



# MIDDLEGROUND CAPITAL YEAR IN REVIEW

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20  
21

# FOREWORD



LAUREN MULHOLLAND  
Co-Founding Partner

A handwritten signature in white ink that reads "LAM".

We entered 2021 optimistic for a period of recovery and growth coming out of the turbulence of 2020. Our portfolio companies, and the end markets they serve, experienced a resurgence of manufacturing activity, as evidenced by the year-over-year PMI data trending positively for the first time since 2018. These market factors drove substantial opportunity for our businesses and for the industrial M&A markets. Businesses in our sector readied themselves for sale and by Summer 2021, we were back to many “in-person” conferences and had achieved our highest deal volume ever, teeing up a record year for the firm.

2021 exceeded our optimistic expectations and we are extremely grateful to our community of investors, intermediaries, lenders, executives and advisors for supporting our firm.

For many, the beginning of 2021 signaled an opportunity to recover from a difficult and unpredictable 2020 stemming from the COVID-19 pandemic. While most of our companies did see strong demand from the industries they serve, 2021 provided its own difficulties as well. While our portfolio companies worked hard to protect our employees during 2020, hiring and retention was still a significant challenge during 2021. In addition, our companies worked daily to negate the difficulties in their supply chains so as not to disrupt their customers. Of course, our automotive-related companies experienced weakened and unpredictable production schedules due to global chip shortages. Despite these challenges, it was exciting to see a year of strong performance from our portfolio.

As we have said before, our employees are our greatest asset. We are committed to investing in the team’s growth and development.



SCOT DUNCAN  
Co-Founding Partner

A handwritten signature in white ink that reads "Scot Duncan".

# 2021 ACTIVITY SNAPSHOT

\$2B+

ASSETS UNDER MANAGEMENT

\$1B+

FUNDS RAISED

\$650M

CAPITAL DEPLOYED

\$320M

CAPITAL RETURNED

60%

DEI HIRES

\$32M

EBITDA GENERATED THROUGH VCP

\$97M

CASH GENERATED THROUGH VCP

8

ACQUISITIONS

# 2021 FUNDRAISING ACTIVITY

## \$800M

### MIDDLEGROUND PARTNERS II

In 2021, MiddleGround closed on \$1.1 billion of fund commitments. We closed on \$802 million for our second flagship mid-market industrials-focused buyout fund, MiddleGround Partners II, and its affiliated parallel funds. The fund represents a continuation of the firm's core strategy employed by its debut fund, MiddleGround Partners I, which closed in 2019 at \$460 million. The second flagship fund was raised with just three months from first to final close.

MIDDLEGROUND HAD 21 OUT OF 22  
FUND I INVESTORS REUP IN FUND II

## \$250M

### MOBILITY OPPORTUNITY FUND

MiddleGround raised an additional \$251 million for its Mobility Opportunity Fund, a dedicated overflow vehicle that invests in automotive companies with exposure to electrification of the powertrain, vehicle light weighting, connected and autonomous vehicle technology. The Mobility Opportunity Fund invests alongside MiddleGround's core funds enabling us to take advantage of our deep automotive experience and invest in larger deals. MiddleGround Founding Partners John Stewart and Scot Duncan, who started their careers with Toyota Motor Corporation, oversee our Operating Team that has over 200 years of experience in the automotive industry.



# 2021 CO-INVESTMENT

Our co-investment program enables us to deepen our relationships with our investors by providing them with access to our entire team and underwriting philosophy on every deal. It provides our investors with the opportunity to reduce their fees with us and affords MiddleGround the opportunity to do large deals without overconcentrating our funds in any one asset or end market. Everybody wins.

**\$280M**

in co-investment deployed alongside  
Fund I, Fund II and MOF in 2021

**24**  
LPs have  
participated in  
co-invest in  
2021

We offer co-invest to  
our fund LPs on a  
no fee / no carry basis.

**\$20.5M**

Mezzanine lending raised from LPs  
alongside Fund II in 2021

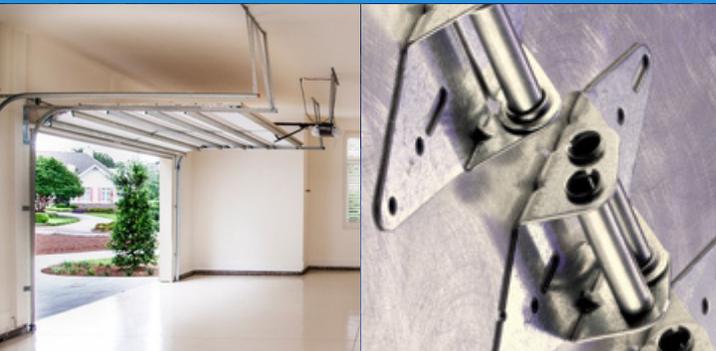


# 2021 NEW PLATFORMS



## COMPANY SNAPSHOT

Investment Date:	September 2021
Revenue:	~\$215M
Sector:	Building Products
Headquarters:	Archbold, OH
Footprint:	6 Facilities across US & Canada



Arrow Tru-Line is an independent manufacturer and supplier of structurally critical overhead garage door hardware components.

