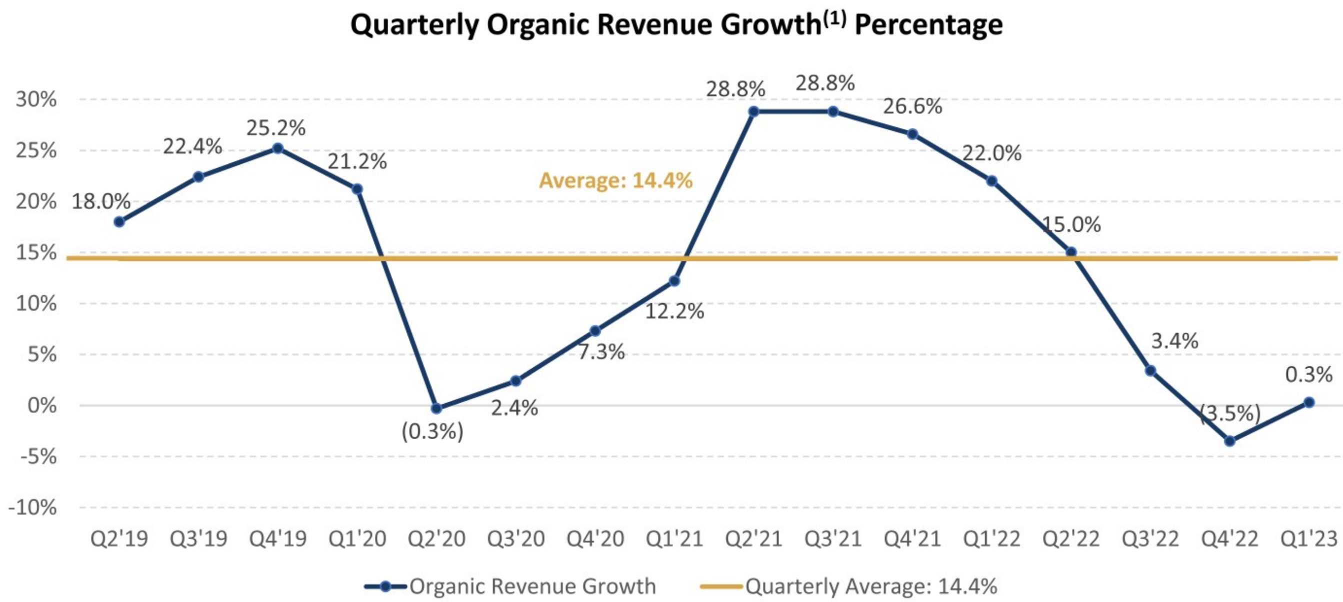


73 partner firms[5] represented ~89% of our Q1 2023 LTM revenues

1. As of March 31, 2023.
2. Inception means first full four quarters as a Focus partner firm and reflects activity through all market cycles during that time. The analysis includes the 73 firms since inception that have been with us for at least 2 years as of March 31, 2023 in order to determine a baseline revenue growth rate. If Focus partner firms merged together, their financials have been combined.
3. The weightings are based on the March 31, 2023 LTM revenues of the respective partner firms.
4. Excludes the first full annual revenue from all the mergers made by our partner firm portfolio since joining Focus.
5. The 73 partner firms have been with Focus for a weighted average of ~7 years and a median period of ~6 years.

Average Organic Revenue Growth Rate Demonstrates Partner Firm Strength and Resiliency

- Over the last 16 quarters, our average organic growth rate has been 14.4%.

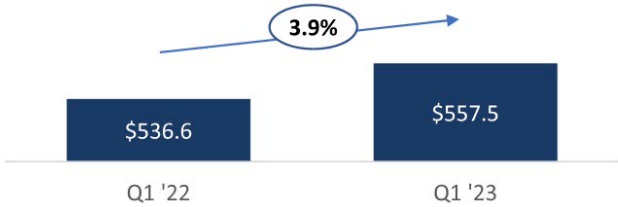


1. Organic revenue growth represents the period-over-period growth in revenue related to partner firms, including growth related to acquisitions of wealth management practices and customer relationships by Focus's partner firms, including Connectus, and partner firms that have merged, that for the entire periods presented are included in Focus's consolidated statements of operations for the entire periods presented. Focus believes these growth statistics are useful in that they present full-period revenue growth of partner firms on a ''same store'' basis exclusive of the effect of the partial period results of partner firms that are acquired during the comparable periods.

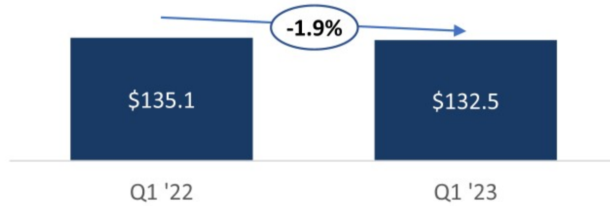
First Quarter 2023 Recap

Year-Over-Year Financial Performance

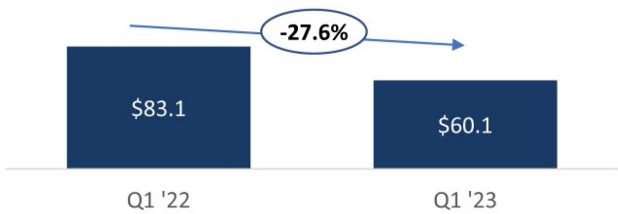
Revenues
($ in millions)



