



2024

YEAR IN REVIEW

WWW.MIDDLEGROUND.COM



2024 YEAR IN REVIEW

2024 In a Nutshell

Our Consistent Strategy

Deal Origination

2024 Acquisitions

- IT8
- Starrett
- Helix
- Stemmer Imaging
- GMS Instruments

Our In House Expertise

See Us in Action

- Operations
- Automation

ESG at MiddleGround Capital

ESG at Our Portfolio Companies

MGC Company Culture

Looking Ahead

Disclaimers



FROM OUR FOUNDER

It's easy to succeed in an up market, but the real achievers rise to the top during times of difficulty. 2024 was one of those times. We were still reeling from COVID and geopolitical unrest, which had caused ongoing supply chain complications and inventory de-stocking, in addition to U.S. inflation trends, which sparked interest rate swings and made capital expenditures more difficult. On top of these challenges, deal flow was down.

Despite all the factors working against us, I'm proud of the five acquisitions we closed and our ability to operate our businesses effectively under pressure. The successes we achieved in 2024 required creativity, tenacity, and grit. I'm proud to say that the MiddleGround team is no stranger to all three attributes, as you'll see throughout our Year in Review.

JOHN STEWART
 Founder & Managing Partner

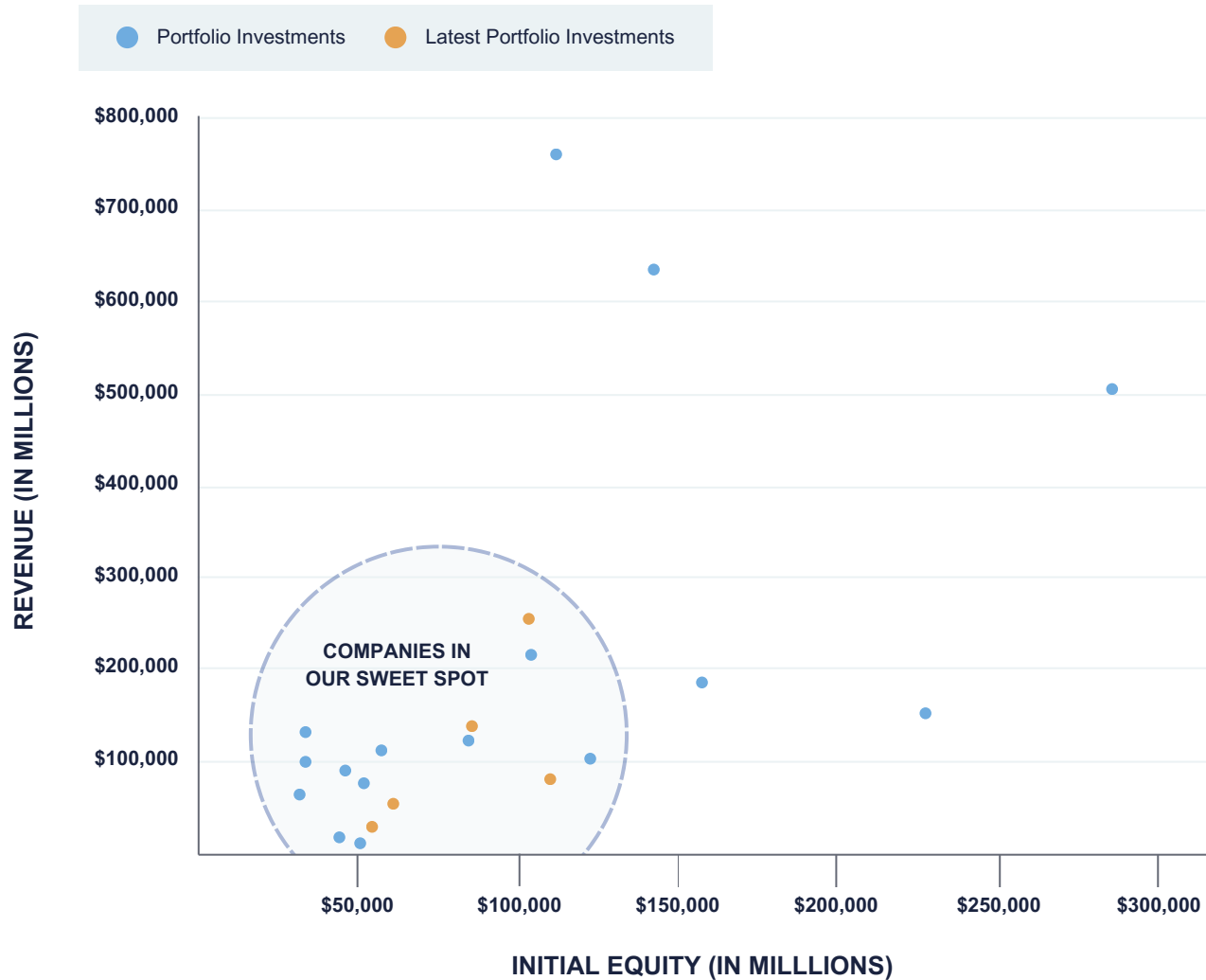
→ 2024 FIRM ACTIVITY

\$3.85B	\$3B
AUM*	Capital Deployed to Date
\$778M	\$1.48B
Gross Capital Returned to Date	Completed Co-Invest to Date
5	76%
Acquisitions	of Employee Satisfaction Survey Rated 4+ out of 5
29	221
Portfolio Operating Countries	Portfolio Operating Facilities

→ 2024 AWARDS



*As of 9/30/2024



STAYING TRUE TO OURSELVES

Our Founding Partner started as an hourly worker on the Toyota factory floor, where he learned the value of efficient operations and continuous improvement. These values were core to his career path and are now central to MiddleGround’s strategy.

