

**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): **February 17, 2022**

**FOCUS FINANCIAL PARTNERS INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-38604**  
(Commission  
File Number)

**47-4780811**  
(IRS Employer  
Identification No.)

**875 Third Avenue, 28<sup>th</sup> 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 February 17, 2022, Focus Financial Partners Inc. (the “Company”) issued a press release reporting results for its fourth quarter and full year ended December 31, 2021. 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 February 17, 2022, the Company also posted a slide presentation entitled “Fourth Quarter & Full Year 2021 Earnings Release Supplement” dated February 17, 2022 to the “Events” section of the “Investor Relations” section of its website ([www.focusfinancialpartners.com](http://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.

<b>Exhibit No.</b>	<b>Description</b>
<a href="#"><u>99.1</u></a>	<a href="#"><u>Focus Financial Partners Inc. Press Release, dated February 17, 2022.</u></a>
<a href="#"><u>99.2</u></a>	<a href="#"><u>Focus Financial Partners Inc. Slide Presentation, dated February 17, 2022.</u></a>
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: February 17, 2022



## Focus Financial Partners Reports Fourth Quarter and Full Year 2021 Results

*Excellent Partner Firm Results and Record M&A Activity Drive  
Strong Financial Performance*

**New York, New York** – February 17, 2022 – 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 fourth quarter and full year ended December 31, 2021.

### Fourth Quarter 2021 Highlights

- Total revenues of \$523.9 million, 38.0% growth year over year
- Organic revenue growth<sup>(1)</sup> rate of 26.6% year over year
- GAAP net income of \$14.9 million
- GAAP basic and diluted net income per share attributable to common shareholders of \$0.12
- Adjusted Net Income Excluding Tax Adjustments<sup>(2)</sup> of \$78.9 million and Tax Adjustments of \$13.4 million
- Adjusted Net Income Excluding Tax Adjustments Per Share<sup>(2)</sup> of \$0.94 and Tax Adjustments Per Share<sup>(2)</sup> of \$0.16
- Net Leverage Ratio<sup>(3)</sup> of 3.85x
- Drew down \$150 million under delayed draw feature of \$800 million term loan
- Raised \$161.9 million in primary equity issuance, net of offering expenses and synthetic secondary
- Closed 22 transactions, including 9 partner firm acquisitions and 13 mergers

### Full Year 2021 Highlights

- Total revenues of \$1.8 billion, 32.1% growth year over year
- Organic revenue growth<sup>(1)</sup> rate of 24.0% year over year
- GAAP net income of \$24.4 million
- GAAP basic and diluted net income per share attributable to common shareholders of \$0.18
- Adjusted Net Income Excluding Tax Adjustments<sup>(2)</sup> of \$278.7 million and Tax Adjustments of \$46.8 million
- Adjusted Net Income Excluding Tax Adjustments Per Share<sup>(2)</sup> of \$3.36 and Tax Adjustments Per Share<sup>(2)</sup> of \$0.56
- Net cash provided by operating activities for the trailing 4-quarters ended December 31, 2021 of \$313.9 million, 48.5% higher than the prior year period
- LTM Cash Flow Available for Capital Allocation<sup>(2)</sup> for the trailing 4-quarters ended December 31, 2021 of \$319.9 million, 59.6% higher than the prior year period
- Closed 38 transactions, including 14 partner firm acquisitions and 24 mergers

(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 7 under “How We Evaluate Our Business” later in this press release.



“We had an outstanding year in 2021, reinforcing our clear leadership in the independent wealth management sector,” said Rudy Adolf, Founder, CEO and Chairman of Focus. “We generated excellent financial performance, exceeding our expectations on all measures, with revenues and Adjusted Net Income Excluding Tax Adjustments reaching new highs. We continue to attract some of the highest quality firms in this industry and we ended the year with 84 partner firms in 4 countries around the world. Our pace of M&A was exceptionally strong in 2021 and we closed a record of 38 transactions. Equally important, we took advantage of our scale and reach to substantially expand our value-added services last year, further enhancing our unique value proposition. Our 2022 momentum is excellent, and I am excited about our outlook, both near and long term.”

“We delivered another strong quarter in Q4 and an excellent year in 2021, reflecting not only our ability to capitalize on the large and growing market opportunity but also our consistent financial discipline as our business has grown,” said Jim Shanahan, Chief Financial Officer. “We continued to be careful stewards of our capital, investing in firms that are industry leaders with attractive growth profiles. These are hallmarks of the way in which we manage and grow our business, which we believe will generate substantial value for our shareholders in the years to come. We believe our growth trajectory is one of the most compelling in the financial services sector, reinforced by our new 2025 growth targets: approximately \$4 billion in revenue, \$1.1 billion in Adjusted EBITDA<sup>(1)</sup>, and a 28% Adjusted EBITDA margin<sup>(2)</sup>. We are optimistic about our strategy for growth and our financial outlook.”

- (1) Non-GAAP financial measure. The Company is not providing a quantitative reconciliation of its forward-looking estimate of Adjusted EBITDA or Adjusted EBITDA margin to its most directly comparable GAAP financial measure because such GAAP measure, which is not included in the Company’s outlook, is difficult to reliably predict or estimate without unreasonable effort due to its dependency on future uncertainties such as the items noted under the heading “Cautionary Note Concerning Forward-Looking Statements.” In addition, we believe such a reconciliation could imply a degree of precision that might be confusing or misleading to investors.
- (2) Adjusted EBITDA divided by revenue.

#### **Fourth Quarter 2021 Financial Highlights**

Total revenues were \$523.9 million, 38.0%, or \$144.2 million higher than the 2020 fourth quarter. The primary driver of this increase was revenue growth from our existing partner firms of approximately \$111.6 million. The majority of this increase was driven by higher wealth management fees, which included the effect of mergers completed by our partner firms, as well as a full period of revenues recognized during the fourth quarter of 2021 for partner firms that were acquired during the fourth quarter of 2020. The balance of the increase of \$32.6 million was attributable to revenues from new partner firms acquired during the last twelve months. Our year-over-year organic revenue growth rate<sup>(1)</sup> was 26.6%, above our expected 17% to 20% range for the quarter.

An estimated 76.8%, or \$402.5 million, of total revenues in the quarter were correlated to the financial markets. Of this amount, 64.4%, or \$259.1 million, were generated from advance billings generally based on market levels in the 2021 third quarter. The remaining 23.2%, or \$121.4 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 income was \$14.9 million compared to \$7.7 million in the prior year quarter. GAAP basic and diluted net income per share attributable to common shareholders were both \$0.12, as compared to \$0.07 for both basic and diluted net income per share in the prior year quarter.

Adjusted EBITDA<sup>(2)</sup> was \$129.0 million, 42.2%, or \$38.3 million, higher than the prior year period, and our Adjusted EBITDA margin<sup>(3)</sup> was 24.6%, in line with our outlook of approximately 25% for the quarter.

Adjusted Net Income Excluding Tax Adjustments<sup>(2)</sup> was \$78.9 million, and Tax Adjustments were \$13.4 million. Adjusted Net Income Excluding Tax Adjustments Per Share<sup>(2)</sup> was \$0.94, up 30.6% compared to the prior year period, and Tax Adjustments Per Share<sup>(2)</sup> were \$0.16, up 33.3% compared to the prior year 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.

### **2021 Full Year Financial Highlights**

Total revenues were \$1.8 billion, 32.1%, or \$436.6 million higher than the prior year. The primary driver of this increase was revenue growth from our existing partner firms of approximately \$382.3 million. The majority of this increase was driven by higher wealth management fees, which includes the effect of mergers completed by our partner firms, as well as a full period of revenues recognized during 2021 for partner firms that were acquired in 2020. The balance of the increase of \$54.3 million was attributable to revenues from new partner firms acquired during the last twelve months. Our year-over-year organic revenue growth rate<sup>(1)</sup> was 24.0%.

GAAP net income was \$24.4 million compared to \$49.0 million in the prior year. GAAP basic and diluted net income per share attributable to common shareholders were both \$0.18, as compared to \$0.58 and \$0.57 for basic and diluted net income per share, respectively, in the prior year.

Adjusted EBITDA<sup>(2)</sup> was \$451.3 million, 40.3%, or \$129.5 million, higher than the prior year, and our Adjusted EBITDA margin<sup>(3)</sup> was 25.1%.

Adjusted Net Income Excluding Tax Adjustments<sup>(2)</sup> was \$278.7 million and Tax Adjustments were \$46.8 million. Adjusted Net Income Excluding Tax Adjustments Per Share<sup>(2)</sup> was \$3.36, up 36.6% compared to the prior year, and Tax Adjustments Per Share<sup>(2)</sup> were \$0.56, up 19.1% compared to the prior year.

(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.

## Balance Sheet and Liquidity

As of December 31, 2021, cash and cash equivalents were \$310.7 million and debt outstanding under our credit facilities was approximately \$2.4 billion, all of which were borrowings under our First Lien Term Loan. These amounts included \$796.4 million outstanding under the new \$800 million tranche to our First Lien Term Loan that closed on July 1, 2021 and included the \$150 million that we drew down in the 2021 fourth quarter under the delayed draw feature of this new Term Loan tranche. The drawn proceeds have been and will continue to be used to fund M&A transactions over the next few quarters. There were no outstanding borrowings under our First Lien Revolver.

Our Net Leverage Ratio<sup>(1)</sup> as of December 31, 2021 was 3.85x. We remain committed to maintaining our Net Leverage Ratio<sup>(1)</sup> between 3.5x to 4.5x and believe this is the appropriate range for our business given our highly acquisitive nature.

As of December 31, 2021, \$850 million, or 35.3%, of our First Lien Term Loan had been swapped from a floating rate to a weighted average fixed rate of 2.6% (inclusive of the 200 basis point spread). The residual amount of approximately \$1.6 billion under our First Lien Term Loan remains at floating rates, with \$796.4 million of this amount subject to a 50 basis point LIBOR floor.

Our net cash provided by operating activities for the trailing four quarters ended December 31, 2021 increased 48.5% to \$313.9 million from \$211.4 million for the comparable period ended December 31, 2020. Our Cash Flow Available for Capital Allocation<sup>(2)</sup> for the trailing four quarters ended December 31, 2021 increased 59.6% to \$319.9 million from \$200.5 million for the comparable period ended December 31, 2020. These increases reflect the earnings growth of our partner firms, the addition of new partner firms and the 1.5 percentage points increase in our Adjusted EBITDA margin. In the 2021 fourth quarter, we paid \$27.5 million in cash earn-out obligations and \$6.2 million of required amortization under our First Lien Term Loan.

(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.

## Teleconference, Webcast and Presentation Information

Founder, CEO and Chairman, Rudy Adolf, and Chief Financial Officer, Jim Shanahan, will host a conference call today, February 17, 2022 at 8:30 a.m. Eastern Time to discuss the Company’s 2021 fourth quarter and full year results and outlook. The call can be accessed by dialing +1-877-407-0989 (inside the U.S.) or +1-201-389-0921 (outside the U.S.).

A live, listen-only webcast, together with a slide presentation titled “Fourth Quarter & Full Year 2021 Earnings Release Supplement” dated February 17, 2022 will be available under “Events” in the “Investor Relations” section of the Company’s website, [www.focusfinancialpartners.com](http://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](#).



