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): **November 3, 2022**

FOCUS FINANCIAL PARTNERS INC.

(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

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

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

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

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

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

Emerging growth company ☐

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

Item 2.02 Results of Operations and Financial Condition.

On November 3, 2022, Focus Financial Partners Inc. (the "Company") issued a press release reporting results for its third quarter ended September 30, 2022. 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 November 3, 2022, the Company also posted a slide presentation entitled "Third Quarter 2022 Earnings Release Supplement" dated November 3, 2022 to the "Events" section of the "Investor Relations" section of its website (www.focusfinancialpartners.com). A copy of the slide presentation is furnished with this Current Report as Exhibit 99.2.

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

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Focus Financial Partners Inc. Press Release, dated November 3, 2022.
99.2	Focus Financial Partners Inc. Slide Presentation, dated November 3, 2022.
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: November 3, 2022

Exhibit 99.1

Focus Financial Partners Reports Third Quarter 2022 Results

Results Reflect Benefits of Diversified Revenues and
Structural Earnings Protections in Volatile Markets

New York, New York – November 3, 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 third quarter ended September 30, 2022.

Third Quarter 2022 Highlights

- Total revenues of $519.9 million, 14.4% growth year over year
- Organic revenue growth[(1)] rate of 3.4% year over year
- GAAP net income of $38.3 million
- GAAP basic and diluted net income per share attributable to common shareholders of $0.45 and $0.44, respectively
- Adjusted Net Income Excluding Tax Adjustments[(2)] of $70.1 million and Tax Adjustments[(3)] of $16.7 million
- Adjusted Net Income Excluding Tax Adjustments Per Share[(2)] of $0.86 and Tax Adjustments[(3)] Per Share[(2)] of $0.20
- Net Leverage Ratio[(4)] of 3.98x
- 24 transactions closed or announced year to date, including 5 new partner firms and 19 mergers on behalf of partner firms

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

"This morning we announced strong results for the 2022 third quarter, further evidence of the resiliency of our business during an exceptionally volatile period in the capital markets," said Rudy Adolf, Founder, CEO and Chairman of Focus. "We are very pleased with these results as they reinforce our continued disciplined execution and that of our partner firms, which has contributed to stability in our fundamental results despite the market backdrop. This year will be one of our strongest for M&A activity overall, as well as one of our most active years for mergers on behalf of our partner firms. As we have demonstrated throughout this year, we continue to weather this storm well and use it as an opportunity to position ourselves for accelerated growth as markets and economies recover. Our decentralized approach to partnering with entrepreneurs enables us to remain nimble in how we manage our business, and positions us and our partners to take advantage of the opportunities on the horizon. We are confident that Focus will generate substantial growth and deliver superior value to its shareholders over the long-term."

"The strength of our results this past quarter was again evident, as we exceeded our guidance on all measures. Our performance benefitted from our diversified sources of revenue, the highly variable nature of our management fees and our structural earnings preference," said Jim Shanahan, Chief Financial Officer of Focus. "We expect that the resiliency and stability of our results will continue to be evident as we navigate the current market turbulence. We are executing well against our M&A pipeline, and we remain confident that we will weather the current challenges and emerge well-positioned to capitalize on the forward growth opportunity within our industry. Our international partnership of 87 like-minded firms, led by dynamic management teams, is highly differentiated in the independent wealth management space. Our value proposition continues to resonate with firms in the industry and we are a highly sought-after partner."

Third Quarter 2022 Financial Highlights

Total revenues were $519.9 million, 14.4%, or $65.3 million higher than the 2021 third quarter. Revenues from new partner firms acquired during the last twelve months accounted for $48.4 million of this increase. The balance of $16.9 million resulted from growth in wealth management fees at our existing partner firms, including the effect of mergers completed by our partner firms. Our year-over-year organic revenue growth rate(1) was 3.4%, above our expected 0% to 2% range for the quarter.

An estimated 76.1%, or $395.5 million, of total revenues in the quarter were correlated to the markets. Of this amount, 65.6%, or $259.6 million, were generated from advance billings generally based on market levels in the 2022 second quarter. The remaining 23.9%, or $124.4 million, of revenues 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 $38.3 million compared to $1.8 million in the prior year quarter. GAAP basic and diluted net income per share attributable to common shareholders were $0.45 and $0.44, respectively, as compared to $0.01 for both basic and diluted net income per share in the prior year quarter.

Adjusted EBITDA(2) was $128.7 million, 13.4%, or $15.2 million, higher than the prior year quarter. Our Adjusted EBITDA margin(3) was 24.8%, above our outlook of approximately 24% for the quarter reflecting higher revenues and the variable nature of our management fees.

Adjusted Net Income Excluding Tax Adjustments(2) was $70.1 million, and Tax Adjustments(4) were $16.7 million. Adjusted Net Income Excluding Tax Adjustments Per Share(2) was $0.86, up 2.4% compared to the prior year quarter, and Tax Adjustments Per Share(2) were $0.20, up 42.9% compared to the prior year quarter.

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

Balance Sheet and Liquidity

As of September 30, 2022, cash and cash equivalents were $128.5 million and debt outstanding under our credit facilities was approximately $2.4 billion, which included $50.0 million outstanding under our First Lien Revolver.

Our Net Leverage Ratio[(1)] as of September 30, 2022 was 3.98x. We remain committed to maintaining our Net Leverage Ratio[(1)] between 3.5x to 4.5x and believe this is the appropriate range for our business given our highly acquisitive nature.

As of September 30, 2022, $850 million, or 34.9%, of the debt outstanding under our credit facilities had LIBOR swapped from a floating rate to a fixed weighted average interest rate of 62 basis points plus a spread of 200 basis points. The residual amount of approximately $1.6 billion, primarily consisting of our First Lien Term Loan, remains at floating rates, with $790.4 million of this amount at an interest rate of LIBOR subject to a 50 basis point floor plus a 250 basis point spread, and $748.4 million of this amount at an interest rate of LIBOR plus a 200 basis point spread with no LIBOR floor. We have typically used 30-day LIBOR on our term loans.

Our net cash provided by operating activities for the trailing four quarters ended September 30, 2022 was $306.4 million compared to $310.7 million for the comparable period ended September 30, 2021. Our Cash Flow Available for Capital Allocation[(2)] for the trailing four quarters ended September 30, 2022 was $345.8 million compared to $299.7 million for the comparable period ended September 30, 2021. In the 2022 third quarter, we paid $47.9 million in cash earn-out obligations, $1.5 million in deferred purchase consideration 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, November 3, 2022 at 8:30 a.m. Eastern Time to discuss the Company’s 2022 third quarter results and outlook. The call can be accessed by dialing +1-877-407-0989 (callers inside the U.S.) or +1-201-389-0921 (callers outside the U.S.).

A live, listen-only webcast, together with a slide presentation titled “Third Quarter 2022 Earnings Release Supplement” dated November 3, 2022 will be available under Events in the Investor Relations section of the Company’s website, www.focusfinancialpartners.com. A webcast replay of the call will be available shortly after the event at the same address. Registration for the call will begin 15 minutes prior to the start of the call, using the following link.

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 and the conflict in Ukraine, 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 nine months ended September 30, 2021 and 2022 include the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2022	2021	2022
	(dollars in thousands, except per share data)			
Revenue Metrics:				
Revenues	$ 454,535	$ 519,864	$ 1,274,065	$ 1,595,642
Revenue growth (1) from prior period	37.1%	14.4%	29.8%	25.2%
Organic revenue growth (2) from prior period	28.8%	3.4%	23.1%	13.3%
Management Fees Metrics (operating expense):				
Management fees	$ 127,166	$ 122,971	$ 345,443	$ 397,612
Management fees growth (3) from prior period	47.2%	(3.3)%	39.8%	15.1%
Organic management fees growth (4) from prior period	38.7%	(11.6)%	32.5%	5.1%
Net Income Metrics:				
Net income	$ 1,849	$ 38,289	$ 9,505	$ 126,689
Net income growth from prior period	(53.1)%	*	(77.0)%	*
Income per share of Class A common stock:				
Basic	$ 0.01	$ 0.45	$ 0.05	$ 1.40
Diluted	$ 0.01	$ 0.44	$ 0.05	$ 1.39
Income per share of Class A common stock growth from prior period:				
Basic	(66.7)%	*	(90.2)%	*
Diluted	(66.7)%	*	(90.2)%	*
Adjusted EBITDA Metrics:				
Adjusted EBITDA (5)	$ 113,512	$ 128,689	$ 322,296	$ 400,790
Adjusted EBITDA growth (5) from prior period	45.0%	13.4%	39.5%	24.4%
Adjusted Net Income Excluding Tax Adjustments Metrics:				
Adjusted Net Income Excluding Tax Adjustments (5)	$ 68,521	$ 70,052	$ 199,770	$ 234,804
Adjusted Net Income Excluding Tax Adjustments growth (5) from prior period	42.9%	2.2%	44.2%	17.5%
Tax Adjustments				
Tax Adjustments (5)(6)	$ 11,835	$ 16,664	$ 33,365	$ 47,454
Tax Adjustments growth from prior period (5)(6)	27.4%	40.8%	21.8%	42.2%