The Company manufactures and sources a complete offering of essential hardware including hinges, brackets, angles, tubes, springs and pre-assembled track set through the processes of rollforming, stamping, assembling and sourcing products.

## COMPANY SNAPSHOT

Investment Date:	October 2021
Revenue:	~\$650M
Sector:	Automotive
Headquarters:	Oldcastle, ON
Footprint:	9 Countries



Plasman is a leading global manufacturer in bumpers/fascia, grilles, exterior trim and subsystem components.

As One Driving Force™, the company's diverse team of talented employees across nine countries are driven by a commitment to outperform in all areas from engineering design to state-of-the-art manufacturing processes.



# 2021 NEW PLATFORMS



## COMPANY SNAPSHOT

Investment Date:	November 2021
Revenue:	~\$110M
Sector:	Infrastructure
Headquarters:	Canal Fulton, OH
Footprint:	OH, CO, FL, NC & SC



Lindsay Precast produces sanitary and storm sewer products, electrical and telecom utility products, solar inverter skids and ballast bases, box culverts and bridge products, and various other products, for its diverse customer base that includes state and municipal government entities, utility companies, renewable energy companies, and the federal government.

## COMPANY SNAPSHOT

Investment Date:	November 2021
Revenue:	~\$185M
Sector:	Automotive
Headquarters:	Mentor, OH
Footprint:	US, Canada & Europe



Race Winning Brands is a leading designer, manufacturer, and distributor of branded automotive aftermarket and powersports aftermarket products for enthusiast and racing consumers.

RWB consists of a 12-brand portfolio of high-performance aftermarket product categories, with applications across a diverse group of automotive and powersports vehicle segments.



# 2021 NEW ADD-ONS

**BENTELER**  
(2 Facilities)



**SHILOH**

The Benteler facilities, located in Kalamazoo, Michigan and Goshen, Indiana, provide complementary hot forming and welding capabilities to Shiloh, as Shiloh has streamlined its operations to focus on lightweighting within its stamping business under MiddleGround's ownership. The Goshen and Kalamazoo facilities are well capitalized and have open capacity to serve both current and future customers.

MiddleGround has a long-term vision for the automotive industry and these facilities offer great opportunities for our Dura / Shiloh platforms to serve those needs.

National Kwikmetal Services ("NKS") is a specialty metal services provider focused on small to medium size customers with no minimum purchasing volumes.

NKS provides differentiated metal products and processing capabilities across the automotive, general industrial, aerospace and defense, power generation, medical, and infrastructure and construction end markets.

NKS' unique position within their selected markets allows them to seize the opportunity to serve customers more effectively than other large traditional service centers.

**NKS**  
NATIONAL  
KWIKMETAL  
SERVICE



**BANNER**  
INDUSTRIES

**KADDIS**  
MANUFACTURING CORP.



**ALCO**

Kaddis Manufacturing is manufacturer of high-tolerance and high-volume machined parts for the fluid systems, industrial sensor, medical device, motor and automotive end markets.

Kaddis' specialty manufacturing capabilities further broaden and accelerate diversity across several important dimensions in our overall machining business, particularly around the precision machining of brass and aluminum materials

# ADD-ON STRATEGY

Investing in the growth of our companies is a top priority at MiddleGround. We completed 3 add-on transactions in 2021 and have added 6 in total across our Fund I platforms to date. We are opportunistic across our platforms but are actively pursuing M&A opportunities for 5 of our platforms with the below criteria.