### **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 and financial performance. These forward-looking statements are and will be, as the case may be, subject to many risks, uncertainties and factors relating to the Company's operations and business environment, including the impact and duration of the outbreak of Covid-19, 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, 2021 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 and twelve months ended December 31, 2020 and 2021 include the following:

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2021	2020	2021
(dollars in thousands, except per share data)				
<b>Revenue Metrics:</b>				
Revenues	\$ 379,673	\$ 523,886	\$ 1,361,319	\$ 1,797,951
Revenue growth (1) from prior period	11.6%	38.0%	11.7%	32.1%
Organic revenue growth (2) from prior period	7.3%	26.6%	7.0%	24.0%
<b>Management Fees Metrics (operating expense):</b>				
Management fees	\$ 102,381	\$ 145,990	\$ 349,475	\$ 491,433
Management fees growth (3) from prior period	17.2%	42.6%	14.7%	40.6%
Organic management fees growth (4) from prior period	10.0%	30.8%	7.8%	32.1%
<b>Net Income Metrics:</b>				
Net income	\$ 7,674	\$ 14,935	\$ 48,965	\$ 24,440
Net income growth from prior period	*	94.6%	*	(50.1)%
Income per share of Class A common stock:				
Basic	\$ 0.07	\$ 0.12	\$ 0.58	\$ 0.18
Diluted	\$ 0.07	\$ 0.12	\$ 0.57	\$ 0.18
Income per share of Class A common stock growth from prior period:				
Basic	*	71.4%	*	(69.0)%
Diluted	*	71.4%	*	(68.4)%
<b>Adjusted EBITDA Metrics:</b>				
Adjusted EBITDA (5)	\$ 90,700	\$ 129,000	\$ 321,763	\$ 451,296
Adjusted EBITDA growth (5) from prior period	9.3%	42.2%	19.2%	40.3%
<b>Adjusted Net Income Excluding Tax Adjustments Metrics:</b>				
Adjusted Net Income Excluding Tax Adjustments (5)	\$ 56,991	\$ 78,911	\$ 195,562	\$ 278,681
Adjusted Net Income Excluding Tax Adjustments growth (5) from prior period	20.7%	38.5%	33.3%	42.5%
<b>Tax Adjustments</b>				
Tax Adjustments (5)(6)	\$ 9,856	\$ 13,440	\$ 37,254	\$ 46,805
Tax Adjustments growth from prior period (5)(6)	12.5%	36.4%	16.9%	25.6%



	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2021	2020	2021
(dollars in thousands, except per share data)				
<b>Adjusted Net Income Excluding Tax Adjustments Per Share and Tax Adjustments Per Share Metrics:</b>				
Adjusted Net Income Excluding Tax Adjustments Per Share (5)	\$ 0.72	\$ 0.94	\$ 2.46	\$ 3.36
Tax Adjustments Per Share (5)(6)	\$ 0.12	\$ 0.16	\$ 0.47	\$ 0.56
Adjusted Net Income Excluding Tax Adjustments Per Share growth (5) from prior period	14.3%	30.6%	25.5%	36.6%
Tax Adjustments Per Share growth from prior period (5)(6)	0.0%	33.3%	11.9%	19.1%
<b>Adjusted Shares Outstanding</b>				
Adjusted Shares Outstanding (5)	79,584,887	83,575,753	79,397,568	82,893,928
<b>Other Metrics:</b>				
Net Leverage Ratio (7) at period end	3.89x	3.85x	3.89x	3.85x
Acquired Base Earnings (8)	\$ 17,886	\$ 49,487	\$ 22,121	\$ 71,400
Number of partner firms at period end (9)	71	84	71	84

\* 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 Connecticut, 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 December 31, 2021, 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 \$58.3 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 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.



# Condensed Consolidated Financial Statements

## FOCUS FINANCIAL PARTNERS INC. Condensed consolidated statements of operations (in thousands, except share and per share amounts)

	For the three months ended December 31,		For the twelve months ended December 31,	
	2020	2021	2020	2021
<b>REVENUES:</b>				
Wealth management fees	\$ 360,603	\$ 503,583	\$ 1,286,130	\$ 1,717,365
Other	19,070	20,303	75,189	80,586
Total revenues	379,673	523,886	1,361,319	1,797,951
<b>OPERATING EXPENSES:</b>				
Compensation and related expenses	129,748	166,784	476,208	591,121
Management fees	102,381	145,990	349,475	491,433
Selling, general and administrative	63,593	89,155	236,377	297,636
Intangible amortization	39,024	54,807	147,783	187,848
Non-cash changes in fair value of estimated contingent consideration	19,818	16,175	19,197	112,416
Depreciation and other amortization	3,320	3,790	12,451	14,625
Total operating expenses	357,884	476,701	1,241,491	1,695,079
<b>INCOME FROM OPERATIONS</b>	<b>21,789</b>	<b>47,185</b>	<b>119,828</b>	<b>102,872</b>
<b>OTHER INCOME (EXPENSE):</b>				
Interest income	41	112	453	422
Interest expense	(9,112)	(17,108)	(41,658)	(55,001)
Amortization of debt financing costs	(709)	(1,102)	(2,909)	(3,958)
Loss on extinguishment of borrowings	—	—	(6,094)	—
Other expense—net	(239)	(118)	(214)	(337)
Income from equity method investments	52	10	219	524
Total other expense—net	(9,967)	(18,206)	(50,203)	(58,350)
<b>INCOME BEFORE INCOME TAX</b>	<b>11,822</b>	<b>28,979</b>	<b>69,625</b>	<b>44,522</b>
<b>INCOME TAX EXPENSE</b>	<b>4,148</b>	<b>14,044</b>	<b>20,660</b>	<b>20,082</b>
<b>NET INCOME</b>	<b>7,674</b>	<b>14,935</b>	<b>48,965</b>	<b>24,440</b>
Non-controlling interest	(4,076)	(7,405)	(20,920)	(14,028)
<b>NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS</b>	<b>\$ 3,598</b>	<b>\$ 7,530</b>	<b>\$ 28,045</b>	<b>\$ 10,412</b>
<b>Income per share of Class A</b>				
common stock:				
Basic	\$ 0.07	\$ 0.12	\$ 0.58	\$ 0.18
Diluted	\$ 0.07	\$ 0.12	\$ 0.57	\$ 0.18
<b>Weighted average shares of Class A</b>				
common stock outstanding:				
Basic	50,723,913	61,290,333	48,678,584	57,317,477
Diluted	51,051,481	61,939,734	48,796,613	57,831,151



**FOCUS FINANCIAL PARTNERS INC.**  
**Condensed consolidated balance sheets**  
**(in thousands, except share and per share amounts)**

	December 31, 2020	December 31, 2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 65,858	\$ 310,684
Accounts receivable less allowances of \$2,178 at 2020 and \$3,255 at 2021	169,220	198,827
Prepaid expenses and other assets	65,581	123,826
Fixed assets—net	49,209	47,199
Operating lease assets	229,748	249,850
Debt financing costs—net	6,950	4,254
Deferred tax assets—net	107,289	267,332
Goodwill	1,255,559	1,925,315
Other intangible assets—net	1,113,467	1,581,719
<b>TOTAL ASSETS</b>	<b>\$ 3,062,881</b>	<b>\$ 4,709,006</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 9,634	\$ 11,580
Accrued expenses	53,862	72,572
Due to affiliates	66,428	105,722
Deferred revenue	9,190	10,932
Contingent consideration and other liabilities	196,176	468,284
Deferred tax liabilities	26,735	31,973
Operating lease liabilities	253,295	277,324
Borrowings under credit facilities (stated value of \$1,507,622 and \$2,407,302 at December 31, 2020 and December 31, 2021, respectively)	1,507,119	2,393,669
Tax receivable agreements obligations	81,563	219,542
<b>TOTAL LIABILITIES</b>	<b>2,204,002</b>	<b>3,591,598</b>
<b>EQUITY</b>		
Class A common stock, par value \$0.01, 500,000,000 shares authorized; 51,158,712 and 65,320,124 shares issued and outstanding at December 31, 2020 and December 31, 2021, respectively	512	653
Class B common stock, par value \$0.01, 500,000,000 shares authorized; 20,661,595 and 11,439,019 shares issued and outstanding at December 31, 2020 and December 31, 2021, respectively	207	114
Additional paid-in capital	526,664	841,753
Retained earnings	14,583	24,995
Accumulated other comprehensive income (loss)	(2,167)	3,029
Total shareholders' equity	539,799	870,544
Non-controlling interest	319,080	246,864
Total equity	858,879	1,117,408
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 3,062,881</b>	<b>\$ 4,709,006</b>

**FOCUS FINANCIAL PARTNERS INC.**  
**Condensed consolidated statements of cash flows**  
**(in thousands)**

	<b>For the twelve months ended December 31,</b>	
	<b>2020</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 48,965	\$ 24,440
Adjustments to reconcile net income to net cash provided by operating activities—net of effect of acquisitions:		
Intangible amortization	147,783	187,848
Depreciation and other amortization	12,451	14,625
Amortization of debt financing costs	2,909	3,958
Non-cash equity compensation expense	22,285	31,602
Non-cash changes in fair value of estimated contingent consideration	19,197	112,416
Income from equity method investments	(219)	(524)
Distributions received from equity method investments	231	1,143
Deferred taxes and other non-cash items	2,618	(8,568)
Loss on extinguishment of borrowings	6,094	—
Changes in cash resulting from changes in operating assets and liabilities:		
Accounts receivable	(37,913)	(32,006)
Prepaid expenses and other assets	74	2,103
Accounts payable	606	486
Accrued expenses	10,876	14,444
Due to affiliates	7,650	38,831
Contingent consideration and other liabilities	(29,683)	(77,423)
Deferred revenue	(2,563)	543
Net cash provided by operating activities	<u>211,361</u>	<u>313,918</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash paid for acquisitions and contingent consideration—net of cash acquired	(348,674)	(979,062)
Purchase of fixed assets	(19,349)	(11,018)
Investment and other	(4,950)	(17,232)
Net cash used in investing activities	<u>(372,973)</u>	<u>(1,007,312)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Borrowings under credit facilities	555,000	1,318,375
Repayments of borrowings under credit facilities	(326,566)	(425,320)
Proceeds from issuance of common stock, net	—	219,636
Payments in connection with unit redemption, net	—	(57,735)
Payments in connection with tax receivable agreements	—	(4,423)
Contingent consideration paid	(49,891)	(78,092)
Payments of debt financing costs	(634)	(8,282)
Proceeds from exercise of stock options	6,912	8,350
Equity awards withholding	(386)	(1,343)
Payments on finance lease obligations	(147)	(58)
Distributions for unitholders	(22,457)	(32,311)
Net cash provided by financing activities	<u>161,831</u>	<u>938,797</u>
<b>EFFECT OF EXCHANGE RATES ON CASH AND CASH EQUIVALENTS</b>	<u>461</u>	<u>(577)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>680</u>	<u>244,826</u>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of period	65,178	65,858
End of period	<u>\$ 65,858</u>	<u>\$ 310,684</u>

## Reconciliation of Non-GAAP Financial Measures

### Adjusted EBITDA

Adjusted EBITDA is a non-GAAP measure. Adjusted EBITDA is defined as net income excluding interest income, interest expense, income tax expense, 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, 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:

- 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 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, 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 also relying on the GAAP results and using Adjusted EBITDA as supplemental information.