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2022	2021	2022
	(dollars in thousands, except per share data)			
Adjusted Net Income Excluding Tax Adjustments Per Share and Tax Adjustments Per Share Metrics:				
Adjusted Net Income Excluding Tax Adjustments Per Share (5)	$ 0.84	$ 0.86	$ 2.44	$ 2.88
Tax Adjustments Per Share (5)(6)	$ 0.14	$ 0.20	$ 0.41	$ 0.58
Adjusted Net Income Excluding Tax Adjustments Per Share growth (5) from prior period	33.3%	2.4%	34.1%	18.0%
Tax Adjustments Per Share growth from prior period (5)(6)	16.7%	42.9%	13.9%	41.5%
Adjusted Shares Outstanding				
Adjusted Shares Outstanding (5)	81,829,784	81,597,322	81,708,469	81,509,075
Other Metrics:				
Net Leverage Ratio (7) at period end	3.54x	3.98x	3.54x	3.98x
Acquired Base Earnings (8)	$ 10,950	$ 7,849	$ 21,913	$ 19,299
Number of partner firms at period end (9)	76	87	76	87

* Not meaningful

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

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

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

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

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

(6) Tax Adjustments represent the tax benefits of intangible assets, including goodwill, associated with deductions allowed for tax amortization of intangible assets in the respective periods based on a pro forma 27% income tax rate. Such amounts were generated from acquisitions completed where we received a step-up in basis for tax purposes. Acquired intangible assets may be amortized for tax purposes, generally over a 15-year period. Due to our acquisitive nature, tax deductions allowed on acquired intangible assets provide additional significant supplemental economic benefit. The tax benefit from amortization is included to show the full economic benefit of deductions for acquired intangible assets with the step-up in tax basis. As of September 30, 2022, 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 $65.7 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.

Unaudited Condensed Consolidated Financial Statements

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2022	2021	2022
REVENUES:				
Wealth management fees	$ 433,967	$ 499,017	$ 1,213,782	$ 1,531,617
Other	20,568	20,847	60,283	64,025
Total revenues	454,535	519,864	1,274,065	1,595,642
OPERATING EXPENSES:				
Compensation and related expenses	144,249	186,320	424,337	546,251
Management fees	127,166	122,971	345,443	397,612
Selling, general and administrative	75,637	89,915	208,481	273,336
Intangible amortization	46,055	67,331	133,041	192,256
Non-cash changes in fair value of estimated contingent consideration	36,243	(30,708)	96,241	(82,450)
Depreciation and other amortization	3,622	4,016	10,835	11,454
Total operating expenses	432,972	439,845	1,218,378	1,338,459
INCOME FROM OPERATIONS	21,563	80,019	55,687	257,183
OTHER INCOME (EXPENSE):				
Interest income	206	126	310	146
Interest expense	(16,543)	(26,491)	(37,893)	(63,999)
Amortization of debt financing costs	(1,102)	(949)	(2,856)	(2,999)
Other income (expense)—net	312	(2,347)	(219)	(3,834)
Income from equity method investments	91	51	514	157
Total other expense—net	(17,036)	(29,610)	(40,144)	(70,529)
INCOME BEFORE INCOME TAX	4,527	50,409	15,543	186,654
INCOME TAX EXPENSE	2,678	12,120	6,038	59,965
NET INCOME	1,849	38,289	9,505	126,689
Non-controlling interest	(1,200)	(9,040)	(6,623)	(35,255)
NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ 649	$ 29,249	$ 2,882	$ 91,434
Income per share of Class A common stock:				
Basic	$ 0.01	$ 0.45	$ 0.05	$ 1.40
Diluted	$ 0.01	$ 0.44	$ 0.05	$ 1.39
Weighted average shares of Class A common stock outstanding:				
Basic	59,940,166	65,599,493	55,978,639	65,441,151
Diluted	60,438,510	65,821,228	56,447,070	65,729,339

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

	December 31, 2021	September 30, 2022
ASSETS		
Cash and cash equivalents	$ 310,684	$ 128,528
Accounts receivable less allowances of $3,255 at 2021 and $3,949 at 2022	198,827	207,992
Prepaid expenses and other assets	123,826	174,007
Fixed assets—net	47,199	49,818
Operating lease assets	249,850	257,749
Debt financing costs—net	4,254	3,648
Deferred tax assets—net	267,332	232,332
Goodwill	1,925,315	2,092,787
Other intangible assets—net	1,581,719	1,637,816
TOTAL ASSETS	$ 4,709,006	$ 4,784,677
LIABILITIES AND EQUITY		
LIABILITIES		
Accounts payable	$ 11,580	$ 11,822
Accrued expenses	72,572	108,542
Due to affiliates	105,722	66,868
Deferred revenue	10,932	15,554
Contingent consideration and other liabilities	468,284	320,176
Deferred tax liabilities	31,973	39,477
Operating lease liabilities	277,324	286,930
Borrowings under credit facilities (stated value of $2,407,302 and $2,438,779 at December 31, 2021 and September 30, 2022, respectively)	2,393,669	2,427,211
Tax receivable agreements obligations	219,542	221,237
TOTAL LIABILITIES	3,591,598	3,497,817
EQUITY		
Class A common stock, par value $0.01, 500,000,000 shares authorized; 65,320,124 and 65,865,932 shares issued and outstanding at December 31, 2021 and September 30, 2022, respectively	653	658
Class B common stock, par value $0.01, 500,000,000 shares authorized; 11,439,019 and 11,653,693 shares issued and outstanding at December 31, 2021 and September 30, 2022, respectively	114	116
Additional paid-in capital	841,753	930,042
Retained earnings	24,995	116,429
Accumulated other comprehensive income	3,029	11,378
Total shareholders' equity	870,544	1,058,623
Non-controlling interest	246,864	228,237
Total equity	1,117,408	1,286,860
TOTAL LIABILITIES AND EQUITY	$ 4,709,006	$ 4,784,677

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

	For the nine months ended September 30, 2021	For the nine months ended September 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 9,505	$ 126,689
Adjustments to reconcile net income to net cash provided by operating activities—net of effect of acquisitions:		
Intangible amortization	133,041	192,256
Depreciation and other amortization	10,835	11,454
Amortization of debt financing costs	2,856	2,999
Non-cash equity compensation expense	24,569	22,190
Non-cash changes in fair value of estimated contingent consideration	96,241	(82,450)
Income from equity method investments	(514)	(157)
Distributions received from equity method investments	773	1,059
Deferred taxes and other non-cash items	(570)	38,492
Changes in cash resulting from changes in operating assets and liabilities:		
Accounts receivable	(22,247)	(7,959)
Prepaid expenses and other assets	(17,731)	(7,083)
Accounts payable	1,974	21
Accrued expenses	35,382	37,729
Due to affiliates	22,715	(39,020)
Contingent consideration and other liabilities	(61,181)	(69,038)
Deferred revenue	2,200	3,134
Net cash provided by operating activities	237,848	230,316
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for acquisitions and contingent consideration—net of cash acquired	(286,803)	(361,675)
Purchase of fixed assets	(6,560)	(13,152)
Investment and other, net	(17,232)	(5,232)
Net cash used in investing activities	(310,595)	(380,059)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings under credit facilities	1,169,500	100,000
Repayments of borrowings under credit facilities	(419,145)	(68,523)
Proceeds from issuance of common stock, net	25,767	—
Payments in connection with unit redemption, net	(25,767)	—
Payments in connection with tax receivable agreements	(4,423)	(3,856)
Contingent consideration paid	(67,735)	(35,929)
Payments of deferred acquisition consideration	—	(1,484)
Payments of debt financing costs	(8,282)	(1,111)
Proceeds from exercise of stock options	6,186	1,158
Distributions for unitholders	(26,391)	(20,519)
Other	(46)	375
Net cash provided by (used in) financing activities	649,664	(29,889)
EFFECT OF EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	(568)	(2,524)
CHANGE IN CASH AND CASH EQUIVALENTS	576,349	(182,156)
CASH AND CASH EQUIVALENTS:		
Beginning of period	65,858	310,684
End of period	$ 642,207	$ 128,528

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, other income (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 nine months ended September 30, 2021 and 2022:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	**2022**	**2021**	**2022**
		(in thousands)		
Net income	$ 1,849	$ 38,289	$ 9,505	$ 126,689
Interest income	(206)	(126)	(310)	(146)
Interest expense	16,543	26,491	37,893	63,999
Income tax expense	2,678	12,120	6,038	59,965
Amortization of debt financing costs	1,102	949	2,856	2,999
Intangible amortization	46,055	67,331	133,041	192,256
Depreciation and other amortization	3,622	4,016	10,835	11,454
Non-cash equity compensation expense	5,938	7,980	24,569	22,190
Non-cash changes in fair value of estimated contingent consideration	36,243	(30,708)	96,241	(82,450)
Other (income) expense—net	(312)	2,347	219	3,834
Secondary offering expenses	—	—	1,409	—
Adjusted EBITDA	$ 113,512	$ 128,689	$ 322,296	$ 400,790

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 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 and restricted stock units outstanding during the periods, (iii) the weighted average number of Focus LLC common units outstanding during the periods (assuming that 100% of such Focus LLC common units, including contingently issuable Focus LLC common units, if any, have been exchanged for Class A common stock), (iv) the weighted average number of Focus LLC restricted common units outstanding during the periods (assuming that 100% of such Focus LLC restricted common units have been exchanged for Class A common stock) and (v) the weighted average number of common unit equivalents of Focus LLC vested and unvested incentive units outstanding during the periods based on the closing price of our Class A common stock on the last trading day of the periods (assuming that 100% of such Focus LLC common units have been exchanged for Class A common stock).