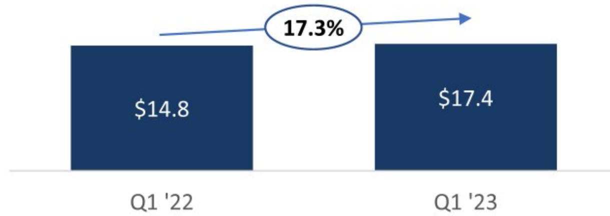
Adjusted EBITDA[1]
($ in millions)



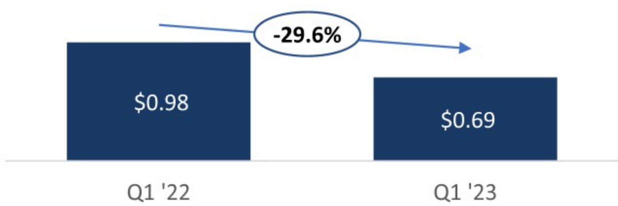
Adjusted Net Income ("ANI") Excluding Tax Adjustments[1]
($ in millions)



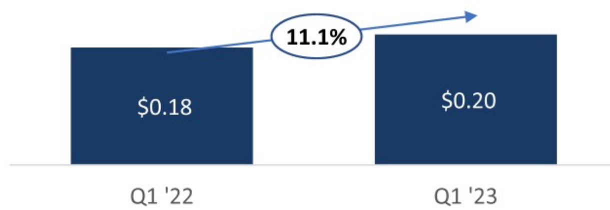
Tax Adjustments[2]
($ in millions)



ANI Excluding Tax Adjustments Per Share[1]



Tax Adjustments Per Share[1,2]



1. Non-GAAP financial measure. See Appendix for reconciliations.
2. Refer to footnote 2 on slide 9.

Q1 2023 Financial Snapshot

FOCUS® FINANCIAL PARTNERS

Revenues	▪ **Revenues:** \$557.5 million, +3.9% year-over-year growth ▪ **Organic revenue growth rate:**[(1)] 0.3% year-over-year
Adjusted EBITDA	▪ **Adjusted EBITDA:**[(2)] \$132.5 million, -1.9% year-over-year decline ▪ **Adjusted EBITDA margin:**[(3)] 23.8%, compared to 25.2% in the prior year period
Net Income and Per Share Amounts	▪ **GAAP net income (loss):** (\$7.0) million, compared to \$39.1 million in Q1 2022 ▪ **GAAP basic and diluted loss per share of Class A common stock:** (\$0.01) and (\$0.22) ▪ **Adjusted Net Income Excluding Tax Adjustments:**[(2)] \$60.1 million, -27.6% year-over-year decline ▪ **Tax Adjustments:**[(4)] \$17.4 million, +17.3% year-over-year growth ▪ **Adjusted Net Income Excluding Tax Adjustments Per Share:**[(2)] \$0.69, -29.6% year-over-year decline ▪ **Tax Adjustments Per Share:**[(2,4)] \$0.20, +11.1% year-over-year growth
Net Leverage & Cash Flow	▪ **Net Leverage Ratio:**[(5)] 4.41x ▪ **Net cash provided by operating activities:** \$290.0 million (LTM Q1 2023), +5.4% year-over-year ▪ **Cash Flow Available for Capital Allocation:**[(2)] \$303.9 million (LTM Q1 2023), +1.4% year-over-year ▪ **Unamortized gross tax shield:** \$2.9+ billion at March 31, 2023 ▪ **Tax Receivable Agreement payments:** \$9.6 million

1. Organic revenue growth represents the period-over-period growth in revenues related to partner firms, including growth related to acquisitions of wealth management practices and customer relationships by our partner firms, including Connectus, and partner firms that have merged, that for the entire periods presented, are included in our consolidated statements of operations for each of the entire periods presented. We believe these growth statistics are useful in that they present full period revenue growth of partner firms on a ''same store'' basis exclusive of the effect of the partial period results of partner firms that are acquired during the comparable periods.
2. Non-GAAP financial measure. See Appendix for reconciliations.
3. Calculated as Adjusted EBITDA divided by revenues.
4. Tax Adjustments represent the tax benefits of intangible assets, including goodwill, associated with deductions allowed for tax amortization of intangible assets in the respective periods based on a pro forma 27% income tax rate. Such amounts were generated from acquisitions completed where the Company received a step-up in basis for tax purposes. Acquired intangible assets may be amortized for tax purposes, generally over a 15-year period. Due to the Company's acquisitive nature, tax deductions allowed on acquired intangible assets provide additional significant supplemental economic benefit. The tax benefit from amortization is identified to show the full economic benefit of deductions for acquired intangible assets with the step-up in tax basis.
5. Net Leverage Ratio represents the First Lien Leverage Ratio (as defined in the Credit Facility) and means the ratio of amounts outstanding under the First Lien Term Loan and First Lien Revolver plus other outstanding debt obligations secured by a lien on the assets of Focus LLC (excluding letters of credit other than unpaid drawings thereunder) minus unrestricted cash and cash equivalents to Consolidated EBITDA (as defined in the Credit Facility).