Set forth below is a reconciliation of net income to Adjusted EBITDA for the three and twelve months ended December 31, 2020 and 2021:

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2021	2020	2021
	(in thousands)			
Net income	\$ 7,674	\$ 14,935	\$ 48,965	\$ 24,440
Interest income	(41)	(112)	(453)	(422)
Interest expense	9,112	17,108	41,658	55,001
Income tax expense	4,148	14,044	20,660	20,082
Amortization of debt financing costs	709	1,102	2,909	3,958
Intangible amortization	39,024	54,807	147,783	187,848
Depreciation and other amortization	3,320	3,790	12,451	14,625
Non-cash equity compensation expense	6,697	7,033	22,285	31,602
Non-cash changes in fair value of estimated contingent consideration	19,818	16,175	19,197	112,416
Loss on extinguishment of borrowings	—	—	6,094	—
Other expense, net	239	118	214	337
Secondary offering expenses (1)	—	—	—	1,409
<b>Adjusted EBITDA</b>	<b>\$ 90,700</b>	<b>\$ 129,000</b>	<b>\$ 321,763</b>	<b>\$ 451,296</b>

(1) Relates to offering expenses associated with the March 2021 and June 2021 secondary offerings.



*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 excluding income tax expense, 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 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.

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 outstanding during the periods, (iii) the weighted average incremental shares of Class A common stock related to unvested Class A common stock outstanding during the periods, (iv) the weighted average incremental shares of Class A common stock related to restricted stock units outstanding during the periods, (v) 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), (vi) 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 (vii) 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 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, 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 to Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share for the three and twelve months ended December 31, 2020 and 2021:

	<b>Three Months Ended December 31,</b>		<b>Twelve Months Ended December 31,</b>	
	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>
	<b>(dollars in thousands, except per share data)</b>			
Net income	\$ 7,674	\$ 14,935	\$ 48,965	\$ 24,440
Income tax expense	4,148	14,044	20,660	20,082
Amortization of debt financing costs	709	1,102	2,909	3,958
Intangible amortization	39,024	54,807	147,783	187,848
Non-cash equity compensation expense	6,697	7,033	22,285	31,602
Non-cash changes in fair value of estimated contingent consideration	19,818	16,175	19,197	112,416
Loss on extinguishment of borrowings	—	—	6,094	—
Secondary offering expenses (1)	—	—	—	1,409
Subtotal	78,070	108,096	267,893	381,755
Pro forma income tax expense (27%) (2)	(21,079)	(29,185)	(72,331)	(103,074)
Adjusted Net Income Excluding Tax Adjustments	<u>\$ 56,991</u>	<u>\$ 78,911</u>	<u>\$ 195,562</u>	<u>\$ 278,681</u>
Tax Adjustments (3)	<u>\$ 9,856</u>	<u>\$ 13,440</u>	<u>\$ 37,254</u>	<u>\$ 46,805</u>
Adjusted Net Income Excluding Tax Adjustments Per Share	<u>\$ 0.72</u>	<u>\$ 0.94</u>	<u>\$ 2.46</u>	<u>\$ 3.36</u>
Tax Adjustments Per Share (3)	<u>\$ 0.12</u>	<u>\$ 0.16</u>	<u>\$ 0.47</u>	<u>\$ 0.56</u>
Adjusted Shares Outstanding	<u>79,584,887</u>	<u>83,575,753</u>	<u>79,397,568</u>	<u>82,893,928</u>
Calculation of Adjusted Shares Outstanding:				
Weighted average shares of Class A common stock outstanding—basic (4)	50,723,913	61,290,333	48,678,584	57,317,477
Adjustments:				
Weighted average incremental shares of Class A common stock related to stock options, unvested Class A common stock and restricted stock units (5)	327,568	649,401	118,029	513,674
Weighted average Focus LLC common units outstanding (6)	20,814,064	12,046,461	21,461,080	15,200,900
Weighted average Focus LLC restricted common units outstanding (7)	19,912	81,726	5,005	73,983
Weighted average common unit equivalent of Focus LLC incentive units outstanding (8)	7,699,430	9,507,832	9,134,870	9,787,894
Adjusted Shares Outstanding	<u>79,584,887</u>	<u>83,575,753</u>	<u>79,397,568</u>	<u>82,893,928</u>

- (1) Relates to offering expenses associated with the March 2021 and June 2021 secondary offerings.
- (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.
- (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 December 31, 2021, 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 \$58.3 million.
- (4) Represents our GAAP weighted average Class A common stock outstanding—basic.
- (5) Represents the incremental shares related to stock options, unvested Class A common stock 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, 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 portion of contingent consideration paid which is classified as operating cash flows under GAAP. The balance of such contingent consideration is classified as investing and financing cash flows under GAAP; therefore, we add back the amount included in operating cash flows so that the full amount of contingent consideration payments is 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 December 31, 2020 and 2021:

	Trailing 4-Quarters Ended December 31,	
	2020	2021
	(in thousands)	
Net cash provided by operating activities	\$ 211,361	\$ 313,918
Purchase of fixed assets	(19,349)	(11,018)
Distributions for unitholders	(22,457)	(32,311)
Payments under tax receivable agreements	—	(4,423)
<b>Adjusted Free Cash Flow</b>	<b>\$ 169,555</b>	<b>\$ 266,166</b>
Portion of contingent consideration paid included in operating activities (1)	30,913	53,735
<b>Cash Flow Available for Capital Allocation (2)</b>	<b>\$ 200,468</b>	<b>\$ 319,901</b>

(1) A portion of contingent consideration paid is classified as operating cash outflows in accordance with GAAP, with the balance reflected in investing and financing cash outflows. Contingent consideration paid classified as operating cash outflows for each of the trailing 4-quarters ended December 31, 2020 was \$8.3 million, \$16.4 million, \$3.8 million and \$2.4 million, respectively, totaling \$30.9 million for the trailing 4-quarters ended December 31, 2020. Contingent consideration paid classified as operating cash outflows for each of the trailing 4-quarters ended December 31, 2021 was \$5.3 million, \$11.6 million, \$20.4 million and \$16.4 million, respectively, totaling \$53.7 million for the trailing 4-quarters ended December 31, 2021.

(2) Cash Flow Available for Capital Allocation excludes all contingent 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 December 31, 2021:

Economic Ownership of Focus Financial Partners, LLC Interests:	December 31, 2021	
	Interest	%
Focus Financial Partners Inc.	65,320,124	76.0%
Non-Controlling Interests (1)	20,629,433	24.0%
<b>Total</b>	<b>85,949,557</b>	<b>100.0%</b>

(1) Includes 8,996,789 Focus LLC common units issuable upon conversion of the outstanding 16,146,524 vested and unvested incentive units (assuming vesting of the unvested incentive units and a December 31, 2021 period end value of the Focus LLC common units equal to \$59.72) and includes 193,625 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 December 31, 2021	Number of Shares Outstanding at February 14, 2022
Class A	65,320,124	65,320,124
Class B	11,439,019	11,626,814

### Incentive Units

The following table provides supplemental information regarding the outstanding Focus LLC vested and unvested Incentive Units (“IUs”) at December 31, 2021. 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	3,045,236
\$ 22.00	821,417
\$ 23.00	524,828
\$ 26.26	12,500
\$ 27.00	16,734
\$ 27.90	1,929,424
\$ 28.50	1,440,230
\$ 30.48	30,000
\$ 33.00	3,617,500
\$ 36.64	30,000
\$ 43.50	30,000
\$ 44.71	806,324
\$ 58.50	662,277
	<u>16,146,524</u>





**FOCUS**  
FINANCIAL PARTNERS

# Focus Financial Partners Inc.

## Fourth Quarter & Full Year 2021 Earnings Release Supplement

February 17, 2022

**VISION** *for*  
**VISIONARIES.**

# Disclaimer



## 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 impact and duration of the outbreak of the novel coronavirus, 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.

## 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, amortization of debt financing costs, intangible amortization, 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, impairment of equity method investment, management contract buyout, secondary offering expenses and other one-time transaction expenses. 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, and (iv) to evaluate the effectiveness of our business strategies. 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, amortization of debt financing costs, intangible amortization, non-cash equity compensation expense, non-cash changes in fair value of estimated contingent consideration, loss on extinguishment of borrowings, management contract buyout, secondary offering expenses and other one-time transaction expenses. 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.

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, 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 unitholders and payments under tax receivable agreements (if any). We define Cash Flow Available for Capital Allocation as Adjusted Free Cash Flow plus the portion of contingent consideration paid which is classified as operating cash flows under GAAP. 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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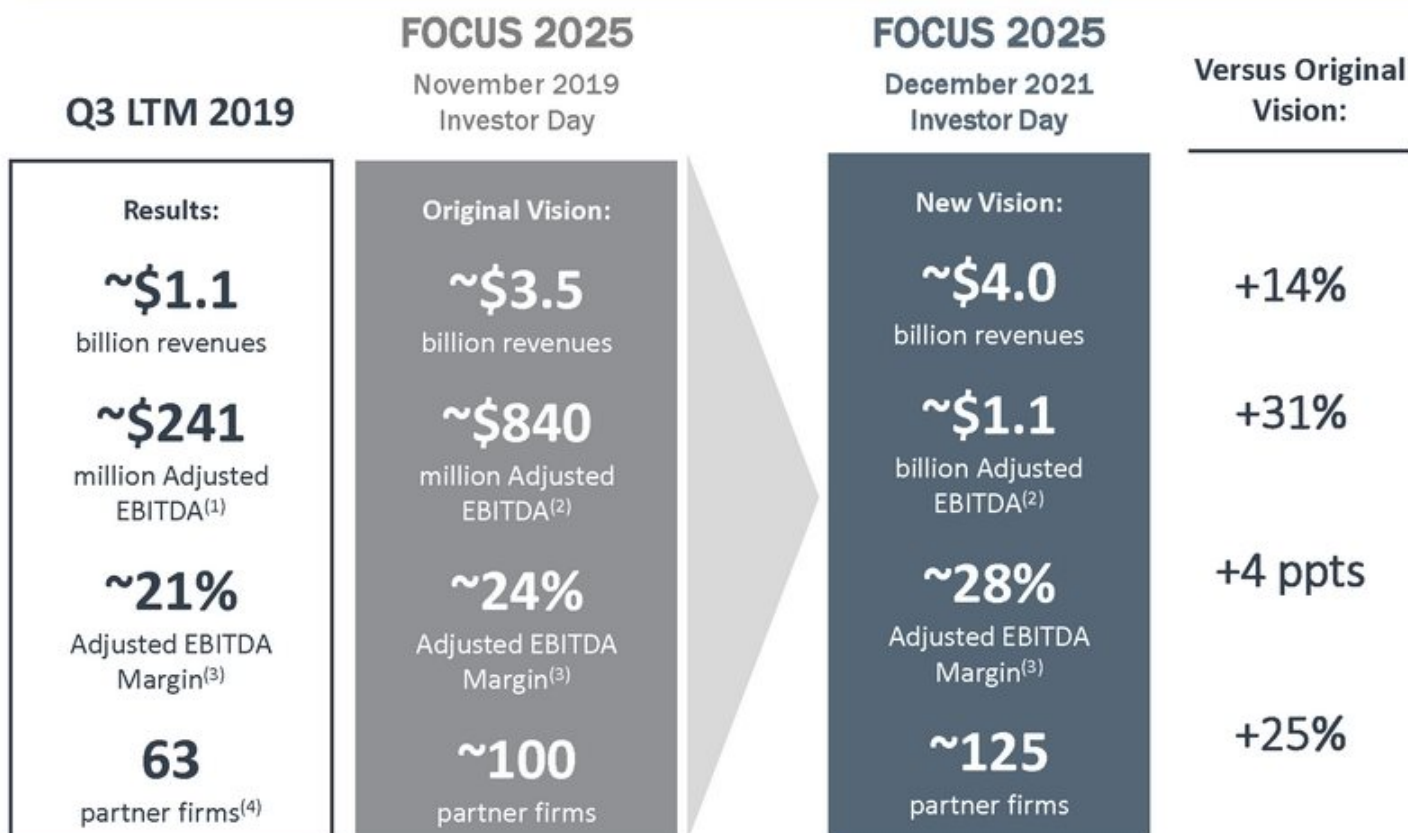