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

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

Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share do not purport to be an alternative to net income 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 nine months ended September 30, 2021 and 2022:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2022	2021	2022
	(dollars in thousands, except per share data)			
Net income	$ 1,849	$ 38,289	$ 9,505	$ 126,689
Income tax expense	2,678	12,120	6,038	59,965
Amortization of debt financing costs	1,102	949	2,856	2,999
Intangible amortization	46,055	67,331	133,041	192,256
Non-cash equity compensation expense	5,938	7,980	24,569	22,190
Non-cash changes in fair value of estimated contingent consideration	36,243	(30,708)	96,241	(82,450)
Secondary offering expenses (1)	—	—	1,409	—
Subtotal	93,865	95,961	273,659	321,649
Pro forma income tax expense (27%) (2)	(25,344)	(25,909)	(73,889)	(86,845)
Adjusted Net Income Excluding Tax Adjustments	$ 68,521	$ 70,052	$ 199,770	$ 234,804
Tax Adjustments (3)	$ 11,835	$ 16,664	$ 33,365	$ 47,454
Adjusted Net Income Excluding Tax Adjustments Per Share	$ 0.84	$ 0.86	$ 2.44	$ 2.88
Tax Adjustments Per Share (3)	$ 0.14	$ 0.20	$ 0.41	$ 0.58
Adjusted Shares Outstanding	81,829,784	81,597,322	81,708,469	81,509,075
Calculation of Adjusted Shares Outstanding:				
Weighted average shares of Class A common stock outstanding—basic (4)	59,940,166	65,599,493	55,978,639	65,441,151
Adjustments:				
Weighted average incremental shares of Class A common stock related to stock options and restricted stock units (5)	498,344	221,735	468,431	288,188
Weighted average Focus LLC common units outstanding (6)	12,609,173	11,898,233	16,263,935	11,899,456
Weighted average Focus LLC restricted common units outstanding (7)	71,374	192,627	71,374	193,289
Weighted average common unit equivalent of Focus LLC incentive units outstanding (8)	8,710,727	3,685,234	8,926,090	3,686,991
Adjusted Shares Outstanding	81,829,784	81,597,322	81,708,469	81,509,075

(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 September 30, 2022, 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 $65.7 million.

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

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

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

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

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

Adjusted Free Cash Flow and Cash Flow Available for Capital Allocation

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

Set forth below is a reconciliation of net cash provided by operating activities to Adjusted Free Cash Flow and Cash Flow Available for Capital Allocation for the trailing 4-quarters ended September 30, 2021 and 2022:

	Trailing 4-Quarters Ended September 30,	
	2021	**2022**
	(in thousands)	
Net cash provided by operating activities	$ 310,742	$ 306,386
Purchase of fixed assets	(13,218)	(17,610)
Distributions for unitholders	(33,083)	(26,439)
Payments under tax receivable agreements	(4,423)	(3,856)
Adjusted Free Cash Flow	$ 260,018	$ 258,481
Portion of contingent consideration paid included in operating activities (1)	39,690	87,261
Portion of deferred acquisition consideration paid included in operating activities (2)	—	16
Cash Flow Available for Capital Allocation (3)	$ 299,708	$ 345,758

(1) A portion of contingent consideration paid is classified as operating cash outflows in accordance with GAAP, with the balance reflected in investing or financing cash outflows. Contingent consideration paid classified as operating cash outflows for each of the trailing 4-quarters ended September 30, 2021 was $2.4 million, $5.3 million, $11.6 million and $20.4 million, respectively, totaling $39.7 million for the trailing 4-quarters ended September 30, 2021. Contingent consideration paid classified as operating cash outflows for each of the trailing 4-quarters ended September 30, 2022 was $16.4 million, $23.1 million, $18.2 million and $29.6 million, respectively, totaling $87.3 million for the trailing 4-quarters ended September 30, 2022.

(2) A portion of deferred acquisition consideration paid is classified as operating cash outflows in accordance with GAAP, with the balance reflected in financing cash outflows. Deferred acquisition consideration paid classified as operating cash outflows was $16 thousand for the three months ended September 30, 2022.

(3) Cash Flow Available for Capital Allocation excludes all contingent consideration and deferred acquisition 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 September 30, 2022:

	September 30, 2022	
Economic Ownership of Focus Financial Partners, LLC Interests:	**Interest**	**%**
Focus Financial Partners Inc.	65,865,932	80.9%
Non-Controlling Interests (1)	15,527,084	19.1%
Total	81,393,016	100.0%

(1) Includes 3,680,928 Focus LLC common units issuable upon conversion of the outstanding 16,165,917 vested and unvested incentive units (assuming vesting of the unvested incentive units and a September 30, 2022 period end value of the Focus LLC common units equal to $31.51) and includes 192,463 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 September 30, 2022	Number of Shares Outstanding at November 1, 2022
Class A	65,865,932	65,865,932
Class B	11,653,693	11,653,693

Incentive Units

The following table provides supplemental information regarding the outstanding Focus LLC vested and unvested Incentive Units ("IUs") at September 30, 2022. 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	3,043,964
$ 22.00	808,917
$ 23.00	524,828
$ 26.26	12,500
$ 27.00	12,484
$ 27.90	1,910,483
$ 28.50	1,436,586
$ 30.48	30,000
$ 33.00	3,617,500
$ 36.64	30,000
$ 43.07	60,000
$ 43.50	30,000
$ 44.71	806,324
$ 58.50	662,277
	16,165,917

Exhibit 99.2

FOCUS® FINANCIAL PARTNERS

Focus Financial Partners Inc.

Third Quarter 2022 Earnings Release Supplement

November 3, 2022

VISION *for* VISIONARIES.

Disclaimer

FOCUS®
FINANCIAL PARTNERS

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

We analyze our performance using Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share. Adjusted Net Income Excluding Tax Adjustments and Adjusted Net Income Excluding Tax Adjustments Per Share are non-GAAP measures. We define Adjusted Net Income Excluding Tax Adjustments as net income (loss) excluding income tax expense, 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, impairment of equity method investment, management contract buyout, other one-time transaction expenses 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.

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

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

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

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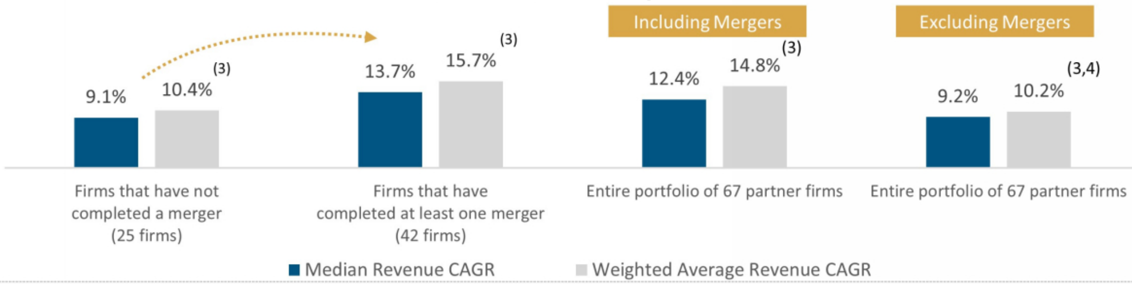
Key Investor Questions on Q3 2022

Key Investor Questions on Q3 2022

1 What was your organic growth?

Revenue CAGR Since Inception[1,2]



2 How sensitive are your earnings to higher interest rates?

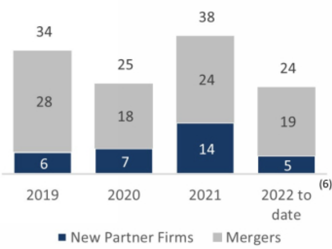
4.4% weighted average cost of debt

$850M fixed at weighted average cost of 2.62%

~$1.6B floating at L+200 / 250

Q3'22 Interest Expense Sensitivity to LIBOR/SOFR[5]		
Actual Q3'22 Reported Interest Expense (including impact of hedges)		
$26.5M		
Pre-tax Impact to Q3'22 Interest Expense if 30-day LIBOR/SOFR was higher by:		
150 bps	200 bps	250 bps
+$6.2M	+$8.2M	+$10.1M

3 Has your M&A momentum been impacted by the recent market volatility?



+23%
YOY increase in industry M&A transaction volumes as of 9M'22 [7]

+54%
YOY increase in M&A activity among RIAs with <$1bn in client assets as of 9M'22 [7]

+52%
Of RIAs seek to become a buyer of other RIAs as part of their growth strategy [7]

1. As of September 30, 2022.
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 67 firms since inception that have been with us for at least 2 years as of September 30, 2022 in order to determine a baseline revenue growth rate. If Focus partner firms merged together, their financials have been combined.
3. The weightings are based on the September 30, 2022 LTM revenues of the respective partner firms.
4. Excluded the first full annual revenue from all the mergers made by our partner firm portfolio since joining Focus.
5. Analysis shows the actual interest expense for Q3'22, inclusive of the Company's Term Loans, Revolver borrowings and the impact of the three cash flow hedges which effectively convert the LIBOR variable interest rate on the first $850 million of Term Loan borrowings to a fixed weighted average interest rate of 62 basis points. The analysis then assumes that 30-day LIBOR and SOFR rates were either 150bps, 200bps or 250bps higher throughout the entire period.
6. Includes signed and pending close transactions.
7. Source: DeVoe & Company RIA Deal Book ™ Third Quarter 2022.