Multiple Sources of Revenue Diversification

Q1 2023 Revenues by Source

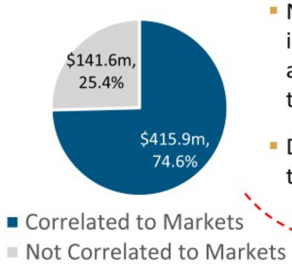
- Holistic wealth management fees tied to team-based service model
- Not a commission or interest revenue based model

Q1 2023 Revenues by Region

- International sources provide growing revenue diversification
- 9 partner firms across Australia, Canada, Switzerland, the UK and other jurisdictions, together with partner firm Connectus, are platforms for growth

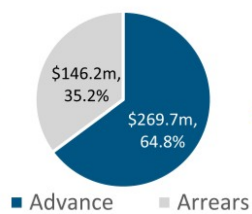
Q1 2023 Revenues Correlated to Markets

Revenues Correlated to Markets



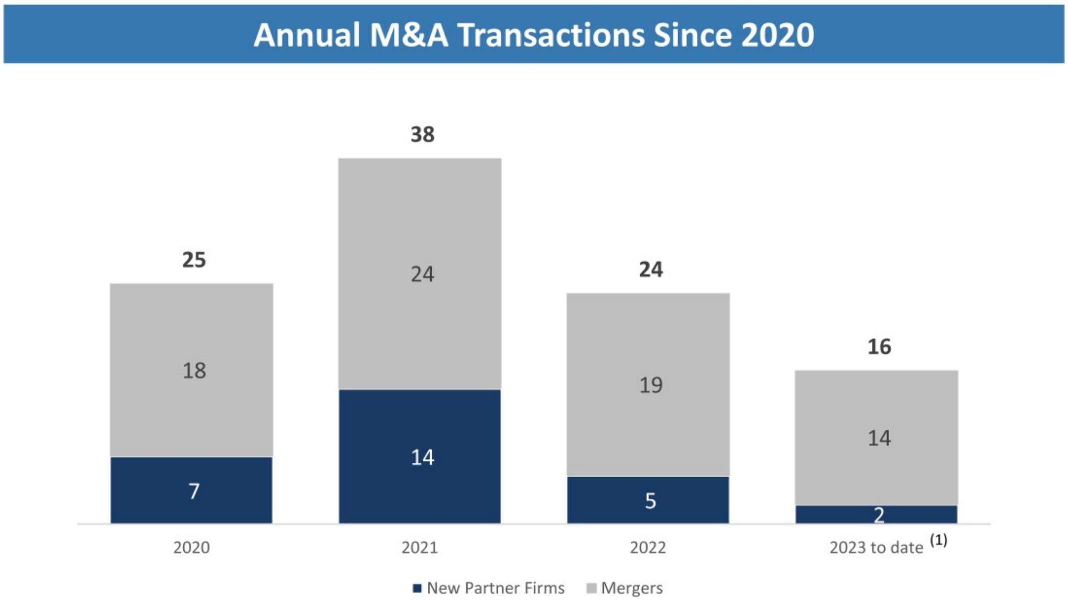
- Non-correlated revenues typically include fixed fees for investment advice, tax fees and family office type services
- Diversification reduces market risk to revenue stream

Billing Structure of Market-Correlated Revenues



- Advance billing structure used by majority of partner firms gives high visibility into subsequent quarter
- Diversification of billing practices across partner firms is an embedded revenue hedge

Continuing a Trend of Strong M&A Volume



90
Partner Firms[1]

290+
M&A Transactions Since 2006[1]

~5,900
Partners and Employees [2]

1. As of May 1, 2023.
2. As of March 31, 2023.

YTD M&A Momentum is Strong

FOCUS FINANCIAL PARTNERS

2023 YTD Highlights

- 16 closed transactions:
  - 2 new partner firms
  - 14 mergers

	Type	Firm Name	Acquiring Partner Firm	Closing Date	Primary Office Location
Q1 2023	Partner Firm Acquisitions	1. Spectrum Wealth Management		1/1/2023	Indianapolis, IN
Q1 2023	Mergers	1. Clintsman Financial Planning	Buckingham Strategic Wealth	1/1/2023	Southlake, TX
		2. Davis & Seiley	HoyleCohen	1/1/2023	La Mesa, CA
		3. Regent	Bartlett	1/1/2023	Louisville, KY
		4. Convergent	Buckingham Strategic Wealth	2/1/2023	Plymouth Meeting, PA
		5. Cooper Lapman	The Colony Group	2/1/2023	Boston, MA
		6. Oxford	Buckingham Strategic Wealth	2/1/2023	Cincinnati, OH
		7. Origin	Kovitz	3/1/2023	Chicago, IL
		8. Financial Partners Capital Management	GYL Financial Synergies	3/1/2023	New York, NY
		9. Newman Schimel	Kovitz	3/1/2023	Deerfield, IL
		10. Alliance Benefit Group Southwest	Sentinel	3/1/2023	Albuquerque, NM
		11. Cortina	Gelfand, Rennert & Feldman	3/1/2023	Needham, MA
Q2 2023	Partner Firm Acquisitions	1. Westcourt Capital		5/1/2023	Toronto, Canada
Q2 2023	Mergers	1. Davis Financial Planning	Buckingham Strategic Wealth	4/1/2023	Asheville, NC
		2. Hotaling Investment Management	GYL Financial Synergies	4/1/2023	Wayne, PA
		3. Hausman	Buckingham Strategic Wealth	5/1/2023	Hood River, OR