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# Investor Day Recap

# Our Bold New Vision for 2025



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

2. Non GAAP financial measure. The Company is not providing a quantitative reconciliation of its forward-looking estimate of Adjusted EBITDA or Adjusted EBITDA margin to its most directly comparable GAAP financial measure because such GAAP measure, which is not included in the Company's outlook, is difficult to reliably predict or estimate without unreasonable effort due to its dependency on future uncertainties such as the items noted under the heading "Special Note Regarding Forward-Looking Statements." In addition, we believe such a reconciliation could imply a degree of precision that might be confusing or misleading to investors.

3. Adjusted EBITDA divided by revenue.

4. As of November 20, 2019.



# Our Investor Day Addressed Key Questions



## 1 Why do partner firms join Focus?

Unique value proposition and alignment of interests with

- ✓ Clients
  - ✓ Partners
  - ✓ Shareholders
- Drives true differentiation

## 2 What returns do you achieve?

>25% Weighted Average Levered IRR<sup>(1)</sup>

>30% Median Levered IRR<sup>(1)</sup>

>90% of Firms Generate Levered IRRs in Excess of 20%<sup>(1)</sup>

## 3 What is your organic growth?

- 15% Partner firm weighted average revenue CAGR since inception, including M&A<sup>(2,3)</sup>
- 9.6% Partner firm weighted average revenue CAGR since inception, excluding M&A (entire portfolio)<sup>(2,3)</sup>
- 11.2% Partner firm weighted average revenue CAGR since inception, excluding M&A (US wealth management firms)<sup>(2,3,4)</sup>

## 4 How sustainable is your long-term growth?

- 10.2% Estimated asset CAGR for US RIA segment through 2024 (vs 2.4% for wirehouses)<sup>(5)</sup>
- \$9.2T Estimated US RIA opportunity in 2024, plus multi-trillion int'l opportunity<sup>(5,6)</sup>
- \$60B-\$100B of estimated capital required to support industry consolidation over the next 5+ years<sup>(7)</sup>

1. Based on the 64 firms that were with us for at least 2 years as of September 30, 2021. Reflects Focus capital structure as of September 30, 2021: 2.5% pre-tax cost of debt and 27.0% tax rate offset by tax intangibles generated by partner firms since joining Focus. Capital deployed based on cash and stock consideration since inception. Terminal value based on each partner firm's respective weighted average acquired Adjusted EBITDA multiple, inclusive of mergers, multiplied by Q3 2021 LTM Adjusted EBITDA and Q3 2021 run-rate Adjusted EBITDA for firms that completed an M&A transaction within the past 12 months.
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 64 firms since inception (out of the 76 firms) that have been with us for at least 2 years as of September 30, 2021 in order to determine a baseline revenue growth rate. If Focus partner firms merged together, their financials have been combined. The weightings are based on the September 30, 2021 LTM revenues of the respective partner firms.
3. Excluded the first full annual revenue from all the mergers made by our partner firm portfolio since joining Focus.
4. The 52 US based wealth management firms have been with Focus for a weighted average of ~6 years and a median period of ~5 years. Revenues are inclusive of all affiliated business lines. Excludes dedicated family office type partner firms, international firms as well as partner firms affiliated with Third Party Administration revenues.
5. Sources: Cerulli US Advisor Metrics 2020; Ernestnet Industry Trends (March 2021)
6. Sources: Advocis - The Financial Advisors Association of Canada; Canadian Investment Funds Industry: Recent Developments and Outlook (2019). Includes private wealth, full-service brokerage and financial advisor assets; IBIS World Report on UK Financial Advice, July 2020; PIMFA, January 2021; 2019 Australian Financial Advice Landscape
7. Source: Cerulli U.S. RIA Marketplace 2020

# Our Investor Day Addressed Key Questions



## 5 Why do value-added services matter?

- Client priorities have evolved
- Differentiated services are a necessity, especially for UHNW clients
- Only 20% of RIAs offer Trust Services, 7% offer Private Banking<sup>(1)</sup>
- RIAs face key challenges and scale is increasingly important

**Built for clients, designed for advisors**

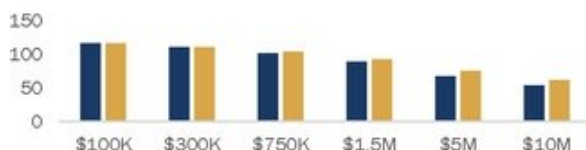
## 7 How does your tax efficiency enhance cash flows?

~\$2.0B Cumulative unamortized gross tax shield<sup>(3,4)</sup>

~\$543M Economic benefit<sup>(5)</sup> (~\$350M NPV<sup>(6)</sup>)

~\$4.28 per share<sup>(6,7)</sup>

## 6 Are you experiencing fee pressure?



## 8 What lends your financial model stability, particularly in volatile markets?

Revenue	95+% fee-based and recurring <sup>(8)</sup>
Expenses	Variable and tied to profitability
Earnings	Preference on partner firm earnings
Cash Flow	Strong and increasing operating leverage

1. Source: Cerulli US RIA Marketplace 2020 / Ernstnet State of the RIA Market January 2021.

2. Source: Cerulli US Retail Investor Advice Relationships 2020, US RIA Marketplace 2020, Ernstnet State of the RIA Market January 2021.

3. 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).

4. As of September 30, 2021.

5. Based on 27% pro forma tax rate.

6. Based on assumed 8% discount rate.

7. Non-GAAP financial measure based on Q3 2021 Adjusted Shares Outstanding. See Appendix for reconciliations.

8. For the 3 months ended September 30, 2021.

# Our Investor Day Addressed Key Questions



## Why are your 2025 targets achievable?

- Programmatic M&A model with unique value proposition
- Accelerating deal velocity with attractive economics
- Large, growing addressable market both in the US and abroad
- Favorable demographic trends
- Differentiated value-added services
- Capital flexibility with a strong credit profile
- A stress-tested, tax-efficient financial model

## Focus 2025

~23% Revenue CAGR to ~\$4.0B

~26% Adjusted EBITDA<sup>(1)</sup> CAGR to ~\$1.1B

~300bps of Adjusted EBITDA Margin<sup>(2)</sup>  
Growth to 28%

~50% More Partner Firms vs. Today to ~125

20%+ Adjusted Net Income Excluding Tax  
Adjustments Per Share CAGR<sup>(1)</sup>

Committed to Net Leverage Ratio<sup>(3)</sup> Target of 3.5x – 4.5x

1. Non-GAAP financial measure. We are not providing a quantitative reconciliation of the forward-looking estimate of Adjusted EBITDA, Adjusted EBITDA margin, or Adjusted Net Income Excluding Tax Adjustments Per Share to its most directly comparable GAAP financial measure because such GAAP measure is difficult to reliably predict or estimate without unreasonable effort due to its dependency on future uncertainties, such as items noted under the heading "Disclosure – Special Note Regarding Forward-Looking Statements". In addition, we believe such a reconciliation could imply a degree of precision that might be confusing or misleading to investors.

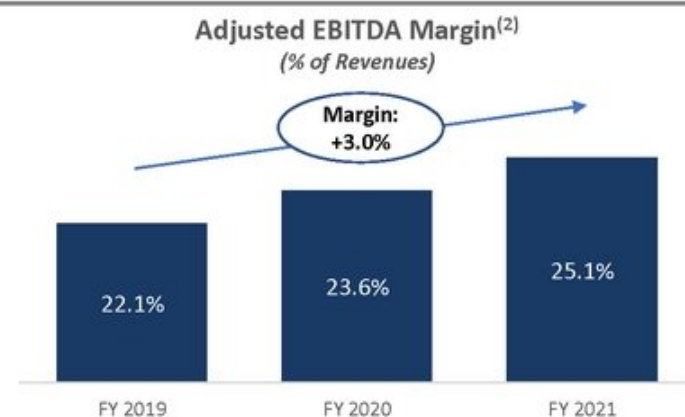
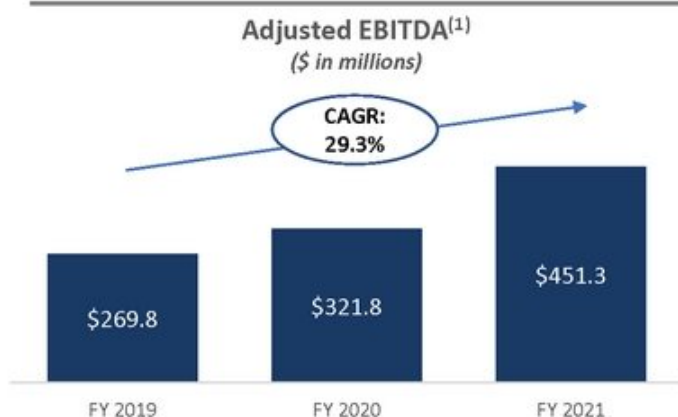
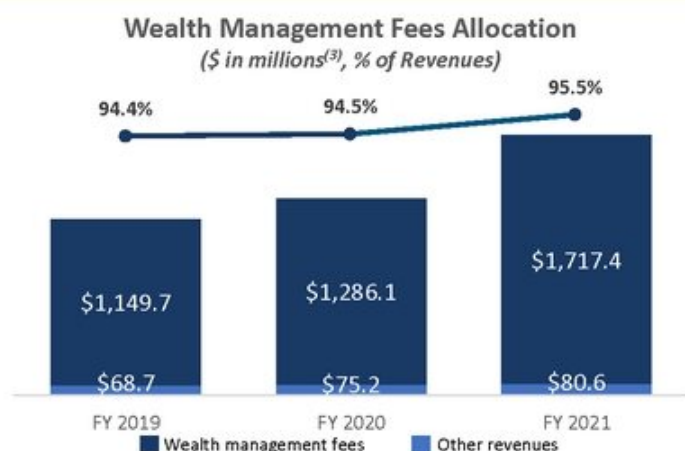
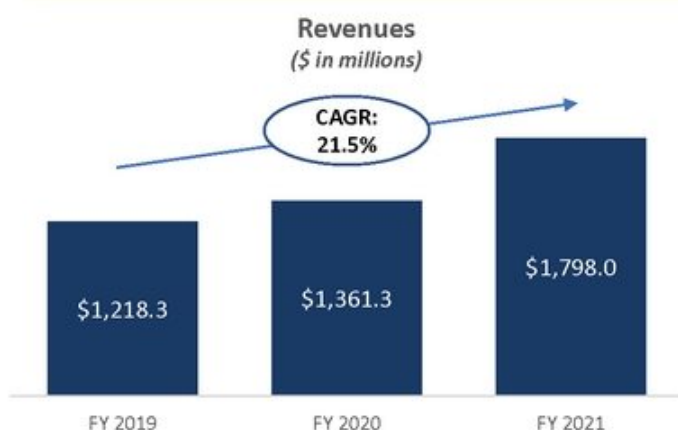
2. Adjusted EBITDA divided by revenue.