Key Investor Questions on Q3 2022

FOCUS FINANCIAL PARTNERS

4 What are your sources of liquidity?

~$129M	~$590M	~$346M
Cash on balance sheet (1)	Available Revolver capacity (1)	LTM Cash Flow Available for Capital Allocation (1,2)

5 How much in earnings preference do you have from recent partner firm acquisitions?

Cumulative New Partner Firms and Acquired Base Earnings(3) Since Q1 2019

**Q4 includes a new partner firm that has closed and a new partner firm that is signed and pending close as of November 3, 2022.*

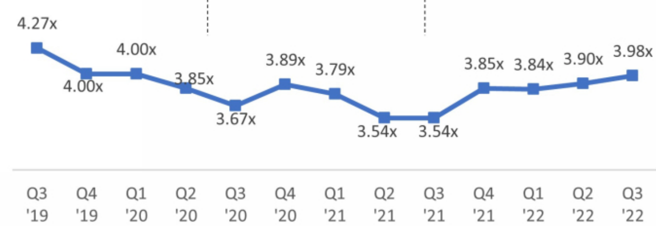
6 How correlated were your Q3 revenues to the markets?

		(Market correlated revenues)	
23.9%	Non-market correlated	**65.6%**	Billed in advance
76.1%	Market correlated	**34.4%**	Billed in arrears

Highly diversified revenue stream

7 What is your outlook for your Net Leverage Ratio(4)?

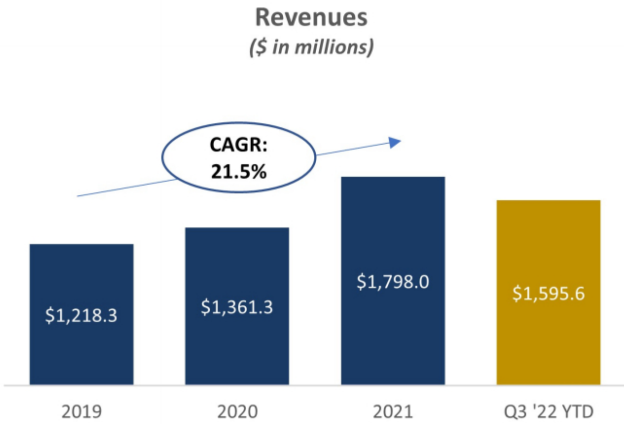
3.98x	**~4.25x**	**3.5x – 4.5x**
Q3'22 Actual	Q4'22 Outlook	Target

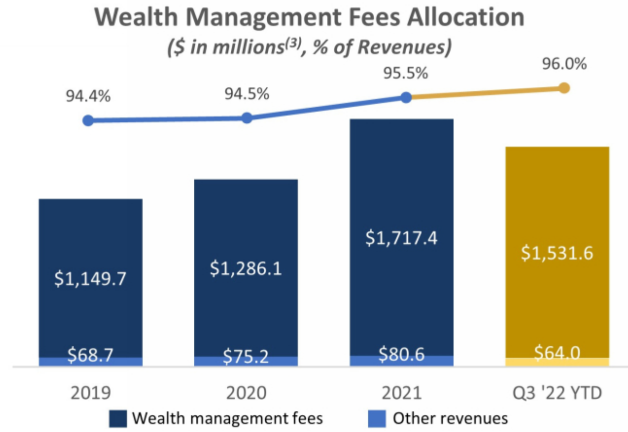


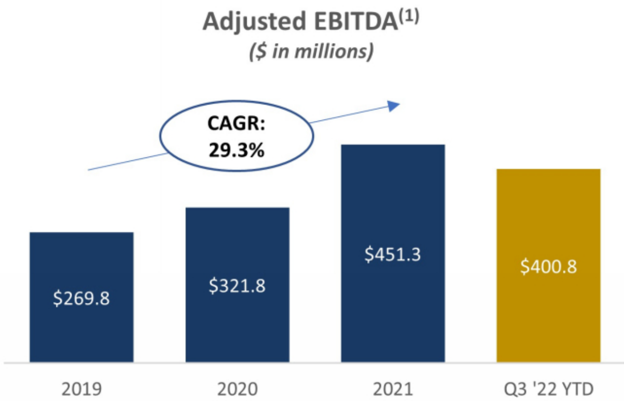
1. As of September 30, 2022.
2. Non-GAAP financial measure. See Appendix for reconciliations.
3. The terms of our management agreements entitle the management companies to management fees typically consisting of all future EBPC of the acquired wealth management firm in excess of Base Earnings up to Target Earnings, plus a percentage of any EBPC in excess of Target Earnings. Acquired Base Earnings is equal to our 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.
4. 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).

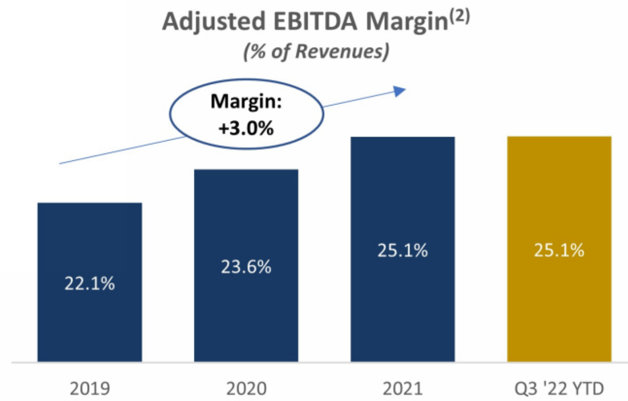
Selected Growth Trends

Strong and Sustained Revenue and Adjusted EBITDA Growth…





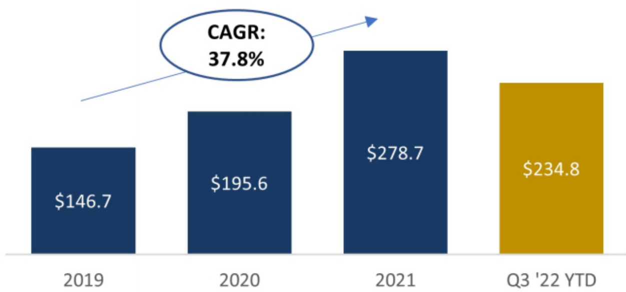




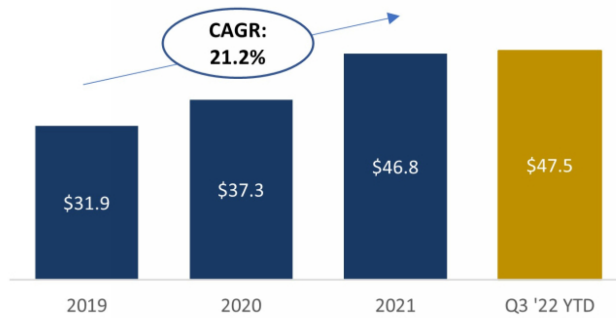
1. Non-GAAP financial measure. See Appendix for reconciliations.
2. Calculated as Adjusted EBITDA divided by revenues.
3. The sum of wealth management fees and other revenues as presented in this chart may not agree to total revenues as presented due to rounding.

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

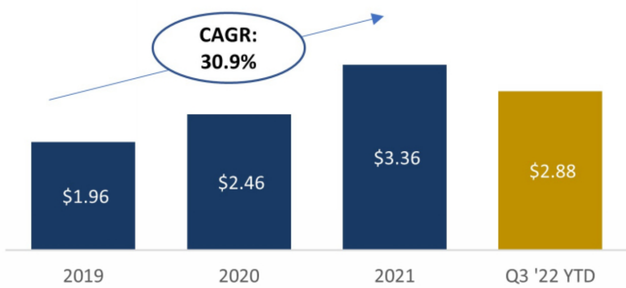
Adjusted Net Income ("ANI") Excluding Tax Adjustments[(1)]
($ in millions)



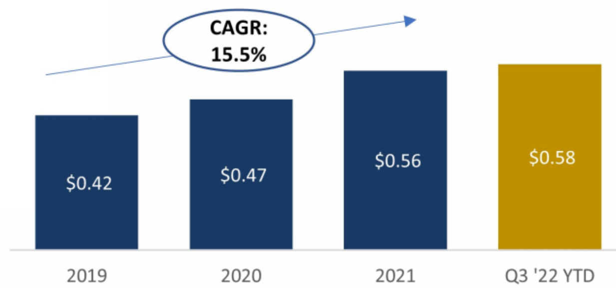
Tax Adjustments[(2)]
($ in millions)



ANI Excluding Tax Adjustments Per Share[(1)]



Tax Adjustments Per Share[(1,2)]

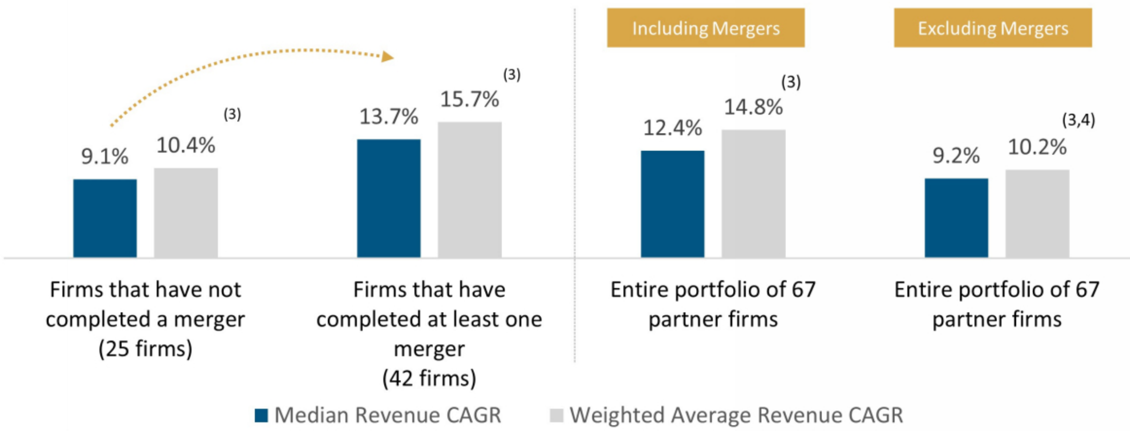


1. Non-GAAP financial measure. See Appendix for reconciliations.
2. Tax Adjustments represent the tax benefits of intangible assets, including goodwill, associated with deductions allowed for tax amortization of intangible assets in the respective periods based on a pro forma 27% income tax rate. Such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