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FINANCIAL PARTNERS

Credit Profile & Earnings Preference

Credit Overview and Interest Rate Sensitivity

Credit Overview *(as of March 31, 2023)*

	First Lien Term Loan B – Tranche A	First Lien Term Loan B – Tranche B	First Lien Term Loan A	First Lien Revolver
Amount	$1,751.2 million	$786.4 million	$120 million drawn of $240 million facility size with 9 month delayed draw	Undrawn; $650 million facility size
Maturity	June 2028	June 2028	November 2027	November 2027
Applicable Margin	SOFR + 325 bps on $901.2 million variable portion 0.53% + 325 bps on $850 million fixed via hedges 101 soft call feature for 6 months	SOFR + 250 bps	SOFR + 250 bps on drawn	SOFR + 225 bps on drawn with step downs based on Net Leverage Ratio (1) 50 bps on undrawn portion with step downs based on Net Leverage Ratio (1)
OID	98.25	99.25	98.5	Not Applicable
SOFR Floor	0.50%	0.50%	0.50%	0.00%
Amortization	1.00% / $17.6 million per annum	1.00% / $8.0 million per annum	When drawn 3/31/23 – 12/31/23: 1.0% 3/31/24 – 12/31/24: 2.0% 3/31/25 – 12/31/25: 2.0% 3/31/26 – 12/31/26: 5.0% 3/31/27 – 12/31/27: 7.5%	Not Applicable
Net Leverage Ratio(1) Covenant	6.25x			

Q1'23 Interest Expense Sensitivity to SOFR(2)

Actual Q1'23 Reported Interest Expense (including impact of hedges)	Pre-tax Impact to Q1'23 Interest Expense if 30-day SOFR was different by: -50 bps	+50 bps
$43.9M	-$2.2M	+$2.2M

- In April 2023, we entered into $500 million in forward starting interest rate swaps
- These swaps fix our 1 month Term SOFR rate for $500 million in borrowings at ~3.17% +325 bps for the April 2024 to April 2028 period

1. Net Leverage Ratio represents the First Lien Leverage Ratio (as defined in the Credit Facility) and means the ratio of amounts outstanding under the First Lien Term Loan and First Lien Revolver plus other outstanding debt obligations secured by a lien on the assets of Focus LLC (excluding letters of credit other than unpaid drawings thereunder) minus unrestricted cash and cash equivalents to Consolidated EBITDA (as defined in the Credit Facility). Net Leverage Ratio covenant is for the benefit of the First Lien Revolver and First Lien Term Loan A only.
2. Analysis shows the actual interest expense for Q1'23, inclusive of the Company's Term Loans, Revolver borrowings, and the impact of the three cash flow hedges which effectively convert the SOFR variable interest rate on the first $850 million of Term Loan borrowings to a fixed weighted average interest rate of 53 basis points. The analysis then assumes that 30-day SOFR rates were either 50 bps lower or higher throughout the entire period.

Credit and Liquidity Profile

As of March 31, 2023:

Debt cost	~6.4% weighted average interest rate on funded borrowings
Duration risk	~5.3 years remaining to maturity for Term Loan B (June 2028) ~4.7 years remaining to maturity for Term Loan A (November 2027) ~4.7 years remaining to maturity for Revolver (November 2027)
Liquidity	~$100 million cash ~$640 million available Revolver capacity ~$120 million undrawn Term Loan A ~$304 million LTM Cash Flow Available for Capital Allocation[1]
Downside protection	95%+ fee-based and recurring revenues, variable management fees and earnings preference protect cash flows

1. Non-GAAP financial measure. See Appendix for reconciliations.

Earnings Preference Provides Strong Downside Protection

- Reflects one-quarter impact to revenues and Covenant EBITDA[(1)(2)]
- Assumes all other revenue sources and expenses remain unchanged except for management fees
- In the event of a multi-quarter downturn
  - Partner firms would further reduce their cost structures
  - M&A activity would moderate
  - Cash flow would be available for debt repayment
- Significant headroom on covenant
  - Q1 Covenant EBITDA-LTM[(2)] would need to drop to $409.2 million, or decline by ~29%, to reach 6.25x net leverage ratio covenant

Sensitivity Analysis (Illustrative Only)

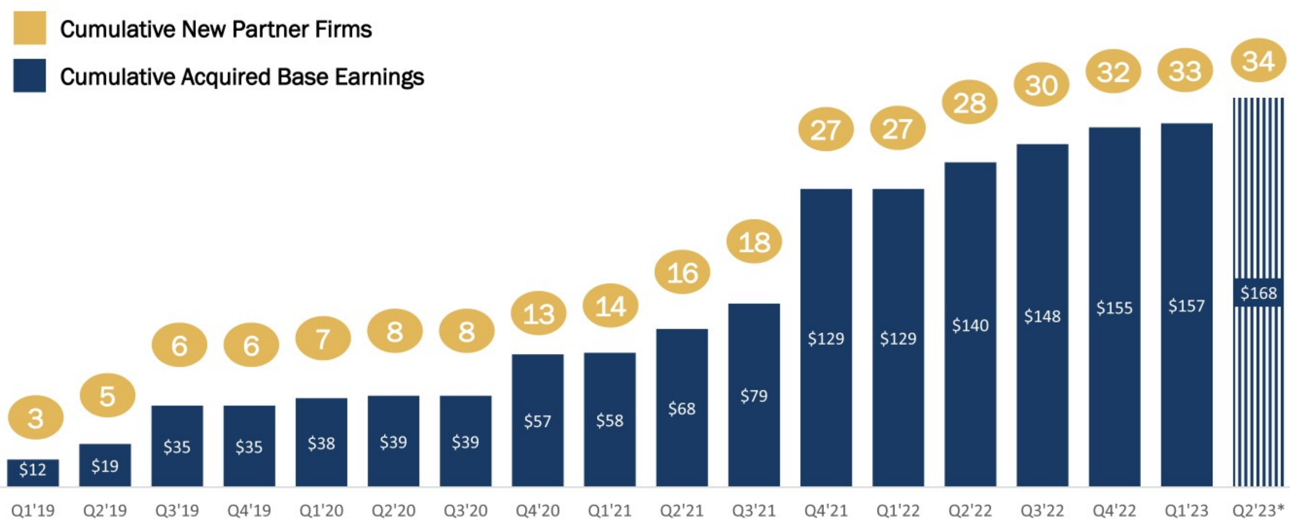
Equity market decline		**(20)%**	**(40)%**
Assumed Client Portfolio Allocation to Equities		50%	50%
Decline in market-correlated revenues[(1)]		**(10)%**	**(20)%**
($ in millions)	**Reported**		
Q1'23 Market-Correlated Revenues	$ 415.9	$ 374.3	$ 332.7
Q1'23 Non-Correlated Revenues	$ 141.6	$ 141.6	$ 141.6
Total Revenue - Q1'23	$ 557.5	$ 515.9	$ 474.3
Covenant EBITDA[(2)] - LTM	$ 580.2	$ 560.6	$ 547.2
Net Debt[(3)]	$ 2,557.4	$ 2,557.4	$ 2,557.4
Net Leverage Ratio[(2)]	4.41x	4.56x	4.67x
Change from Q1 Reported		**~0.15x**	**~0.27x**