3. 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).



## Key Growth Trends

# Strong and Sustained Revenue and Adjusted EBITDA Growth...



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

2. Calculated as Adjusted EBITDA divided by revenues.

3. The sum of wealth management fees and other revenues as presented in this chart may not agree to total revenues as presented due to rounding.

## ... Drives Strong Bottom-Line Performance Enhanced by a Tax Efficient Structure



Adjusted Net Income Excluding Tax Adjustments<sup>(1)</sup>  
(\$ in millions)



Tax Adjustments<sup>(2)</sup>  
(\$ in millions)



ANI Excluding Tax Adjustments Per Share<sup>(1)</sup>



Tax Adjustments Per Share<sup>(1)</sup>



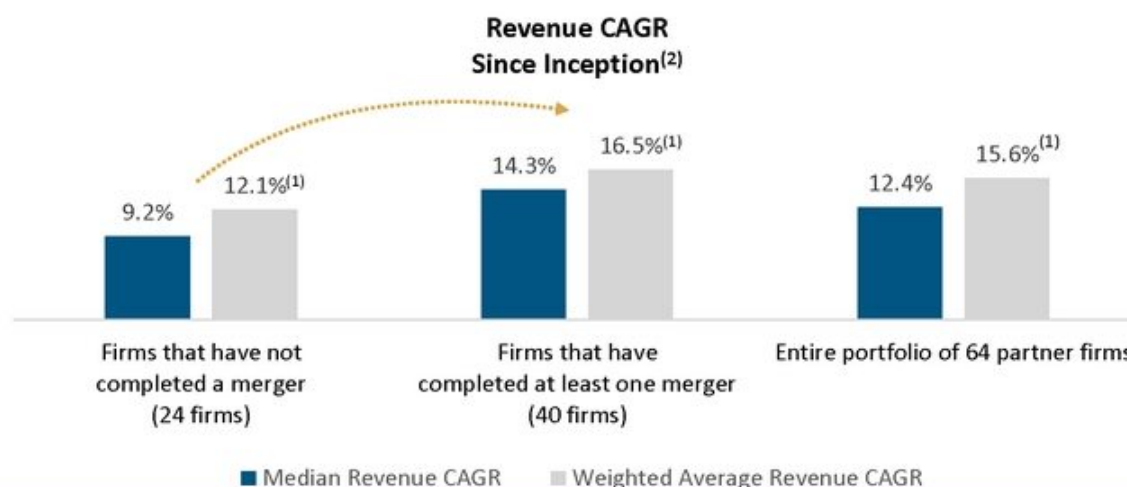
1. Non-GAAP financial measure. See Appendix for reconciliations.

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.

# Mergers Substantially Accelerate Our Partner Firms' Revenue Growth



- 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.



**64 partner firms<sup>(3)</sup> represented ~93% of our Q4 2021 LTM revenues**

1. The weightings are based on the December 31, 2021 LTM revenues of the respective partner firms.
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 64 firms since inception that have been with us for at least 2 years as of December 31, 2021 in order to determine a baseline revenue growth rate. If Focus partner firms merged together, their financials have been combined.
3. The 64 partner firms have been with Focus for a weighted average of ~7 years and a median period of ~5 years.

# Organic Revenue Trend Demonstrates Strong Partner Firm Revenue Growth and Resilience



- Organic growth has been consistently strong, with an average of 15.9% over the last 16 quarters

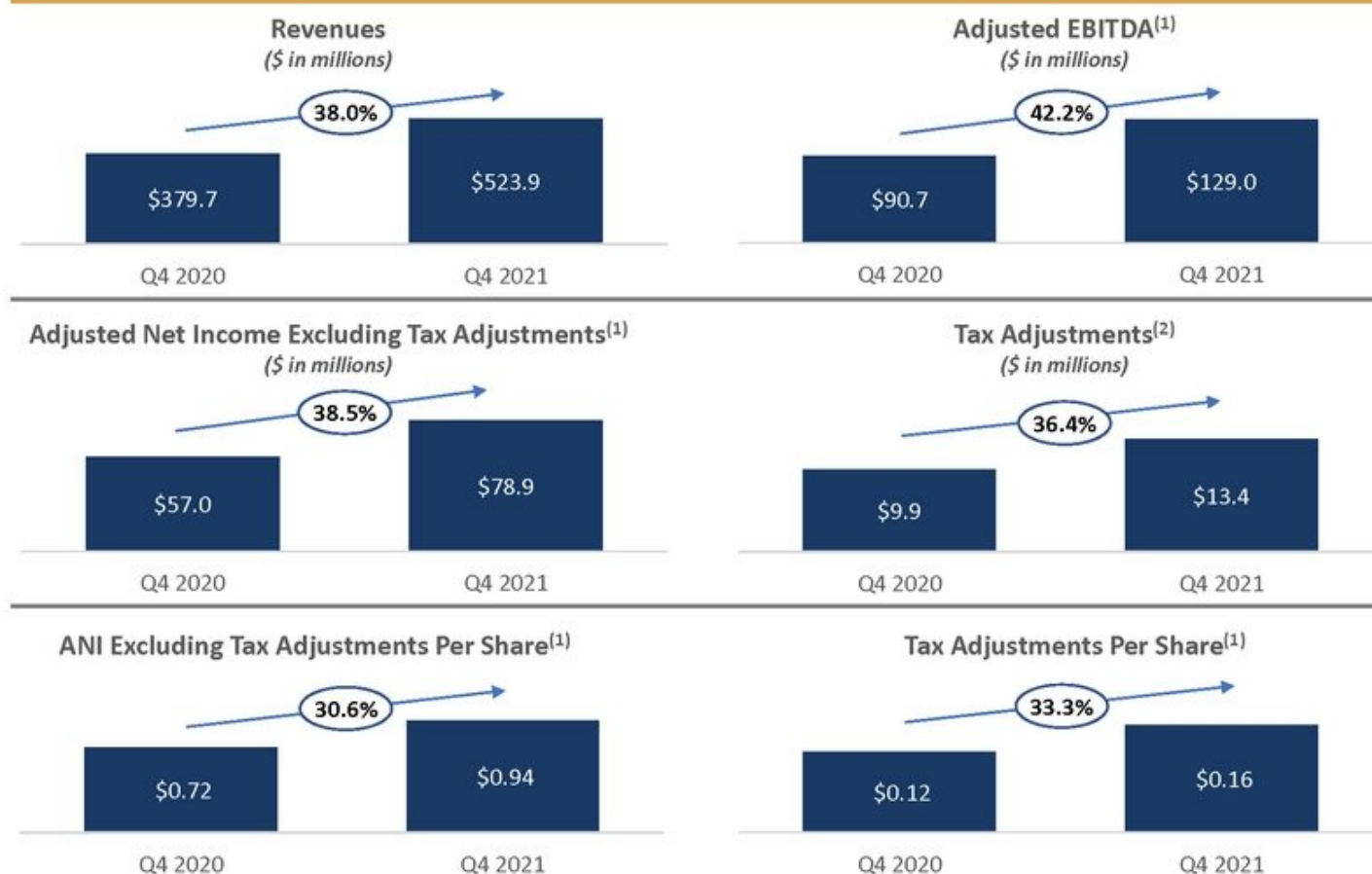
Quarterly Organic Revenue Growth<sup>(1)</sup> Percentage



- 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.

## Fourth Quarter 2021 Recap

# Robust Year-Over-Year Financial Performance Reflects Sustained Momentum



1. Non-GAAP financial measure. See Appendix for reconciliations.
2. Refer to footnote 2 on slide 11.



# Q4 2021 Financial Snapshot



<b>Revenues</b>	<ul style="list-style-type: none"> <li><b>Revenues:</b> \$523.9 million, +38.0% year-over-year growth</li> <li><b>Organic revenue growth rate:</b><sup>(1)</sup> +26.6% year-over-year growth</li> <li><b>Revenue attributable to new partner firm closings:</b> \$16.8 million*</li> </ul> <p><i>* Relates to the closings of Ancora, Sonora and Cardinal Point. Aggregate full quarter revenue contribution, including the new partner firms (Ullman, Mosaic, Alley, Cassaday and Provident/London) as of 12/31/21, estimated to be ~\$37 million.</i></p>
<b>Adjusted EBITDA</b>	<ul style="list-style-type: none"> <li><b>Adjusted EBITDA:</b><sup>(2)</sup> \$129.0 million, +42.2% year-over-year growth</li> <li><b>Adjusted EBITDA margin:</b><sup>(3)</sup> 24.6%</li> <li><b>Adjusted EBITDA attributable to new partner firm closings:</b> \$5.6 million*</li> <li><b>Acquired Base Earnings:</b><sup>(4)</sup> \$49.5 million</li> </ul> <p><i>* Relates to the closings of Ancora, Sonora and Cardinal Point. Aggregate full quarter Adjusted EBITDA contribution, including the new partner firms (Ullman, Mosaic, Alley, Cassaday and Provident/London) as of 12/31/21, estimated to be ~\$12.4 million.</i></p>
<b>Net Income and Per Share Amounts</b>	<ul style="list-style-type: none"> <li><b>GAAP Net Income:</b> \$14.9 million, compared to \$7.7 million in Q4 2020</li> <li><b>GAAP basic and diluted net income per share attributable to common shareholders:</b> \$0.12</li> <li><b>Adjusted Net Income Excluding Tax Adjustments:</b><sup>(2)</sup> \$78.9 million, +38.5% year-over-year growth</li> <li><b>Tax Adjustments:</b><sup>(5)</sup> \$13.4 million, +36.4% year-over-year growth</li> <li><b>Adjusted Net Income Excluding Tax Adjustments Per Share:</b><sup>(2)</sup> \$0.94, +30.6% year-over-year growth</li> <li><b>Tax Adjustments Per Share:</b><sup>(2)</sup> \$0.16, +33.3% year-over-year</li> </ul>
<b>Net Leverage &amp; Cash Flow</b>	<ul style="list-style-type: none"> <li><b>Net Leverage Ratio:</b><sup>(6)</sup> 3.85x</li> <li><b>Net cash provided by operating activities:</b> \$313.9 million (LTM Q4 2021), +48.5% year-over-year</li> <li><b>Cash Flow Available for Capital Allocation:</b><sup>(2)</sup> \$319.9 million (LTM Q4 2021), +59.6% year-over-year</li> <li><b>Unamortized Gross Tax Shield</b> at December 31, 2021 of \$2.5+ billion, an ~\$800 million increase vs. Dec. 31, 2020</li> </ul>

- 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.
- Non-GAAP financial measure. See Appendix for reconciliations.
- Calculated as Adjusted EBITDA divided by revenues.
- 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.
- 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.
- 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).