Our Organic Growth is Strong, Including and Excluding Mergers

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

Revenue CAGR Since Inception[1,2]

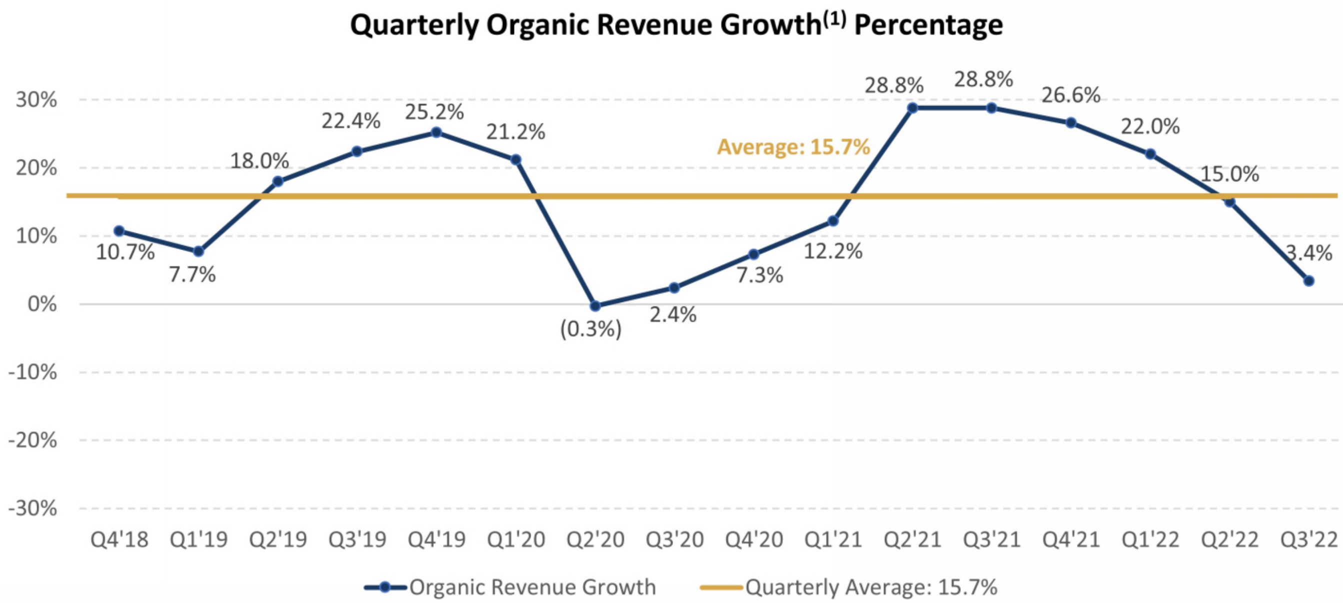


67 partner firms[5] represented ~88% of our Q3 2022 LTM revenues

1. As of September 30, 2022.
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 67 firms since inception that have been with us for at least 2 years as of September 30, 2022 in order to determine a baseline revenue growth rate. If Focus partner firms merged together, their financials have been combined.
3. The weightings are based on the September 30, 2022 LTM revenues of the respective partner firms.
4. Excluded the first full annual revenue from all the mergers made by our partner firm portfolio since joining Focus.
5. The 67 partner firms have been with Focus for a weighted average of ~8 years and a median period of ~6 years.

Our Average Organic Revenue Growth Demonstrates Partner Firm Strength and Resiliency

- Over the last 16 quarters, average organic growth has been 15.7%



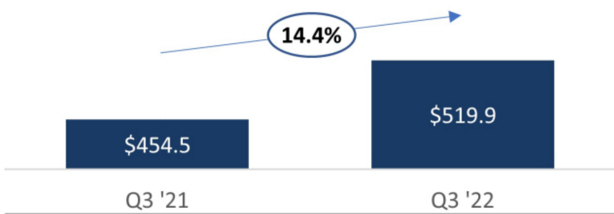
1. Organic revenue growth represents the period-over-period growth in revenue related to partner firms, including growth related to acquisitions of wealth management practices and customer relationships by Focus's partner firms, including Connectus, and partner firms that have merged, that for the entire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

Third Quarter 2022 Recap

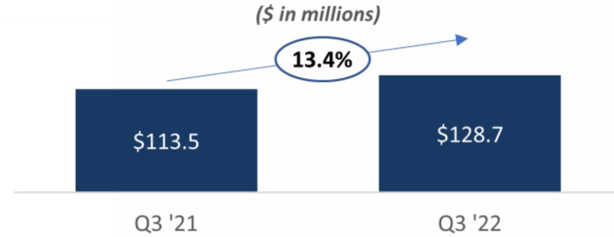
Robust Year-Over-Year Financial Performance Reflects Sustained Momentum

FOCUS
FINANCIAL PARTNERS

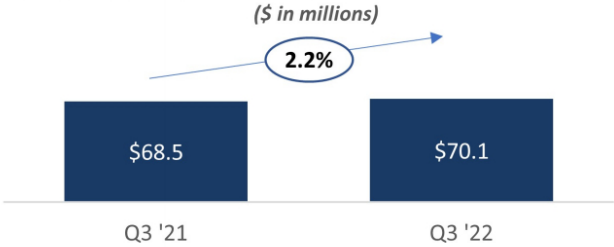
Revenues
($ in millions)



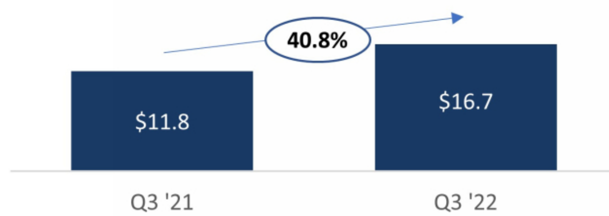
Adjusted EBITDA[1]
($ in millions)



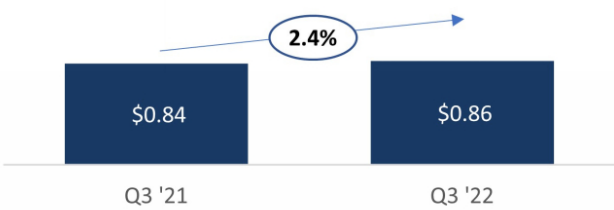
Adjusted Net Income ("ANI") Excluding Tax Adjustments[1]
($ in millions)



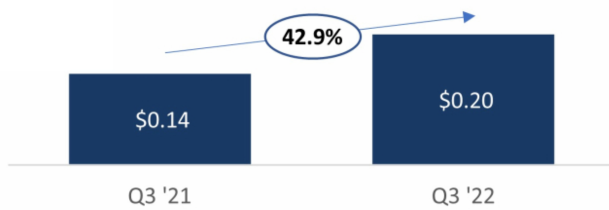
Tax Adjustments[2]
($ in millions)



ANI Excluding Tax Adjustments Per Share[1]



Tax Adjustments Per Share[1,2]



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

Q3 2022 Financial Snapshot

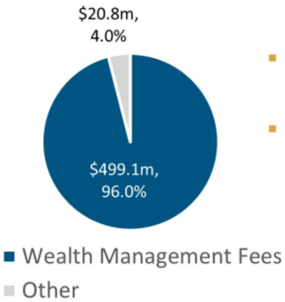
FOCUS FINANCIAL PARTNERS

Revenues	▪ **Revenues:** $519.9 million, +14.4% year-over-year growth ▪ **Organic revenue growth rate:[1]** +3.4% year-over-year
Adjusted EBITDA	▪ **Adjusted EBITDA:[2]** $128.7 million, +13.4% year-over-year growth ▪ **Adjusted EBITDA margin:[3]** 24.8%
Net Income and Per Share Amounts	▪ **GAAP net income:** $38.3 million, compared to $1.8 million in Q3 2021 ▪ **GAAP basic and diluted net income per share attributable to common shareholders:** $0.45 and $0.44 ▪ **Adjusted Net Income Excluding Tax Adjustments:[2]** $70.1 million, +2.2% year-over-year growth ▪ **Tax Adjustments:[4]** $16.7 million, +40.8% year-over-year growth ▪ **Adjusted Net Income Excluding Tax Adjustments Per Share:[2]** $0.86, +2.4% year-over-year growth ▪ **Tax Adjustments Per Share:[2,4]** $0.20, +42.9% year-over-year growth
Net Leverage & Cash Flow	▪ **Net Leverage Ratio:[5]** 3.98x ▪ **Net cash provided by operating activities:** $306.4 million (LTM Q3 2022), -1.4% year-over-year ▪ **Cash Flow Available for Capital Allocation:[2]** $345.8 million (LTM Q3 2022), +15.4% year-over-year ▪ **Unamortized gross tax shield** at September 30, 2022 of $2.8+ billion ▪ **No Tax Receivable Agreement payments**