1. The analysis depicts the impact on our Net Leverage Ratio (as defined in the Credit Facility) resulting from a hypothetical change in Q1 market correlated revenues only. All other revenues/expenses were kept constant except management fees, which are tied to the profitability of our partner firms.
2. Net leverage ratio represents the First Lien Leverage Ratio (as defined in the Credit Facility), and means the ratio of amounts outstanding under the First Lien Term Loan and First Lien Revolver plus other outstanding debt obligations secured by a lien on the assets of Focus LLC (excluding letters of credit other than unpaid drawings thereunder) minus unrestricted cash and cash equivalents to Consolidated EBITDA (as defined in the Credit Facility), which in the above table is referred to as "Covenant EBITDA."
3. Net Debt represents amounts outstanding under the First Lien Term Loan and First Lien Revolver plus other outstanding debt obligations secured by a lien on the assets of Focus LLC (excluding letters of credit other than unpaid drawings thereunder) minus unrestricted cash and cash equivalents.
4. The terms of our management agreements entitle the management companies to management fees typically consisting of all future EBPC of the acquired wealth management firm in excess of Base Earnings up to Target Earnings, plus a percentage of any EBPC in excess of Target Earnings. Acquired Base Earnings is equal to our collective preferred position in Base Earnings or comparable measures. We are entitled to receive these earnings notwithstanding any earnings that we are entitled to receive in excess of Target Earnings. Base Earnings may change in future periods for various business or contractual matters.

Supported by Substantial Acquired Base Earnings(1)

Cumulative New Partner Firms and Acquired Base Earnings(1) Since Q1 2019

($ in Millions)



**Q2 includes a new partner firm that has closed.*

1. The terms of our management agreements entitle the management companies to management fees typically consisting of all future EBPC of the acquired wealth management firm in excess of Base Earnings up to Target Earnings, plus a percentage of any EBPC in excess of Target Earnings. Acquired Base Earnings is equal to our preferred position in Base Earnings or comparable measures. We are entitled to receive these earnings notwithstanding any earnings that we are entitled to receive in excess of Target Earnings. Base Earnings may change in future periods for various business or contractual matters.

Structural Protections in Our Financial Model (Illustration)

Earnings Preference Provides Downside Protection

		Base Case	+10% Revenues	-10% Revenues
At Time of Deal	Revenues	$5,000	$5,500	$4,500
	Operating Expenses (excl. management fees)	-$2,000	-$2,000	-$2,000
	Earnings Before Partner Compensation ("EBPC") [1]	$3,000	$3,500	$2,500
	Focus Acquired Base Earnings [1]			
	Split	50%	50%	50%
	To Focus	**$1,500**	**$1,750**	**$1,500**
	To Management Company (as Management Fee) [1]	$1,500	$1,750	$1,000
	Management Fee as % of Revenue	30%	32%	22%

For Firms Above Target Earnings, Split Mitigates Downside Financial Impact to Focus

		Base Case	+10% Revenues	-10% Revenues
Firm Has Grown Above Target Earnings	Revenues	$10,000	$11,000	$9,000
	Operating Expenses (excl. management fees)	-$3,500	-$3,500	-$3,500
	Earnings Before Partner Compensation ("EBPC")	$6,500	$7,500	$5,500
	Original Target EBPC at Time of Deal	$3,000	$3,000	$3,000
	Current EBPC Above Target	$3,500	$4,500	$2,500
	To Focus			
	Preference On Original EBPC at Time of Deal (50%)	$1,500	$1,500	$1,500
	Split on Excess Above Target (50%)	$1,750	$2,250	$1,250
		$3,250	**$3,750**	**$2,750**
	To Management Company (as Management Fee) [1]			
	Original EBPC at Time of Deal (50%)	$1,500	$1,500	$1,500
	Split on Excess Above Target (50%)	$1,750	$2,250	$1,250
		$3,250	$3,750	$2,750
	Management Fee as % of Revenue	33%	34%	31%