# We Have Multiple Sources of Revenue Diversification



## Q4 2021 Revenues by Source



## Q4 2021 Revenues by Region

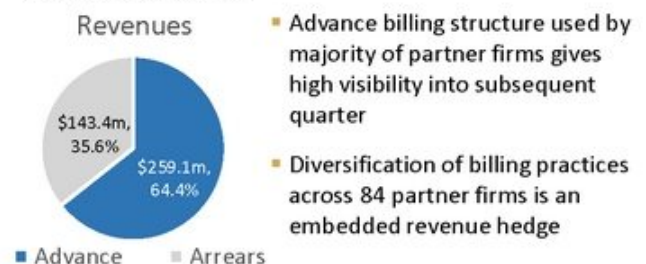


## Q4 2021 Revenues Correlated to Markets

### Revenues Correlated to Markets



### Billing Structure of Market-Correlated Revenues



# Q4 Financial Performance Reflected Excellent Fundamentals & Growth



## *We delivered another strong quarter in Q4 as our partner firms delivered excellent results*

- Revenues were \$523.9 million, above the top end of our \$475 to \$485 million Q4 outlook, and up 38.0% YOY
- Adjusted EBITDA<sup>(1)</sup> was \$129.0 million, up 42.2% YOY
- Adjusted EBITDA margin<sup>(2)</sup> was 24.6%, in line with our Q4 outlook of ~25%
- Adjusted Net Income Excluding Tax Adjustments Per Share<sup>(1)</sup> was \$0.94, with Tax Adjustments Per Share<sup>(1)</sup> of \$0.16
- Net Leverage Ratio<sup>(3)</sup> was 3.85x as of December 31, 2021, at the low end of our Q4 Net Leverage Ratio<sup>(3)</sup> outlook of 4.0x to 4.25x due to incremental Adjusted EBITDA and our December 2021 primary equity issuance
- Cash Flow Available for Capital Allocation<sup>(1)</sup> was \$319.9 million (LTM Q4 2021), up 59.6% year-over-year
- Performance fees associated with investment funds positively impacted revenues and Adjusted EBITDA by ~\$20 million and ~\$7 million respectively.

## *We closed 22 transactions in Q4, reflecting a record pace of M&A activity in 2021*

- Demonstrated the attractiveness of our value proposition and the scale benefits we offer our partner firms globally
- Pipeline for 2022 is large and we anticipate that it will continue to expand
- Connectus also has robust pipeline and will further expand its global footprint in 2022

## *We raised \$161.9 million, net of offering expenses and a synthetic secondary, through our December primary equity issuance*

- Creates working capital flexibility to execute on growing M&A opportunities globally
- Industry M&A activity continues to increase, and the opportunity set internationally is also growing

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

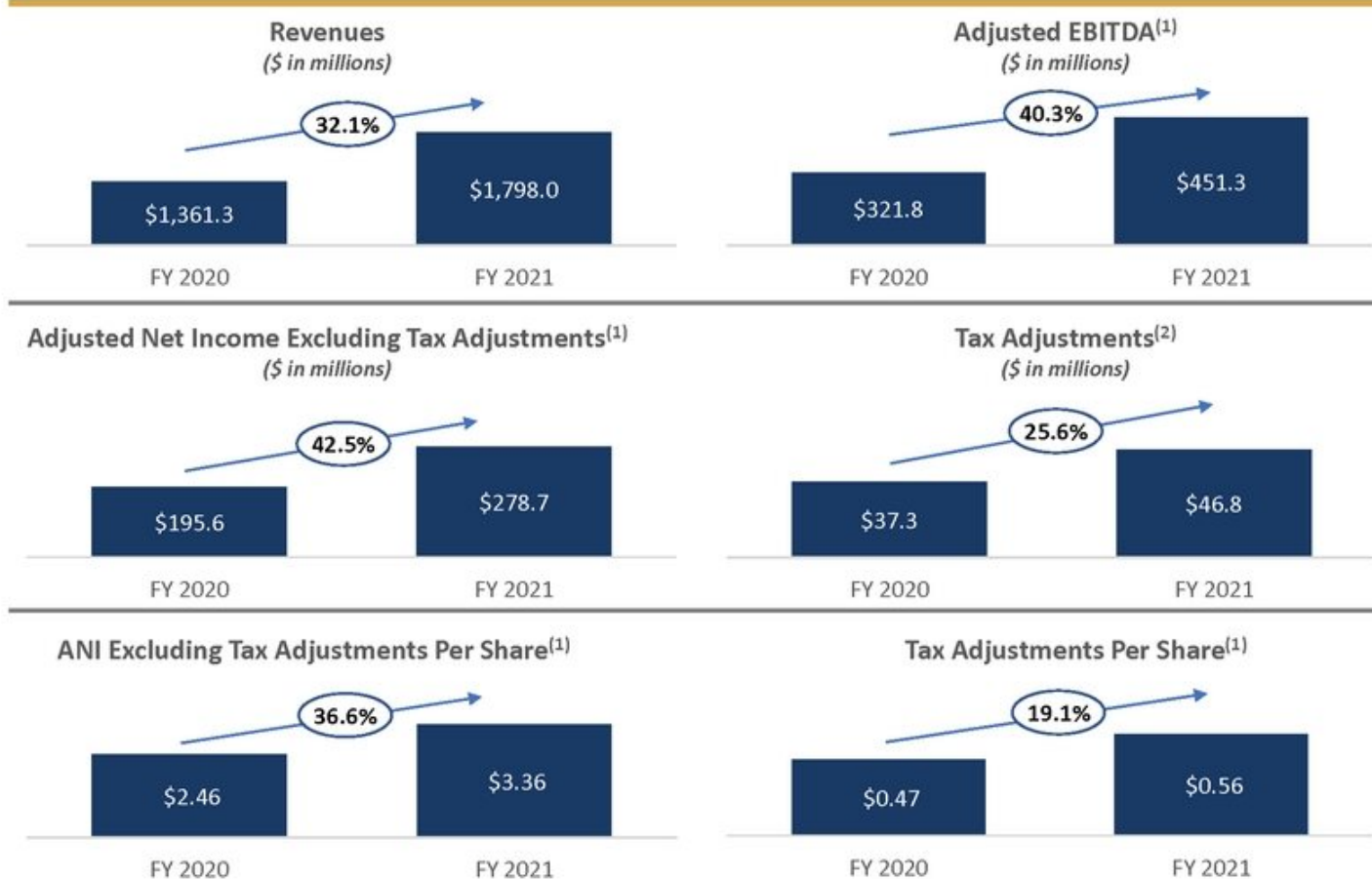
2. Calculated as Adjusted EBITDA divided by revenues.

3. 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).

# Full Year 2021 Recap



# Robust Year-Over-Year Financial Performance Reflects Sustained Momentum



1. Non-GAAP financial measure. See Appendix for reconciliations.
2. Refer to footnote 2 on slide 11.

# Full Year 2021 Financial Snapshot



Revenues	<ul style="list-style-type: none"> <li>Revenues: \$1.80 billion, +32.1% year-over-year growth</li> <li>Organic revenue growth rate:<sup>(1)</sup> +24.0% year-over-year growth</li> <li>Fee-based and recurring revenues: 95%+</li> <li>Revenue attributable to new partner firm closings: \$54.3 million</li> </ul>
Adjusted EBITDA	<ul style="list-style-type: none"> <li>Adjusted EBITDA:<sup>(2)</sup> \$451.3 million, +40.3% year-over-year growth</li> <li>Adjusted EBITDA margin:<sup>(3)</sup> 25.1%</li> <li>Acquired Base Earnings:<sup>(4)</sup> \$71.4 million</li> </ul>
Net Income and Per Share Amounts	<ul style="list-style-type: none"> <li>GAAP Net Income: \$24.4 million, compared to \$49.0 million in 2020</li> <li>GAAP basic and diluted net income per share attributable to common shareholders: \$0.18</li> <li>Adjusted Net Income Excluding Tax Adjustments:<sup>(2)</sup> \$278.7 million, +42.5% year-over-year growth</li> <li>Tax Adjustments:<sup>(5)</sup> \$46.8 million, +25.6% year-over-year growth</li> <li>Adjusted Net Income Excluding Tax Adjustments Per Share:<sup>(2)</sup> \$3.36, +36.6% year-over-year growth</li> <li>Tax Adjustments Per Share:<sup>(2)</sup> \$0.56, +19.1% year-over-year</li> </ul>

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. 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.

5. 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.

# Outstanding Year Reinforcing Leadership in the Independent Wealth Management Sector

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## *Our business again delivered excellent results for shareholders in 2021...*

- Ended the year with 84 partner firms in 4 countries globally
- Strong growth and margin expansion, combined with meaningful cash flow generation on a full-year basis.
  - Revenues of \$1.8 billion, reflecting 32.1% YOY growth.
  - Adjusted EBITDA margin<sup>(1)</sup> of 25.1%, 150 percentage points higher year-over-year.
  - Adjusted Net Income Excluding Tax Adjustments Per Share<sup>(2)</sup> of \$3.36, up 36.6% versus 2020.
- Significant growth in Cash Flow Available for Capital Allocation<sup>(2)</sup>, increasing 59.6% YOY to \$319.9 million.
- Tax efficient acquisition structure continued to generate substantial value with expanding cash flows.

## *...And we completed a record year of M&A activity*

- Closed 14 new partner firms and 24 mergers, totaling 38 transactions.
- Expanded our presence in key wealth markets across the U.S. and internationally.
- Continued to add outstanding new partner firms, each an industry leader with strong businesses, talented advisors, and deep, long-standing client relationships.

1. Calculated as Adjusted EBITDA divided by revenues.  
2. Non-GAAP financial measure. See appendix for reconciliations.



# Outstanding Year Reinforcing Leadership in the Independent Wealth Management Sector

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## *The momentum of our business into 2022 remains substantial...*

- At current market levels we believe this dynamic supports:
  - 20+% annual growth in revenues and Adjusted EBITDA.
  - Full year 2022 Adjusted EBITDA margin<sup>(1)</sup> of ~25.5%.
  - Management fees, which are highly variable because they are tied to the profitability of our partner firms, limit the effect of revenue volatility or increases in operating expenses on our Adjusted EBITDA.
  - Maintaining our Net Leverage Ratio<sup>(2)</sup> target range at 3.5x to 4.5x.

## *... And we are well positioned to capitalize on the forward opportunity*

- Participating in a multi-trillion, global industry that is experiencing a transformational shift globally.
- Despite recent merger activity, consolidation in this industry is just beginning, representing a forward opportunity that will span many years.
- We are delivering consistently high growth supported by outstanding execution, discipline and nimbleness.

1. Calculated as Adjusted EBITDA divided by revenues.

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).

# Excellent M&A Volume in 2021, Continuing a Trend of Industry Leadership



## 2021 Highlights

- Expanded partner firm portfolio to 84 firms
- Closed 38 transactions
- Added Acquired Base Earnings<sup>(1)</sup> of \$71.4 million

## Annual M&A Transactions Since 2015



**80+**

Partner Firms

**5,000+**

Partners and Employees

**250+**

M&A Transactions  
Since 2006

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.