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

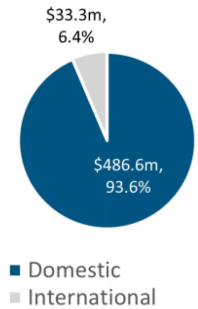
We Have Multiple Sources of Revenue Diversification

Q3 2022 Revenues by Source



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

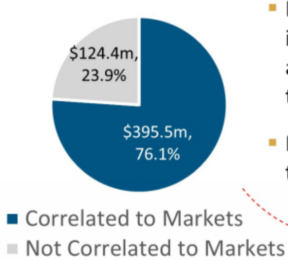
Q3 2022 Revenues by Region



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

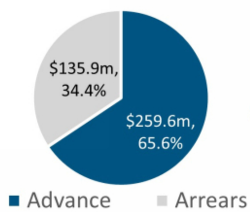
Q3 2022 Revenues Correlated to Markets

Revenues Correlated to Markets



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

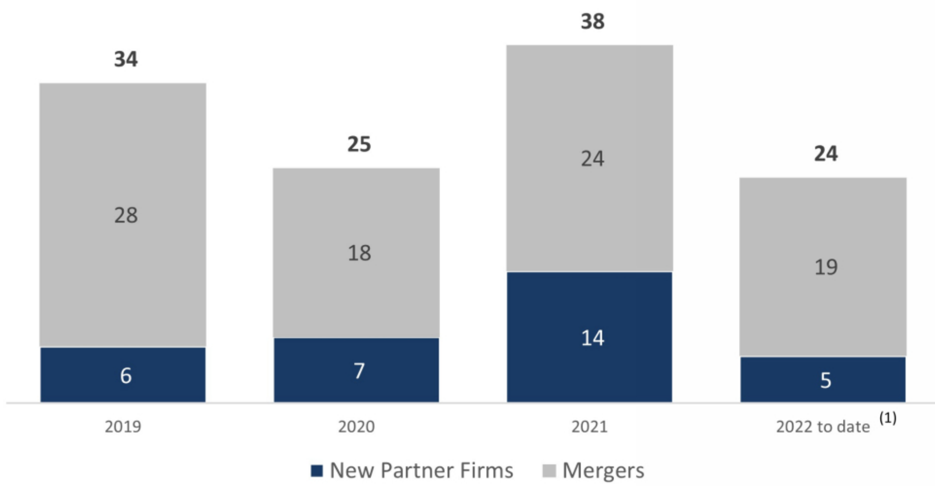
Billing Structure of Market-Correlated Revenues



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

Continuing a Trend of Strong M&A Volume

Annual M&A Transactions Since 2019



85+
Partner Firms

5,500+
Partners and Employees

250+
M&A Transactions Since 2006

1. Includes a signed and pending close transaction

2022 M&A Activity Continues to be Robust

FOCUS FINANCIAL PARTNERS

2022 YTD Highlights

24 closed or pending transactions to date:

- 5 new partner firms
- 19 mergers, including 1 Connectus merger

Quarter	Type	Firm Name	Acquiring Partner Firm	Closing Date	Primary Office Location
Q4 2022	Partner Firm Acquisitions	1. FourThought Private Wealth		11/1/2022	Venice, FL
		2. Beaumont Financial Partners		Q4*	Needham, MA
	Mergers	1. Dental Wealth	Buckingham Strategic Wealth	10/1/2022	Bellevue, WA
		2. Johnson	Hill	10/1/2022	Brentwood, TN
		3. Beekman	Prime Quadrant	10/1/2022	New York, NY
		4. Strategic Capital Advisers	Transform Wealth	10/1/2022	Denver, CO
		5. Guidry	Summit Financial	10/25/2022	Metairie, LA
		6. Alpha Insurance	Ancora	11/1/2022	Westlake, OH
		7. Schur & Sugarman	Provident Financial Management	11/1/2022	Los Angeles, CA
Q3 2022	Partner Firm Acquisitions	1. Octogone Holding		7/1/2022	Geneva, Switzerland
		2. Icon Wealth Partners		8/1/2022	Houston, TX
	Mergers	1. Grecu Capital Management	Buckingham Strategic Wealth	7/1/2022	Bend, OR
		2. Bergman Investment Management	Buckingham Strategic Wealth	7/1/2022	San Mateo, CA
		3. Samson Wealth Management	XML	7/1/2022	Fort Washington, PA
		4. Ross Bennet Smith	NKSFB	7/1/2022	London, United Kingdom
		5. Parsons	Edge	8/26/2022	Dallas, TX
		6. Skinner	Cardinal Point	9/1/2022	Bahamas
		7. RT Mosaic	Cardinal Point	9/1/2022	Calgary, Canada
Q2 2022	Partner Firm Acquisitions	1. Azimuth Capital Management		4/1/2022	Bloomfield Hills, MI
	Mergers	1. Mid-Continent Capital	Connectus	4/1/2022	Chicago, IL
		2. Lumia Wealth	Buckingham Strategic Wealth	4/1/2022	Overland Park, KS
		3. Holloway Wealth Management	ARS Wealth Advisors	5/1/2022	Gainesville, FL
		4. Henry & Horne Wealth Management	InterOcean Capital	6/1/2022	Scottsdale, AZ
Q1 2022	Mergers	1. Harris, Saunders & Leach	The Colony Group	2/4/2022	Washington, DC

* Signed and pending close

New Partner Firms Further Diversify Our Partnership (1)

FourThought Private Wealth	Beaumont Financial Partners
Closed November 1, 2022 *~$1.1 Billion in Client Assets* *Fiduciary Wealth Manager*	*Estimated Late Q4 Close* *~$2.7 Billion in Client Assets* *Fiduciary Wealth Manager*
➢ Headquartered in Venice, FL ➢ Enhances Focus' deep presence in attractive Florida wealth market ➢ Serves HNW, UHNW, and institutional clients across the US	➢ Headquartered in Needham, MA ➢ Scaled regional platform with strong ties to multiple Boston area universities ➢ Serves HNW/UHNW individuals and families, small businesses, and nonprofits

Estimated Annual Revenues: >**$21 million**(1)(2)
Estimated Annual Acquired Base Earnings: ~**$7.3 million**(3)
Weighted Average '19-'21 Revenue CAGR: >**20%** (1)(2)

1. We have over 85 partner firms with headquarters located across the United States as well as Australia, Canada, Switzerland and the United Kingdom. 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.
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.

Fourth Quarter 2022 Outlook

Q4 2022 Outlook

FOCUS FINANCIAL PARTNERS

Revenues

- Estimated Q4 revenues of ~$505 to $515 million (excludes performance fees).
- Estimated Q4 YOY organic revenue growth of negative ~10%[1]
  - The $20 million in performance fees in the prior year has a negative ~4% impact on our Q4'22 organic revenue growth estimate
- Estimated Q4 revenue attributable to new partner firm closings: ~$3 million* and over $21 million annualized.

**Relates to the closing of FourThought on 11/1/22 and the expected late Q4 closing of Beaumont.*

Adjusted EBITDA [2]

- Estimated Q4 Adjusted EBITDA[2] margin[3] of ~23%.
- Estimated Q4 Adjusted EBITDA[2] attributable to new partner firm closings: ~$1 million*.
- Estimated Annualized Acquired Base Earnings[4]: ~$7.3 million*.

**Relates to the closing of FourThought on 11/1/22 and the expected late Q4 closing of Beaumont.*

Tax Adjustments & Other

- As of September 30, 2022, estimated next twelve months Tax Adjustments[5] of ~$65.7 million.
- No Tax Receivable Agreement payments.

Net Leverage Ratio [6] and Cash Flow

- Estimated Net Leverage Ratio[6] ~4.25x.
- Estimated cash earnout payments of ~$38 million in Q4.
- No need to raise equity capital to support M&A and business expansion.

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 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. 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. 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.
5. See note 4 on page 14 for additional information regarding Tax Adjustments. Based on a pro forma 27.0% tax rate.
6. 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).

Credit Profile, Interest Rate Sensitivity & Earnings Preference

Interest Rate Sensitivity

Q3'22 Interest Expense Sensitivity to LIBOR/SOFR[1]			
Actual Q3'22 Reported Interest Expense (including impact of hedges)	Pre-tax Impact to Q3'22 Interest Expense if 30-day LIBOR/SOFR was higher by:		
	150 bps	200 bps	250 bps
$26.5M	+$6.2M	+$8.2M	+$10.1M

Credit Overview *(as of September 30, 2022)* [3]

	First Lien Term Loan – Tranche A	First Lien Term Loan – Tranche B	First Lien Revolver
Amount	$1,598.4 million	$790.4 million	$50 million drawn ($650 million facility size)
Maturity	July 2024	June 2028	June 2024
Applicable Margin	$850 million fixed via hedges at 0.62% + 200 bps spread Remainder of $748.4 million variable at LIBOR +200 bps spread	LIBOR +250 bps spread	SOFR+175 bps on drawn 50 bps undrawn
LIBOR/SOFR Floor	0.00%	0.50%	0.00%
Amortization	1.00% / $16.7 million per annum	1.00% / $8.0 million per annum	n/a
Net Leverage Ratio[2] Covenant	6.25x		

1. Analysis shows the actual interest expense for Q3'22, inclusive of the Company's Term Loans, Revolver borrowings and the impact of the three cash flow hedges which effectively convert the LIBOR variable interest rate on the first $850 million of Term Loan borrowings to a fixed weighted average interest rate of 62 basis points. The analysis then assumes that 30-day LIBOR and SOFR rates were either 150bps, 200bps or 250bps higher throughout the entire period.
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).
3. Our outstanding term loan indebtedness uses LIBOR as a benchmark for establishing the interest rate. 1-, 3-, 6- and 12-month LIBOR are expected to be replaced by the SOFR in 2023. While we expect SOFR to be a reasonable replacement for LIBOR, at this time we cannot predict the implications of the use of SOFR on the interest rates we pay.