	GEOGRAPHY	SIZE	END MARKETS	PRODUCTS / APPLICATIONS	CAPABILITIES / SERVICES	COMPLETED ADD-ONS
	North America	\$20M - \$100M in sales	Performance aftermarket for auto and powersports	High performance parts, including braking, suspension, heating cooling, and other propulsion agnostic parts	Manufacturing; Strong eCommerce DTC presence a plus	
	Texas, Florida, Southeast US	>\$5 EBITDA	Solar, Transportation, Utilities, Water	Precast concrete structures for infrastructure and energy	Steel fabrication and other vertical integration a plus	
	North America; West Coast, Southeast a plus	>\$3 EBITDA	Building products for residential and industrial; Repair and remodel a plus	Springs, HVAC hardware, exterior and interior metal hardware for both homes and industrial buildings	Manufacturing, kitting, assembly  Dealer / distributor or contractor channel preferred	
	North America, especially Northeast and West Coast	>\$3M EBITDA / positive FCF	Medical and aerospace, industrial	Bar (all types), coil laser / plasma / water jet cutting	Heat treating, sheet / plate / blank cutting, sheering, slitting	 
	North America especially Midwest or Northeast	>\$1M EBITDA / >10% EBITDA margin/ single facility	Aerospace & defense, medical, plumbing, consumer, industrial	Screw machine, fasteners, clamps, structs, valves, connectors, fittings private label	Secondary processes (flats, holes, etc.), assembly, CNC, swiss/multi-spindle machining lines	 

# 2021 TEAM UPDATES

40%  
WOMEN  
IN ENTIRE FIRM

60%  
DEI  
TEAM MEMBERS

50%  
WOMEN ON  
EXECUTIVE TEAM

## STRATEGIC NEW HIRES



JUSTIN STEIL

Managing Director  
Investment



MANDY KAMM

Director  
Investor Relations



VISWA MARAMREDDY

Vice President  
Investment



TED TOPONAK

Vice President  
Operations



STAN STANFORD

Vice President  
Operations



JOSH SKELLY

Vice President  
Operations



JASON JACOB

Vice President  
Operations



SHELBY HUNDLEY

Vice President  
Human Capital

## PROMOTIONS



CHRISTEN PARAS  
Managing Director  
BD, IR, Marketing



TROY GONZALES  
Vice President  
Operations



ZACH JACKSON  
Vice President  
Operations



YUJI YOKOI  
Vice President  
Operations



DAVE WAGNER  
Vice President  
Data Analytics



BRENT HOLUTA  
Associate  
Data Analytics



LINDSAY QUINTERO  
Senior Associate  
Investment



TYLER MAY  
Senior Associate  
Investment



BRANDON HAMEL  
Senior Associate  
Investment



DAVID WALDEN  
Vice President  
Investment



ALLISON TONNESEN  
Associate  
Marketing

## 2022 STRATEGIC HIRES



DEDICATED ESG  
PROFESSIONALS

Lexington, KY



FUND  
CONTROLLER

Lexington, KY



MANAGING DIRECTOR  
OPERATIONS

North America



ASSOCIATE  
INVESTMENT

Lexington, KY

# 2022 LOOKING AHEAD

A statement by Founder and Managing Partner, John Stewart

WHAT AN INCREDIBLE 2021! We are so proud of our team and the goals we were able to accomplish through the year.

Every year at MiddleGround Capital we develop our strategic plan for the following year. We review the current year results and then reflect on our mid-range 5-year plan. We call our yearly strategic plan our hoshin. In Japanese, hoshin means “direction” or more specifically the “needle of a compass”. All of our accomplishments are part of a thoughtful detailed plan where every member of our firm participates. Our hoshin has activities from every function of the firm including capital deployment, portfolio performance, capital return, hiring, promotions, back office systems, investor relations, business development, marketing, and more.

For 2021, we ended the year with over \$2.0 billion of assets under management, we raised over \$1.0 billion in new capital across two funds. We had 21 of 22 investors in Fund I reinvest in Fund II. With the help of Credit Suisse, Fund II was closed with only 3 months from first to last close. This expedited fundraising process helped us to stay focused on the portfolio and, as a result, we returned \$330 million of capital to our investors. We completed 5 new platforms and numerous add-ons investing \$650 million of new capital. 2021 started out a little slow but we closed out the year executing 6 transactions in 60 days. We hired 16 new employees and we are demonstrating our commitment to Diversity, Equity and Inclusion, with 60% of the firm being female and other minorities and 50% of our executive team being diverse. We ended 2021 by closing the office for 2 weeks to allow our team to rest for 2022.

WE ARE READY TO NOW RAISE THE BAR EVEN HIGHER HEADING INTO 2022!

## KEY ORGANIZATIONAL ACTIVITIES

This year we are leveraging our investment in our team and improving our organizational structure. We want to expedite decision making by pushing decisions to the lowest level possible.

We are excited to announce that Founding Partner, Lauren Mulholland will be taking over the responsibility for managing the investment team across the firm. Justin Steil, who joined us in March 2021 as a Managing Director, with the intention of being a Partner in the firm, has been named the Head of our New York Office Investment Team and Ryan McComb, who joined MiddleGround as a Senior Associate in 2018, was promoted to Vice President in 2019 has been named the Head of our Lexington Investment Team. We look for Ryan to be promoted to Director in 2022.