# Resulting in a Record Year of Transaction Activity



## New Partner Firms Added in 2021

### ALLEY COMPANY

Separate Account Investment Management

ANCORA

FAMILY WEALTH  
ASSET MANAGEMENT  
RETIREMENT PLANS

ARS

WEALTH  
ADVISORS

BADGLEY+PHELPS  
WEALTH MANAGERS

CARDINAL POINT

CROSS-BORDER WEALTH MANAGEMENT

CASSADAY  
& COMPANY, INC.



HILL INVESTMENT GROUP  
"Take the long view"

LONDON & CO. <sup>(1)</sup>



PFM <sup>(1)</sup>  
PROVIDENT  
FINANCIAL MANAGEMENT

PRAIRIE CAPITAL



Rollins Financial, Inc.



up  
ullmann  
wealth partners

## Transactions in 2021

U.S. 30 Canada 2

Australia 4 U.K. 2

Partner Firms 14 Mergers 24  
(8 Connectus)

1. Provident Financial Management and London & Co. combined the respective businesses on December 31, 2021 under Provident Financial Management

# M&A Momentum Remained Strong in Q4 2021



	Type	Firm Name	Acquiring Partner Firm	Closing Date	Primary Office Location
Q1 2022	Mergers	1. Harris, Saunders & Leach	The Colony Group	2/4/2022	Washington, DC
Q4 2021	Partner Firm Acquisitions	1. Ancora		10/1/2021	Cleveland, OH
		2. Sonora Investment Management		10/1/2021	Phoenix, AZ
		3. Cardinal Point		11/1/2021	Toronto, Canada
		4. Alley Company		12/31/2021	Lake Forest, IL
		5. Cassaday & Company		12/31/2021	McLean, Virginia
		6. Mosaic Family Wealth		12/31/2021	St. Louis, MO
		7. London & Co.		12/31/2021	Los Angeles, CA
		8. Provident Financial Management		12/31/2021	Santa Monica, CA
		9. Ullmann Wealth Partners		12/31/2021	Jacksonville Beach, FL
	Mergers	1. Gavin Group	Connectus	10/1/2021	Toronto, Canada
		2. Misso Wealth Management	Connectus	10/1/2021	Brisbane, Australia
		3. Siena Investments	Buckingham Strategic Wealth	10/1/2021	Grand Ledge, MI
		4. Trident Financial Planning	Connectus	10/1/2021	Berkshire, UK
		5. Wechter Feldman Wealth Management	GYL Financial Synergies	10/1/2021	Parsippany, NJ
		6. Harrison, McCarthy	The Colony Group	11/1/2021	Millburn, NJ
		7. New England Investment & Retirement Group	Connectus	11/1/2021	North Andover, MA
		8. Northcoast	Connectus	11/1/2021	Greenwich, CT
		9. The Planned Approach	Buckingham Strategic Wealth	11/1/2021	Kansas City, MO
		10. Capital Advisors	The Colony Group	12/1/2021	Southborough, MA
		11. Avery & Greig	NKSFB	12/31/2021	Santa Monica, CA
		12. Deaton	Relative Value Partners	12/31/2021	Chicago, IL
		13. Derby and Company	The Colony Group	12/31/2021	Newton, MA

## And Throughout 2021



	Type	Firm Name	Acquiring Partner Firm	Closing Date	Primary Office Location
Q3 2021	Partner Firm Acquisitions	1. ARS Wealth Advisors		7/1/2021	St. Petersburg, FL
		2. Badgley Phelps Wealth Managers		8/1/2021	Seattle, WA
	Mergers	1. Carolina Capital Consulting	Buckingham Strategic Wealth	7/1/2021	Charlotte, NC
		2. George Ferizis Group	Connectus	7/1/2021	Sydney, Australia
		3. Integer Wealth Advisors Group	JFS Wealth Advisors	7/1/2021	Philadelphia, PA
		4. Pitt	Escala Partners	7/12/2021	Melbourne, Australia
		5. New Providence Asset Management	The Colony Group	8/1/2021	New York, NY
Q2 2021	Partner Firm Acquisitions	1. Prairie Capital Management		4/1/2021	Kansas City, MO
		2. Rollins Financial		4/1/2021	Atlanta, GA
	Mergers	1. Matheys Lane Capital Management	SCS Financial	4/1/2021	Providence, RI
		2. Aspiri Financial Services	Connectus	5/1/2021	Brisbane, Australia
		3. Investment Counsel	LaFleur & Godfrey	5/1/2021	Petoskey, MI
Q1 2021	Partner Firm Acquisitions	1. Hill Investment Group		3/1/2021	St. Louis, MO
	Mergers	1. Watterson Financial Planning	Connectus	2/1/2021	Cheshire, UK



# New Partner Firms Closed in Q4 Substantially Expanded Our Partnership<sup>(1)</sup>



Ancora	Sonora Investment Management	Cardinal Point	Alley Company
~\$9+ Billion in Client Assets Fiduciary Wealth Manager Cleveland, OH	~\$1.5 Billion in Client Assets Fiduciary Wealth Manager Phoenix, AZ	~\$1.1 Billion in Client Assets Fiduciary Wealth Manager Toronto, ON	~\$3 Billion in Client Assets Fiduciary Wealth Manager Lake Forest, IL

Cassaday & Company	Mosaic Family Wealth	London & Co.	Provident Financial Management	Ullmann Wealth Partners
~\$5 Billion in Client Assets Fiduciary Wealth Manager Mclean, VA	~\$1.1 Billion in Client Assets Fiduciary Wealth Manager St. Louis, MO	Family office type services Los Angeles, CA	Family office type services Santa Monica, CA	~\$0.7 Billion in Client Assets Fiduciary Wealth Manager Jacksonville Beach, FL

Estimated Annual Revenues: >\$145 million<sup>(1)(2)</sup>

Annual Acquired Base Earnings: ~\$49 million<sup>(3)</sup>

Average '18-'20 Revenue CAGR: >10% despite the 2020 Covid-related headwinds<sup>(1)(2)</sup>

1. We have over 80 partner firms located across the United States as well as the United Kingdom, Canada and Australia. This data may not be representative of our other partner firms and is not necessarily indicative of these firms' future performance.
2. Historical and estimated data based on the unaudited pre-acquisition financial statements of the acquired companies prepared by the acquired companies prior to Focus acquisition. Such financial statements may not have been prepared in accordance with GAAP or pursuant to the rules and regulations of the SEC and may not be comparable to the presentation of such data after being acquired by Focus. Excludes incentive fee revenues.
3. 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.

# First Quarter 2022 Outlook



# Q1 2022 Outlook



Revenues	Tax Adjustments & Other
<ul style="list-style-type: none"> <li>Estimated revenues of ~\$510 to \$520 million.</li> <li>Estimated YOY organic revenue growth of ~16% to 19%<sup>(1)</sup>.</li> <li>Estimates for both Q1 revenue and YOY organic revenue growth exclude ~\$20 million in Q4'21 performance fee revenue.</li> <li>Q1 revenue estimate also reflects a ~\$10 million seasonal decline vs. Q4'21 in non-market correlated revenues.</li> </ul>	<ul style="list-style-type: none"> <li>As of December 31, 2021, next twelve months Tax Adjustments<sup>(4)</sup> of ~\$58.3 million.</li> <li>Increase of ~3 million shares in weighted average adjusted shares outstanding in Q1 associated with Q4'21 equity issuances.</li> </ul>
Adjusted EBITDA	Net Leverage and Cash Flow
<ul style="list-style-type: none"> <li>Estimated Adjusted EBITDA<sup>(2)</sup> margin<sup>(3)</sup> of approximately ~25%.</li> </ul>	<ul style="list-style-type: none"> <li>Net Leverage Ratio<sup>(5)</sup> ~3.75x-4.0x.</li> <li>Estimated cash earnout payments of ~\$35 million in Q1.</li> </ul>

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 our partner firms, including Connecticut, 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. The Company is not providing a quantitative reconciliation of its forward-looking estimate of Adjusted EBITDA or Adjusted EBITDA margin to its most directly comparable GAAP financial measure because such GAAP measure, which is not included in the Company's outlook, is difficult to reliably predict or estimate without unreasonable effort due to its dependency on future uncertainties such as the items noted under the heading "Special Note Regarding Forward-Looking Statements." In addition, we believe such a reconciliation could imply a degree of precision that might be confusing or misleading to investors.
3. Calculated as Adjusted EBITDA divided by revenues.
4. See note 2 on page 11 for additional information regarding Tax Adjustments. Based on a pro forma 27.0% tax rate.
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).

# Leverage

# Strong Credit and Liquidity Profile



As of December 31, 2021:

Low debt cost	~2.6% weighted average interest rate on funded borrowings
Limited duration risk	~2.5 years remaining to maturity for Tranche A Term Loan (July 2024) ~6.5 years remaining to maturity for Tranche B Term Loan (June 2028) ~1.5 years remaining to maturity for Revolver (July 2023)
Ample liquidity	~\$311 million cash ~\$642 million available revolver capacity ~\$320 million LTM Cash Flow Available for Capital Allocation <sup>(1)</sup>
Interest rates	\$800 million or ~35% of total debt is fixed via hedges at ~2.6% (inclusive of the 200 basis point spread) ~\$796 million of floating rate debt is subject to a 50 basis point LIBOR floor
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 Earnings Protection



- Reflects one-quarter impact to revenues and Covenant EBITDA<sup>(1)(2)</sup>
- 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 structure
  - M&A activity would moderate
  - Cash flow would be available for debt repayment
- Significant headroom on covenant
  - Q4 Covenant EBITDA-LTM<sup>(2)</sup> would need to drop to \$335.5 million, or decline by 38%, to reach 6.25x net leverage ratio covenant

## Equity market decline

Assumed Client Portfolio Allocation to Equities

## Decline in market-correlated revenues<sup>(1)</sup>

(\$ in millions)

	Reported
Q4'21 Market-Correlated Revenues	\$ 402.5
Q4'21 Non-Correlated Revenues	\$ 121.4
Total Revenue - Q4	\$ 523.9
Covenant EBITDA <sup>(2)</sup> - LTM	\$ 544.8
Net Debt <sup>(3)</sup>	\$ 2,096.7
Net Leverage Ratio <sup>(2)</sup>	3.85x

## Change from Q4 Reported

## Sensitivity Analysis (Illustrative Only)

	(20)% 50%	(40)% 50%
	(10)%	(20)%
Q4'21 Market-Correlated Revenues	\$ 362.3	\$ 322.0
Q4'21 Non-Correlated Revenues	\$ 121.4	\$ 121.4
Total Revenue - Q4	\$ 483.7	\$ 443.4
Covenant EBITDA <sup>(2)</sup> - LTM	\$ 524.7	\$ 505.0
Net Debt <sup>(3)</sup>	\$ 2,096.7	\$ 2,096.7
Net Leverage Ratio <sup>(2)</sup>	4.00x	4.15x
	0.15x	0.30x

- The analysis depicts the impact on our Net Leverage Ratio (as defined in the Credit Facility) resulting from a hypothetical change in Q4 market correlated revenues only. All other revenues/expenses were kept constant except management fees, which are tied to the profitability of our partner firms.
- 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."
- 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.
- 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<sup>(1)</sup>



### Cumulative New Partner Firms and Acquired Base Earnings<sup>(1)</sup> Since Q1 2019

(\$ in Millions)



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.