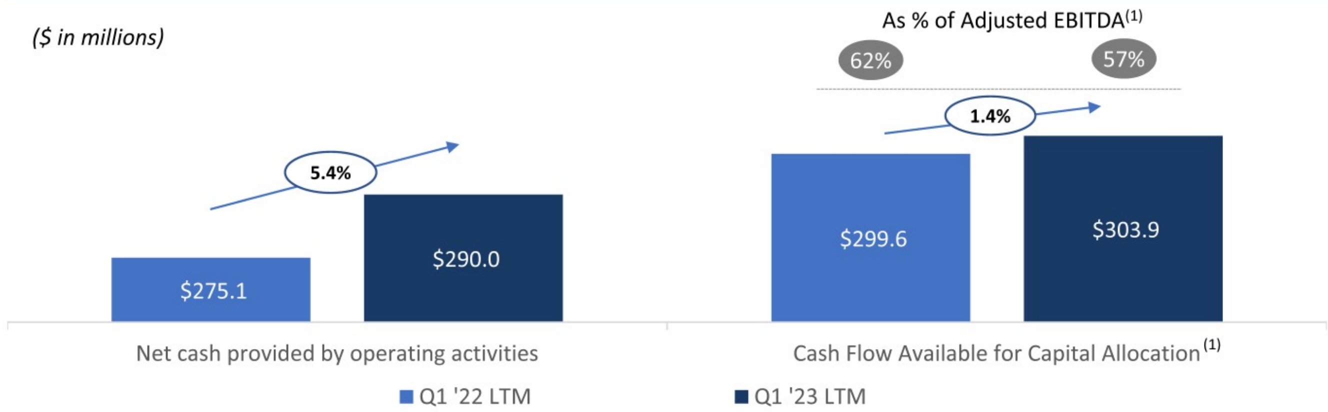
1. The terms of our management agreements entitle the management companies to management fees typically consisting of all Earnings Before Partner Compensation ("EBPC") in excess of Base Earnings up to Target Earnings, plus a percentage of any EBPC in excess of Target Earnings. Acquired Base Earnings is equal to our preferred position in Base Earnings or comparable measures. We are entitled to receive these earnings notwithstanding any earnings that we are entitled to receive in excess of Target Earnings. Base Earnings may change in future periods for various business or contractual matters. Management fees growth represents the period-over-period growth in GAAP management fees earned by management companies. While an expense, we believe that growth in management fees reflect the strength of the partnership.

Cash Flows

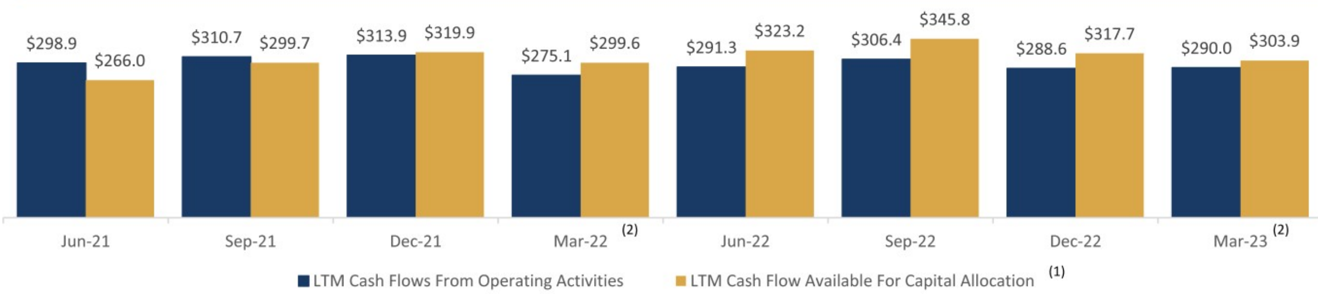
Resilient Cash Flows Despite Market Volatility

FOCUS® FINANCIAL PARTNERS

Cash Flow Snapshot



Cash Flow Trend ($ in millions)



1. Non-GAAP financial measure. See Appendix for reconciliations.
2. Net cash provided by operating activities for the three months ended March 31, 2022 and 2023 include cash outflows related to due to affiliates (i.e. management fees). A portion of management fees were paid in Q1 post the issuance of the respective annual audit included in our Form 10-K.

Substantial Tax Shield Created by Tax Efficient Transaction Structure

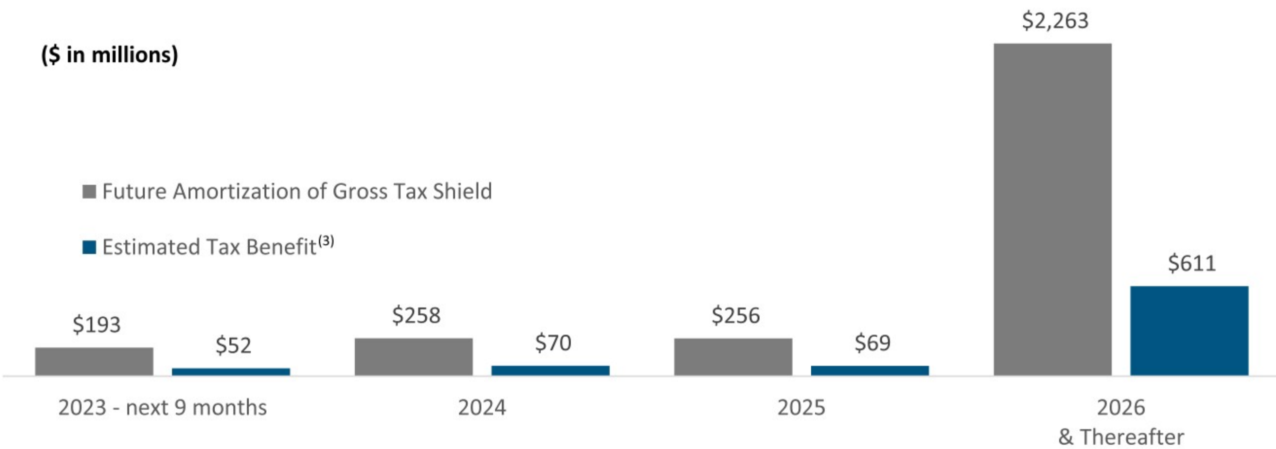
Focus generally acquires intangible assets which generate tax shields(1)

Incremental acquisitions & earnout payments will drive new tax shields in the future.