Strong Credit and Liquidity Profile

As of September 30, 2022:

Debt cost	~4.4% weighted average interest rate on funded borrowings
Duration risk	~1.8 years remaining to maturity for Tranche A Term Loan (July 2024) ~5.7 years remaining to maturity for Tranche B Term Loan (June 2028) ~1.8 years remaining to maturity for Revolver (June 2024)
Liquidity	~$129 million cash ~$590 million available revolver capacity ~$346 million LTM Cash Flow Available for Capital Allocation[(1)]
Downside protection	95%+ fee-based and recurring revenues, variable management fees and earnings preference protect cash flows

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

Earnings Preference Provides Strong Downside Earnings Protection

FOCUS FINANCIAL PARTNERS

- Reflects one-quarter impact to revenues and Covenant EBITDA(1)(2)
- Assumes all other revenue sources and expenses remain unchanged except for management fees
- In the event of a multi-quarter downturn
  - Partner firms would further reduce their cost structure
  - M&A activity would moderate
  - Cash flow would be available for debt repayment
- Significant headroom on covenant
  - Q3 Covenant EBITDA-LTM(2) would need to drop to $369.6 million, or decline by 36%, to reach 6.25x net leverage ratio covenant

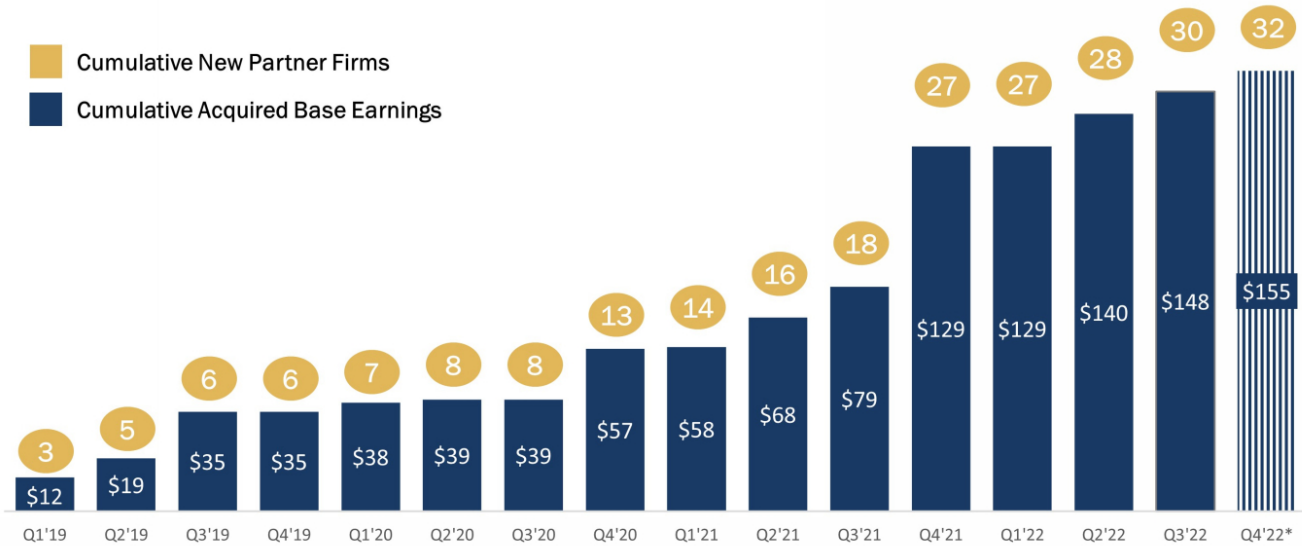
		Sensitivity Analysis (Illustrative Only)	
Equity market decline		**(20)%**	**(40)%**
Assumed Client Portfolio Allocation to Equities		50%	50%
Decline in market-correlated revenues(1)		**(10)%**	**(20)%**
($ in millions)	**Reported**		
Q3'22 Market-Correlated Revenues	$ 395.5	$ 356.0	$ 316.4
Q3'22 Non-Correlated Revenues	$ 124.4	$ 124.4	$ 124.4
Total Revenue - Q3'22	$ 519.9	$ 480.4	$ 440.8
Covenant EBITDA(2) - LTM	$ 579.9	$ 559.4	$ 539.2
Net Debt(3)	$ 2,310.3	$ 2,310.3	$ 2,310.3
Net Leverage Ratio(2)	3.98x	4.13x	4.28x
Change from Q3 Reported		**0.15x**	**0.30x**

1. The analysis depicts the impact on our Net Leverage Ratio (as defined in the Credit Facility) resulting from a hypothetical change in Q3 market correlated revenues only. All other revenues/expenses were kept constant except management fees, which are tied to the profitability of our partner firms.
2. Net leverage ratio represents the First Lien Leverage Ratio (as defined in the Credit Facility), and means the ratio of amounts outstanding under the First Lien Term Loan and First Lien Revolver plus other outstanding debt obligations secured by a lien on the assets of Focus LLC (excluding letters of credit other than unpaid drawings thereunder) minus unrestricted cash and cash equivalents to Consolidated EBITDA (as defined in the Credit Facility), which in the above table is referred to as "Covenant EBITDA."
3. Net Debt represents amounts outstanding under the First Lien Term Loan and First Lien Revolver plus other outstanding debt obligations secured by a lien on the assets of Focus LLC (excluding letters of credit other than unpaid drawings thereunder) minus unrestricted cash and cash equivalents.
4. The terms of our management agreements entitle the management companies to management fees typically consisting of all future EBPC of the acquired wealth management firm in excess of Base Earnings up to Target Earnings, plus a percentage of any EBPC in excess of Target Earnings. Acquired Base Earnings is equal to our collective preferred position in Base Earnings or comparable measures. We are entitled to receive these earnings notwithstanding any earnings that we are entitled to receive in excess of Target Earnings. Base Earnings may change in future periods for various business or contractual matters.

Supported by Substantial Acquired Base Earnings[1]

Cumulative New Partner Firms and Acquired Base Earnings[1] Since Q1 2019

($ in Millions)



**Q4 includes a new partner firm that has closed and a new partner firm that is signed and pending close as of November 3, 2022.*

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.

Illustrative Structural Protections in Our Financial Model

Earnings Preference Provides Downside Protection

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

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

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

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

Cash Flows

Strong and Sustained Growth in Cash Flows Continued in Q3

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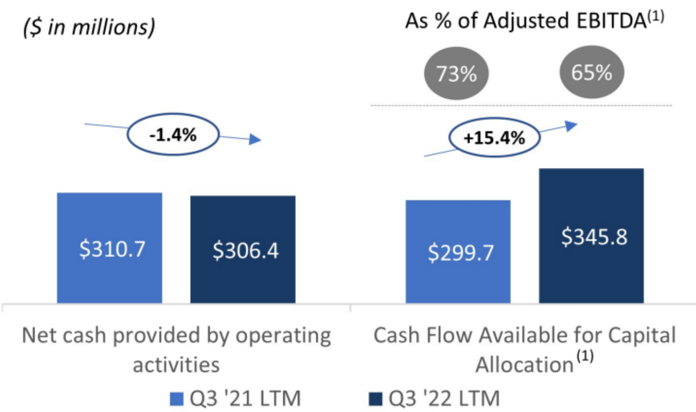
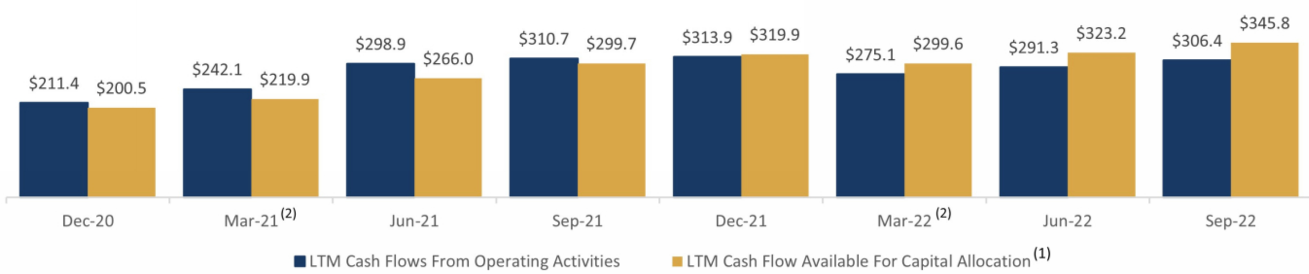
Cash Flow Snapshot



Q4 2022 Supplemental Cash Flow Disclosures

- Q4 2022 estimated cash earnouts of ~$38 million
- No Tax Receivable Agreements ("TRA") payments in Q4 2022
- Q4 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.
2. Net cash provided by operating activities for the three months ended March 31, 2021 and 2022, 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.