# Cash Flows



# Strong and Sustained Growth in Cash Flows Continued in Q4



## Cash Flow Snapshot

(\$ in millions)

As % of Adjusted EBITDA<sup>(1)</sup>



## Q1 2022 Supplemental Cash Flow Disclosures

- Q1 2022 estimated cash earnouts of ~\$35 million
- Tax Receivable Agreements ("TRA") payments:
  - ~\$3.9 million of TRA payments in Q1 2022
  - TRA liability will be paid out over 15+ years, subject to utilization of tax deductions
- Q1 2022 required term loan amortization of ~\$6.2 million
- Based on the terms of the Credit Facility, no excess cash flow payments required in 2022

## Cash Flow Trend (\$ in millions)



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

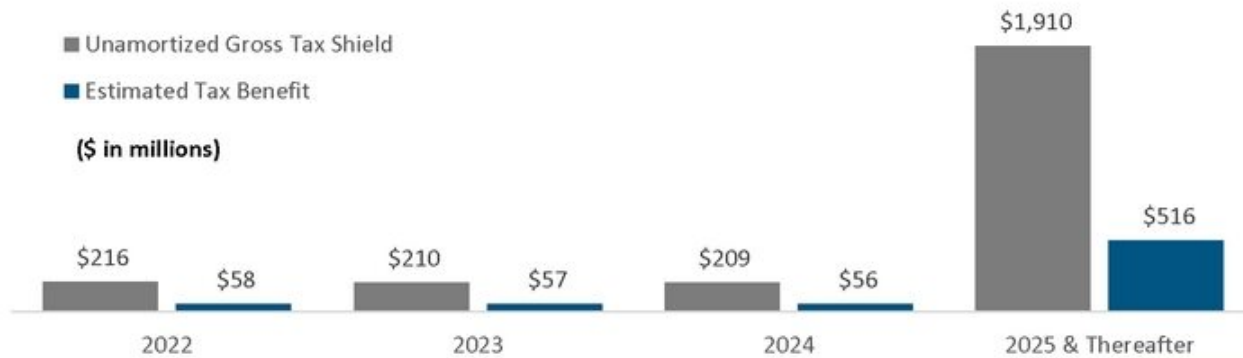


# Over \$2.5 Billion Tax Shield Created by Tax Efficient Transaction Structure



## Focus generally acquires intangible assets which generate tax shields<sup>(1)</sup>

Incremental acquisitions & earnout payments will drive new tax shields in the future.  
Any increase in corporate tax rates will also increase tax benefits.



**\$2.5+ billion**  
cumulative  
unamortized gross  
tax shield<sup>(1,2)</sup>

**~\$687 million**  
economic benefit<sup>(3)</sup>

**~\$441 million**  
net present value<sup>(4)</sup>

**~\$5.27**  
per share<sup>(4,5)</sup>

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 December 31, 2021.
3. Based on 27% pro forma tax rate.
4. Based on assumed 8% discount rate.
5. Based on Q4 2021 Adjusted Shares Outstanding. See Appendix for reconciliation of number of shares.

# Appendix

# Net Income (Loss) to Adjusted EBITDA Reconciliation



(\$ in thousands)				Three months ended		LTM
	2019	2020	2021	Dec. 31, 2020	Dec. 31, 2021	Sept. 30, 2019
Net income (loss)	\$ (12,025)	\$ 48,965	\$ 24,440	\$ 7,674	\$ 14,935	\$ 18,213
Interest income	(1,164)	(453)	(422)	(41)	(112)	(1,284)
Interest expense	58,291	41,658	55,001	9,112	17,108	54,103
Income tax expense	7,049	20,660	20,082	4,148	14,044	82
Amortization of debt financing costs	3,452	2,909	3,958	709	1,102	3,265
Intangible amortization	130,718	147,783	187,848	39,024	54,807	119,841
Depreciation and other amortization	10,675	12,451	14,625	3,320	3,790	9,784
Non-cash equity compensation expense	18,329	22,285	31,602	6,697	7,033	26,231
Non-cash changes in fair value of estimated contingent consideration	38,797	19,197	112,416	19,818	16,175	3,455
Loss on extinguishment of borrowings	—	6,094	—	—	—	—
Other expense, net	1,049	214	337	239	118	2,816
Impairment of equity method investment	11,749	—	—	—	—	—
Management contract buyout	1,428	—	—	—	—	1,428
Other one-time transaction expenses (1)	1,486	—	—	—	—	3,107
Secondary offering expenses (2)	—	—	1,409	—	—	—
<b>Adjusted EBITDA</b>	<b>\$ 269,834</b>	<b>\$ 321,763</b>	<b>\$ 451,296</b>	<b>\$ 90,700</b>	<b>\$ 129,000</b>	<b>\$ 241,041</b>

1. Represents one-time expenses primarily related to an acquisition. Refer to our 10-Q and 10-K filings for additional details.
2. Relates to offering expenses associated with the March 2021 and June 2021 secondary offerings.

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



				Three months ended	
	2019	2020	2021	Dec. 31, 2020	Dec. 31, 2021
(\$ in thousands, except share and per share data)					
Net income (loss)	\$ (12,025)	\$ 48,965	\$ 24,440	\$ 7,674	\$ 14,935
Income tax expense	7,049	20,660	20,082	4,148	14,044
Amortization of debt financing costs	3,452	2,909	3,958	709	1,102
Intangible amortization	130,718	147,783	187,848	39,024	54,807
Non-cash equity compensation expense	18,329	22,285	31,602	6,697	7,033
Non-cash changes in fair value of estimated contingent consideration	38,797	19,197	112,416	19,818	16,175
Loss on extinguishment of borrowings	—	6,094	—	—	—
Impairment of equity method investment	11,749	—	—	—	—
Management contract buyout	1,428	—	—	—	—
Other one-time transaction expenses (1)	1,486	—	—	—	—
Secondary offering expenses (2)	—	—	1,409	—	—
Subtotal	200,983	267,893	381,755	78,070	108,096
Pro forma income tax expense (27%) (3)	(54,265)	(72,331)	(103,074)	(21,079)	(29,185)
Adjusted Net Income Excluding Tax Adjustments	\$ 146,718	\$ 195,562	\$ 278,681	\$ 56,991	\$ 78,911
Tax Adjustments (4)	\$ 31,860	\$ 37,254	\$ 46,805	\$ 9,856	\$ 13,440
Adjusted Net Income Excluding Tax Adjustments Per Share	\$ 1.96	\$ 2.46	\$ 3.36	\$ 0.72	\$ 0.94
Tax Adjustments Per Share (4)	\$ 0.42	\$ 0.47	\$ 0.56	\$ 0.12	\$ 0.16
Adjusted Shares Outstanding	75,039,357	79,397,568	82,893,928	79,584,887	83,575,753
Calculation of Adjusted Shares Outstanding:					
Weighted average shares of Class A common stock outstanding—basic (5)	46,792,389	48,678,584	57,317,477	50,723,913	61,290,333
Adjustments:					
Weighted average incremental shares of Class A common stock related to stock options, unvested Class A common stock and restricted stock units (6)	20,428	118,029	513,674	327,568	649,401
Weighted average Focus LLC common units outstanding (7)	22,424,378	21,461,080	15,200,900	20,814,064	12,046,461
Weighted average Focus LLC restricted common units outstanding (8)	—	5,005	73,983	19,912	81,726
Weighted average common unit equivalent of Focus LLC incentive units outstanding (9)	5,802,162	9,134,870	9,787,894	7,699,430	9,507,832
Adjusted Shares Outstanding	75,039,357	79,397,568	82,893,928	79,584,887	83,575,753

## Three months ended Sept. 30, 2021

81,829,784

59,940,166

498,344

12,609,173

71,374

8,710,727

81,829,784

\* 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

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

1. Represents one-time expenses primarily related to an acquisition. Refer to our 10-Q and 10-K filings for additional details.
2. Relates to offering expenses associated with the March 2021 and June 2021 secondary offerings.
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.
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 December 31, 2021, 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 \$58.3 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						
	June 30, 2019	Sept. 30, 2019	Dec. 31, 2019	March 31, 2020 <sup>(3)</sup>	June 30, 2020	Sept. 30, 2020	Dec. 31, 2020
Net cash provided by operating activities	\$ 39,305	\$ 74,702	\$ 64,854	\$ 3,382	\$ 60,996	\$ 74,089	\$ 72,894
Purchase of fixed assets	(8,185)	(10,698)	(4,714)	(3,188)	(2,759)	(6,744)	(6,658)
Distributions for unitholders	(11,138)	(3,491)	(5,416)	(4,567)	(3,076)	(8,122)	(6,692)
Payments under tax receivable agreements	—	—	—	—	—	—	—
<b>Adjusted Free Cash Flow</b>	<b>\$ 19,982</b>	<b>\$ 60,513</b>	<b>\$ 54,724</b>	<b>\$ (4,373)</b>	<b>\$ 55,161</b>	<b>\$ 59,223</b>	<b>\$ 59,544</b>
Portion of contingent consideration paid included in operating activities (1)	4,012	825	815	8,344	16,369	3,806	2,394
<b>Cash Flow Available for Capital Allocation (2)</b>	<b>\$ 23,994</b>	<b>\$ 61,338</b>	<b>\$ 55,539</b>	<b>\$ 3,971</b>	<b>\$ 71,530</b>	<b>\$ 63,029</b>	<b>\$ 61,938</b>

(\$ in thousands)	Three months ended				Trailing 4-Quarters ended	
	Mar. 31, 2021 <sup>(3)</sup>	June 30, 2021	Sept. 30, 2021	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021
Net cash provided by operating activities	\$ 34,128	\$ 117,832	\$ 85,888	\$ 76,070	\$ 211,361	\$ 313,918
Purchase of fixed assets	(2,835)	(1,483)	(2,242)	(4,458)	(19,349)	(11,018)
Distributions for unitholders	(9,055)	(10,053)	(7,283)	(5,920)	(22,457)	(32,311)
Payments under tax receivable agreements	(4,112)	(311)	—	—	—	(4,423)
<b>Adjusted Free Cash Flow</b>	<b>\$ 18,126</b>	<b>\$ 105,985</b>	<b>\$ 76,363</b>	<b>\$ 65,692</b>	<b>\$ 169,555</b>	<b>\$ 266,166</b>
Portion of contingent consideration paid included in operating activities (1)	5,276	11,605	20,415	16,439	30,913	53,735
<b>Cash Flow Available for Capital Allocation (2)</b>	<b>\$ 23,402</b>	<b>\$ 117,590</b>	<b>\$ 96,778</b>	<b>\$ 82,131</b>	<b>\$ 200,468</b>	<b>\$ 319,901</b>

1. A portion of contingent consideration paid is classified as operating cash outflows in accordance with GAAP, and therefore is a reconciling item to arrive at Cash Flow Available for Capital Allocation.
2. Cash Flow Available for Capital Allocation excludes all contingent consideration that was included in either operating, investing or financing activities of our consolidated statements of cash flows.
3. Net cash provided by operating activities for the three months ended March 31, 2020 and 2021, respectively, 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.