$2.9+ billion

cumulative unamortized gross tax shield(1,2)

($ in millions)



1. Focus partner firms typically have limited tangible assets on acquisition date. Focus typically purchases customer lists, management contracts and goodwill. Consideration is typically paid in cash. Each incremental M&A transaction creates an additional tax shield which generates substantial value for shareholders and enhances our cash flows. Each tax shield is amortized over 15 years (as required under Internal Revenue Code Section 197).
2. As of March 31, 2023.
3. Based on 27% pro forma tax rate.

Appendix

Net Income (Loss) to Adjusted EBITDA Reconciliation

($ in thousands)	2020	2021	2022	Three months ended Mar. 31, 2022	Three months ended Mar. 31, 2023
Net income (loss)	$ 48,965	$ 24,440	$ 125,278	$ 39,082	$ (6,977)
Interest income	(453)	(422)	(791)	(3)	(464)
Interest expense	41,658	55,001	99,887	17,616	43,929
Income tax expense (benefit)	20,660	20,082	53,077	15,617	(18,703)
Amortization of debt financing costs	2,909	3,958	3,999	1,101	1,105
Intangible amortization	147,783	187,848	261,842	60,276	71,786
Depreciation and other amortization	12,451	14,625	15,281	3,633	3,967
Non-cash equity compensation expense	22,285	31,602	30,453	6,707	7,911
Non-cash changes in fair value of estimated contingent consideration	19,197	112,416	(64,747)	(8,985)	16,488
Loss on extinguishment of borrowings	6,094	—	1,807	—	—
Other expense - net	214	337	11,370	36	2,725
Secondary offering expenses (1)	—	1,409	—	—	—
Merger-related expenses (2)	—	—	—	—	10,751
Adjusted EBITDA	$ 321,763	$ 451,296	$ 537,456	$ 135,080	$ 132,518

1. Relates to offering expenses associated with the March 2021 and June 2021 secondary offerings.
2. Represents costs incurred in conjunction with the Merger Agreement entered into on February 27, 2023. Refer to our SEC filings for additional information.

Net Income (Loss) to Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share Reconciliation

	2020	2021	2022	Three months ended Mar. 31, 2022	Three months ended Mar. 31, 2023
($ in thousands, except share and per share data)					
Net income (loss)	$ 48,965	$ 24,440	$ 125,278	$ 39,082	$ (6,977)
Income tax expense (benefit)	20,660	20,082	53,077	15,617	(18,703)
Amortization of debt financing costs	2,909	3,958	3,999	1,101	1,105
Intangible amortization	147,783	187,848	261,842	60,276	71,786
Non-cash equity compensation expense	22,285	31,602	30,453	6,707	7,911
Non-cash changes in fair value of estimated contingent consideration	19,197	112,416	(64,747)	(8,985)	16,488
Loss on extinguishment of borrowings	6,094	—	1,807	—	—
Secondary offering expenses (1)	—	1,409	—	—	—
Merger-related expenses (2)	—	—	—	—	10,751
Subtotal	267,893	381,755	411,709	113,798	82,361
Pro forma income tax expense (27%) (3)	(72,331)	(103,074)	(111,161)	(30,725)	(22,237)
Adjusted Net Income Excluding Tax Adjustments	$ 195,562	$ 278,681	$ 300,548	$ 83,073	$ 60,124
Tax Adjustments (3) (4)	$ 37,254	$ 46,805	$ 64,359	$ 14,813	$ 17,378
Adjusted Net Income Excluding Tax Adjustments Per Share	$ 2.46	$ 3.36	$ 3.62	$ 0.98	$ 0.69
Tax Adjustments Per Share (4)	$ 0.47	$ 0.56	$ 0.77	$ 0.18	$ 0.20
Adjusted Shares Outstanding	79,397,568	82,893,928	83,093,073	84,579,820	86,844,405
Calculation of Adjusted Shares Outstanding:					
Weighted average shares of Class A common stock outstanding—basic (5)	48,678,584	57,317,477	65,552,592	65,331,370	65,940,004
Adjustments:					
Weighted average incremental shares of Class A common stock related to stock options, unvested Class A common stock and restricted stock units (6)	118,029	513,674	257,623	436,093	443,542
Weighted average Focus LLC common units outstanding (7)	21,461,080	15,200,900	11,857,164	11,621,814	12,072,890
Weighted average Focus LLC restricted common units outstanding (8)	5,005	73,983	199,495	193,625	296,548
Weighted average common unit equivalent of Focus LLC incentive units outstanding (9)	9,134,870	9,787,894	5,226,199	6,996,918	8,091,421
Adjusted Shares Outstanding	79,397,568	82,893,928	83,093,073	84,579,820	86,844,405

**** Refer to the following pages for footnotes***

Net Income (Loss) to Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share Reconciliation