Christen Paras was promoted to Managing Director of Business Development, Investor Relations & Marketing and we are excited to continue building out her team. When completed later this year, Christen’s team of eleven professionals will manage all exterior relationships for MiddleGround Capital including business development, investor relations and marketing. Christen is also one of our best and brightest and is on track to be a future Partner in the firm.

Recently Rick Brawn joined our team from GenNx360 as Managing Director of our North American Operations Team. Rick reports to Founding Partner, Scot Duncan. We expect great things from Rick in 2022 and one of those is his ability to free Scot up to help us focus on some strategic areas of the firm.

With Rick’s hire, Scot’s role expands beyond managing the day to day of the Operations Team to managing our new ESG Team. As the 1st signatory to the UNPRI for Industrial funds under \$1 Billion, we are expanding our ESG mandate and incorporating into every area of our firm and portfolio.

Madelyn Tutewiler, formerly of Valvoline, joins MiddleGround in February of 2022 to lead our ESG program under Scot’s direction.

David Wagner, formerly a Vice President on our Operations team, is now leading our Advanced Data and Analytics Platform. David will report to Scot Duncan with a goal to build his team out to four professionals, including Data Scientists, Machine Learning and Artificial Intelligence resources. Our Advanced Data Analytics Team Platform will position MiddleGround to have the most robust Data Scientist team in Middle Market Industrials.

John Dotson, joins MiddleGround with over 20 years of experience leading automation projects at Toyota. As part of our 2025 vision for improving the starting wage in our portfolio to \$25 per hour, John will be building an automation team that will eliminate low skill, low paying jobs, replacing them with higher paying jobs that will enable our portfolio companies to meet the increased demand for their products without dramatically increasing headcount. This is essential given the current lack of skilled workers for Industrial jobs in the workforce.

Jamie Meurer, our CFO and Monica McClinton, one of the few African American female Partners in Middle Market Industrials are dramatically improving the functions and capability of our back office and reporting. In 2021, Jamie led the implementation of NetSuite for the management company and we are investing in her team with 5 strategic hires.



# 2022 LOOKING AHEAD CONTINUED

A statement by Founder and Managing Partner, John Stewart

## ESG INVESTMENT STRATEGY

We are always looking for opportunities to make investments on behalf of our investors and utilize our skill as Operating Professionals to create value. Recently we have identified some opportunities in the Industrial B2B space where there is an opportunity to transition some legacy businesses that are using outdated technology that contribute to global warming, have less than ideal, sometimes deplorable working conditions but are manufacturing products that are relevant and necessary for a productive society. With our operating background, MiddleGround Capital is uniquely positioned to identify, address and execute on these types of projects. Our skills as Operating Professionals and capabilities along with our strong desire to make an impact on our communities is the perfect combination to address these challenging situations and when we invest in these types of opportunities, we increase the universe of strategic buyers for these companies upon exit. Once we refine our investment strategy we may explore a specific pool of capital to invest in these opportunities.

## EUROPEAN OFFICE

Currently, our portfolio companies now have over 30 facilities located in Europe. As discussed with our LPs at our Annual General Meeting in October of 2021, MiddleGround Capital plans to open a European office in 2022. We have hired a relocation consultant to identify potential locations and initially build out the office with operating professionals to help manage the funds European assets. Eventually we believe we can build a team in Europe to replicate our successful middle market industrial B2B strategy in Europe.

## CAPITAL RETURNS

In 2022, we look to return over \$600 million of capital to our investors. We have 3 portfolio companies from Fund I that we plan to exit and are selling some non-core assets at two of our mobility platforms, Dura and Plasman. These divestitures will return significant capital and align the majority of the companies' business with our core mobility strategies.

## CAPITAL DEPLOYMENT

Similar to 2021, we plan to invest over \$700 million this year in 5-6 new platforms. We also are targeting strategic add-ons for many of our existing platforms.

## PROJECT SPARK

Late in 2021, MiddleGround Capital made a controlling investment in one of the most exciting mobility platforms to date. Project Spark is a company that utilizes its proprietary software to develop vehicle control systems for electric and autonomous platforms across a broad range of applications and with a "Who's Who" list of customers. Expect to hear some exciting news about Project Spark in 2022.

As you can see 2022 is lining up to be as exciting as 2021! None of these wonderful things would be possible without our team. We have the most talented operating and investment professionals investing capital in Middle Market Industrials and everything we have accomplished is possible because of them.

WE ALSO WOULD LIKE TO THANK ALL OF OUR INVESTORS WHO HAVE HELPED TO MAKE OUR VISION A REALITY.



JOHN STEWART

Founder & Managing Partner

A handwritten signature in white ink that reads "John Stewart". The signature is stylized and cursive.





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