Over $2.8 Billion Tax Shield Created by Tax Efficient Transaction Structure

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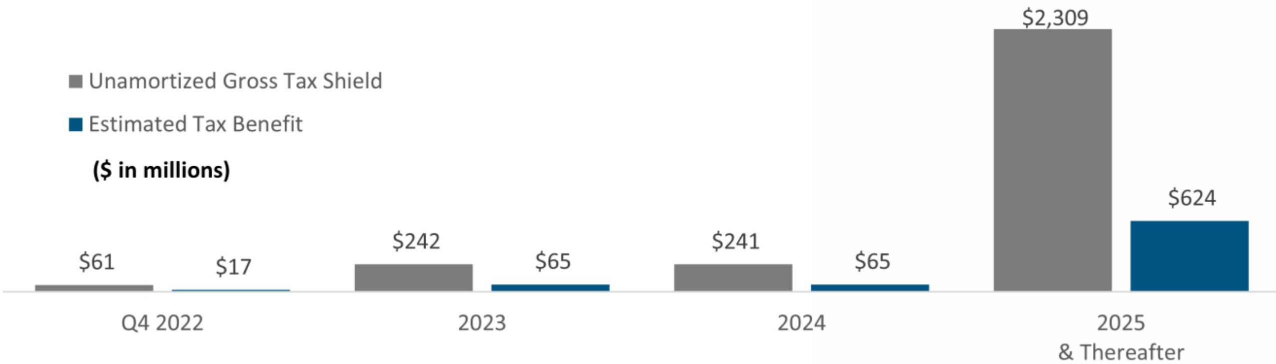
Focus generally acquires intangible assets which generate tax shields[1]

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



$2.8+ billion	~$771 million	~$498 million	~$6.11
cumulative unamortized gross tax shield[1,2]	economic benefit[3]	net present value[4]	per share[4,5]

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 September 30, 2022.
3. Based on 27% pro forma tax rate.
4. Based on assumed 8% discount rate.
5. Based on Q3 2022 Adjusted Shares Outstanding. See Appendix for reconciliation of number of shares.

Appendix

Net Income (Loss) to Adjusted EBITDA Reconciliation

FOCUS FINANCIAL PARTNERS

				Three months ended		Nine months ended	
($ in thousands)	2019	2020	2021	Sept. 30, 2021	Sept. 30, 2022	Sept. 30, 2021	Sept. 30, 2022
Net income (loss)	$ (12,025)	$ 48,965	$ 24,440	$ 1,849	$ 38,289	$ 9,505	$ 126,689
Interest income	(1,164)	(453)	(422)	(206)	(126)	(310)	(146)
Interest expense	58,291	41,658	55,001	16,543	26,491	37,893	63,999
Income tax expense	7,049	20,660	20,082	2,678	12,120	6,038	59,965
Amortization of debt financing costs	3,452	2,909	3,958	1,102	949	2,856	2,999
Intangible amortization	130,718	147,783	187,848	46,055	67,331	133,041	192,256
Depreciation and other amortization	10,675	12,451	14,625	3,622	4,016	10,835	11,454
Non-cash equity compensation expense	18,329	22,285	31,602	5,938	7,980	24,569	22,190
Non-cash changes in fair value of estimated contingent consideration	38,797	19,197	112,416	36,243	(30,708)	96,241	(82,450)
Loss on extinguishment of borrowings	—	6,094	—	—	—	—	—
Other (income) expense, net	1,049	214	337	(312)	2,347	219	3,834
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	—	—	1,409	—
Adjusted EBITDA	$ 269,834	$ 321,763	$ 451,296	$ 113,512	$ 128,689	$ 322,296	$ 400,790

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		Nine months ended	
				Sept. 30,	Sept. 30,	Sept. 30,	Sept. 30,
	2019	2020	2021	2021	2022	2021	2022
($ in thousands, except share and per share data)							
Net income (loss)	$ (12,025)	$ 48,965	$ 24,440	$ 1,849	$ 38,289	$ 9,505	$ 126,689
Income tax expense	7,049	20,660	20,082	2,678	12,120	6,038	59,965
Amortization of debt financing costs	3,452	2,909	3,958	1,102	949	2,856	2,999
Intangible amortization	130,718	147,783	187,848	46,055	67,331	133,041	192,256
Non-cash equity compensation expense	18,329	22,285	31,602	5,938	7,980	24,569	22,190
Non-cash changes in fair value of estimated contingent consideration	38,797	19,197	112,416	36,243	(30,708)	96,241	(82,450)
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	—	—	1,409	—
Subtotal	200,983	267,893	381,755	93,865	95,961	273,659	321,649
Pro forma income tax expense (27%) (3)	(54,265)	(72,331)	(103,074)	(25,344)	(25,909)	(73,889)	(86,845)
Adjusted Net Income Excluding Tax Adjustments	$ 146,718	$ 195,562	$ 278,681	$ 68,521	$ 70,052	$ 199,770	$ 234,804
Tax Adjustments (4)	$ 31,860	$ 37,254	$ 46,805	$ 11,835	$ 16,664	$ 33,365	$ 47,454
Adjusted Net Income Excluding Tax Adjustments Per Share	$ 1.96	$ 2.46	$ 3.36	$ 0.84	$ 0.86	$ 2.44	$ 2.88
Tax Adjustments Per Share (4)	$ 0.42	$ 0.47	$ 0.56	$ 0.14	$ 0.20	$ 0.41	$ 0.58
Adjusted Shares Outstanding	75,039,357	79,397,568	82,893,928	81,829,784	81,597,322	81,708,469	81,509,075
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	59,940,166	65,599,493	55,978,639	65,441,151
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	498,344	221,735	468,431	288,188
Weighted average Focus LLC common units outstanding (7)	22,424,378	21,461,080	15,200,900	12,609,173	11,898,233	16,263,935	11,899,456
Weighted average Focus LLC restricted common units outstanding (8)	—	5,005	73,983	71,374	192,627	71,374	193,289
Weighted average common unit equivalent of Focus LLC incentive units outstanding (9)	5,802,162	9,134,870	9,787,894	8,710,727	3,685,234	8,926,090	3,686,991
Adjusted Shares Outstanding	75,039,357	79,397,568	82,893,928	81,829,784	81,597,322	81,708,469	81,509,075

**** 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

FOCUS® FINANCIAL PARTNERS

** 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 September 30, 2022, 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 $65.7 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)	March 31, 2020 (3)	June 30, 2020	Sept. 30, 2020	Dec. 31, 2020	Mar. 31, 2021 (4)	June 30, 2021
	Three months ended					
Net cash provided by operating activities	$ 3,382	$ 60,996	$ 74,089	$ 72,894	$ 34,128	$ 117,832
Purchase of fixed assets	(3,188)	(2,759)	(6,744)	(6,658)	(2,835)	(1,483)
Distributions for unitholders	(4,567)	(3,076)	(8,122)	(6,692)	(9,055)	(10,053)
Payments under tax receivable agreements	—	—	—	—	(4,112)	(311)
Adjusted Free Cash Flow	$ (4,373)	$ 55,161	$ 59,223	$ 59,544	$ 18,126	$ 105,985
Portion of contingent consideration paid included in operating activities (1)	8,344	16,369	3,806	2,394	5,276	11,605
Portion of deferred acquisition consideration paid included in operating activities (2)	—	—	—	—	—	—
Cash Flow Available for Capital Allocation (3)	$ 3,971	$ 71,530	$ 63,029	$ 61,938	$ 23,402	$ 117,590

($ in thousands)	Sept. 30, 2021	Dec. 31, 2021	Mar. 31, 2022 (4)	June 30, 2022	Sept 30, 2022	Sept. 30, 2021	Sept. 30, 2022
	Three months ended					Trailing 4-Quarters ended	
Net cash provided by operating activities	$ 85,888	$ 76,070	$ (4,642)	$ 133,934	$ 101,024	$ 310,742	$ 306,386
Purchase of fixed assets	(2,242)	(4,458)	(3,232)	(3,197)	(6,723)	(13,218)	(17,610)
Distributions for unitholders	(7,283)	(5,920)	(8,209)	(7,747)	(4,563)	(33,083)	(26,439)
Payments under tax receivable agreements	—	—	(3,856)	—	—	(4,423)	(3,856)
Adjusted Free Cash Flow	$ 76,363	$ 65,692	$ (19,939)	$ 122,990	$ 89,738	$ 260,018	$ 258,481
Portion of contingent consideration paid included in operating activities (1)	20,415	16,439	23,049	18,202	29,571	39,690	87,261
Portion of deferred acquisition consideration paid included in operating activities (2)	—	—	—	—	16	—	16
Cash Flow Available for Capital Allocation (3)	$ 96,778	$ 82,131	$ 3,110	$ 141,192	$ 119,325	$ 299,708	$ 345,758

1. A portion of contingent consideration paid is classified as operating cash outflows in accordance with GAAP (with the balance reflected in investing or financing cash outflows) and therefore is a reconciling item to arrive at Cash Flow Available for Capital Allocation.
2. A portion of deferred acquisition consideration paid is classified as operating cash outflows in accordance with GAAP (with the balance reflected in financing cash outflows) and therefore is a reconciling item to arrive at Cash Flow Available for Capital Allocation.
3. Cash Flow Available for Capital Allocation excludes all contingent consideration and deferred acquisition consideration that was included in either operating, investing or financing activities of our consolidated statements of cash flows.
4. Net cash provided by operating activities for the three months ended March 31, 2020, 2021 and 2022, 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.