** These footnotes refer to the tables on the previous page.*

1. Relates to offering expenses associated with the March 2021 and June 2021 secondary offerings.
2. Represents costs incurred in conjunction with the Merger Agreement entered into on February 27, 2023. Refer to our SEC filings for additional information.
3. The pro forma income tax rate of 27% reflects the estimated U.S. federal, state, local and foreign income tax rates applicable to corporations in the jurisdictions we conduct business and is used for comparative purposes. The actual effective income tax rate, in current or future periods, may differ significantly from the pro forma income tax rate of 27%. The actual effective income tax rate is the percentage of income tax after taking into consideration various tax deductions, credits and limitations. Among other things, periods of increased interest expense and limits on our ability to deduct interest expense may, in current or future periods, contribute to an actual effective income tax rate that is less than or greater than the pro forma income tax rate of 27%.
4. Tax Adjustments represent the tax benefits of intangible assets, including goodwill, associated with deductions allowed for tax amortization of intangible assets in the respective periods based on a pro forma 27% income tax rate. Such amounts were generated from acquisitions completed where we received a step-up in basis for tax purposes. Acquired intangible assets may be amortized for tax purposes, generally over a 15-year period. Due to our acquisitive nature, tax deductions allowed on acquired intangible assets provide additional significant supplemental economic benefit. The tax benefit from amortization is included to show the full economic benefit of deductions for acquired intangible assets with the step-up in tax basis. As of March 31, 2023, estimated Tax Adjustments from intangible asset related income tax benefits from closed acquisitions based on a pro forma 27% income tax rate for the next 12 months is $69.6 million.
5. Represents our GAAP weighted average Class A common stock outstanding – basic.
6. Represents the incremental shares related to stock options, unvested Class A common stock and restricted stock units as calculated under the treasury stock method.
7. Assumes that 100% of the Focus LLC common units, including contingently issuable Focus LLC common units, if any, were exchanged for Class A common stock.
8. Assumes that 100% of the Focus LLC restricted common units were exchanged for Class A common stock.
9. Assumes that 100% of the vested and unvested Focus LLC incentive units were converted into Focus LLC common units based on the closing price of our Class A common stock at the end of the respective period and such Focus LLC common units were exchanged for Class A common stock.

Reconciliation of Cash Flow Available for Capital Allocation

($ in thousands)	Three months ended Sept. 30, 2020	Dec. 31, 2020	Mar. 31, 2021 (4)	June 30, 2021	Sept. 30, 2021
Net cash provided by operating activities	$ 74,089	$ 72,894	$ 34,128	$ 117,832	$ 85,888
Purchase of fixed assets	(6,744)	(6,658)	(2,835)	(1,483)	(2,242)
Distributions for unitholders	(8,122)	(6,692)	(9,055)	(10,053)	(7,283)
Payments under tax receivable agreements	—	—	(4,112)	(311)	—
Adjusted Free Cash Flow	$ 59,223	$ 59,544	$ 18,126	$ 105,985	$ 76,363
Portion of contingent consideration paid included in operating activities (1)	3,806	2,394	5,276	11,605	20,415
Portion of deferred acquisition consideration paid included in operating activities (2)	—	—	—	—	—
Cash Flow Available for Capital Allocation (3)	$ 63,029	$ 61,938	$ 23,402	$ 117,590	$ 96,778

($ in thousands)	Three months ended Dec. 31, 2021	Mar. 31, 2022 (4)	June 30, 2022	Sept 30, 2022	Dec 31, 2022	Mar. 31, 2023 (4)	Trailing 4-Quarters ended Mar. 31, 2022 (4)	Mar. 31, 2023 (4)
Net cash provided by operating activities	$ 76,070	$ (4,642)	$ 133,934	$ 101,024	$ 58,283	$ (3,228)	$ 275,148	$ 290,013
Purchase of fixed assets	(4,458)	(3,232)	(3,197)	(6,723)	(7,865)	(5,609)	(11,415)	(23,394)
Distributions for unitholders	(5,920)	(8,209)	(7,747)	(4,563)	(2,465)	(1,531)	(31,465)	(16,306)
Payments under tax receivable agreements	—	(3,856)	—	—	—	(9,598)	(4,167)	(9,598)
Adjusted Free Cash Flow	$ 65,692	$ (19,939)	$ 122,990	$ 89,738	$ 47,953	$ (19,966)	$ 228,101	$ 240,715
Portion of contingent consideration paid included in operating activities (1)	16,439	23,049	18,202	29,571	6,093	8,969	71,508	62,835
Portion of deferred cash consideration paid included in operating activities (2)	—	—	—	16	—	288	—	304
Cash Flow Available for Capital Allocation (3)	$ 82,131	$ 3,110	$ 141,192	$ 119,325	$ 54,046	$ (10,709)	$ 299,609	$ 303,854

1. A portion of contingent consideration paid is classified as operating cash outflows in accordance with GAAP (with the balance reflected in investing or financing cash outflows) and therefore is a reconciling item to arrive at Cash Flow Available for Capital Allocation.
2. A portion of deferred cash consideration paid is classified as operating cash outflows in accordance with GAAP (with the balance reflected in financing cash outflows) and therefore is a reconciling item to arrive at Cash Flow Available for Capital Allocation.
3. Cash Flow Available for Capital Allocation excludes all contingent consideration and deferred cash consideration that was included in either operating, investing or financing activities of our consolidated statements of cash flows.
4. Net cash provided by operating activities for the three months ended March 31, 2021, 2022 and 2023 include cash outflows related to due to affiliates (i.e. management fees). A portion of management fees were paid in Q1 post the issuance of the respective annual audit included in our Form 10-K.