Our extensive experience as operators in manufacturing and specialty distribution within the lower middle market B2B sector is what sets us apart. Despite the speed at which we have scaled, we have remained committed to our strategy.

When reviewing our portfolio, the vast majority of portfolio companies fit within our ‘sweet spot’ and our 2024 investments are no different. As we continue to raise funds and grow as a firm, we will stay true to our values and the focused strategy that has served us well since we opening our doors in 2018.

22

Total Platforms

16

Platforms in Our “Sweet Spot”

6

Platforms Driven by Co-Investment

\$1.48B

Completed Co-Invest to Date

FOCUS IS A MIDDLEGROUND BUZZWORD

that pops up during deal evaluations, operations discussions, and beyond. Unlike many in the market who act as generalist investors, we’ve always had a clear idea of what makes something a ‘MiddleGround deal.’ While that makes us selective, it has also contributed to our success.

JUSTIN STEIL

Partner, Co-Head of NA Transaction Team





2024 MARKET CONDITIONS

Given the slow capex spending due to high interest rates, gradual normalization of supply chains, and inventory de-stocking trends impacting distribution businesses, it comes as no surprise that the industrial manufacturing and specialty distribution markets were soft in 2024.

Maintaining deal flow has required intense focus, strategic thinking, and creativity. However, the struggles have made the successes all the sweeter. In 2024, our growing team employed creative sourcing strategies to keep transactions moving, particularly through take-privates. We were especially proud to be named a Top Quartile Deal Originator for the fourth consecutive year by Sutton Place Strategies.

DEAL ORIGINATION IN A TOUGH MARKET

In 2024, we closed two take-private deals, Starrett and Stemmer, following our first CV (Castle Metals/Banner Industries) in 2023. Through these deals, we demonstrated that consistent additional sourcing projects can yield significant benefits when traditional sourcing strategies slow down. Our Investment team has maintained a take-private strategy in various iterations since 2020, which allowed us to act quickly when market conditions shifted.

“BY FAILING TO PREPARE, YOU PREPARE TO FAIL are words I have always taken to heart, and reaping the rewards of a carefully planned take-private strategy from 2020 was the highlight of my year!

DYANA BAURLEY
Director, Head of NA Business Development



→ TAKE PRIVATES TAKE-OFF IN 2024

Starrett®

→ Precision Measurement Tools and Manufacturing Instruments

→ May 2024

Starrett is a testament to the importance of tenacity. As the “World’s Greatest Toolmakers”, they have a stellar reputation in precision measurement tools and manufacturing instruments, which put them at the top of our target list.

For years, our Managing Partner, John Stewart, sent personal inquiries to their CEO which made a strong impression. When Starrett began exploring going private, our long term conviction put MiddleGround top of mind for the management team - eventually leading to a successful close in 2024.



STEMMER
IMAGING

→ Machine Vision

→ November 2024

The Stemmer Imaging deal process showcases the value of dedicated thesis areas. In 2023, the European-focused Industry 4.0 Thesis was adapted from the U.S. thesis (developed in 2021). This empowered one of our key advisors, Jefferies, by giving them a focused approach in identifying over 200 new opportunities.

One such opportunity was Stemmer. We were introduced in 2H 2023 before a formal process was in place; that meeting catapulted us to the top of the list when the process launched in 2024, resulting in a completely proprietary transaction.



PORTFOLIO

ACQUISITIONS



INDUSTRY 4.0

- **Investment Date:** March 2024
- **Footprint:** 5 Facilities Across 5 Countries
- **Sector:** Engineering Services
- **Fund:** Fund II / MOF
- **Headquarters:** Valencia, Spain
- **Co-Invest Available**

ABOUT IT8

Founded in 2004, IT8 offers mechanical, electrical, and programming engineering services, as well as construction services, primarily in the automotive and warehouse automation end markets.

WHY IS THIS A MIDDLEGROUND DEAL

For MiddleGround, IT8 presents an opportunity to invest in a high-growth engineering service provider that is well positioned to benefit from both Industry 4.0 and mobility trends in the North American and European markets. IT8 aligns with our Industry 4.0 thesis, and our VCP plans to drive equity value by accelerating top-line growth with existing customers while addressing capacity management and workforce needs. We also believe there is growth potential in expanding IT8's geographical reach and exploring additional end markets, particularly in warehouse automation.



→ PLANNED VCP

- End market diversification with increased warehouse automation sales and industrial automation to support exit multiple expansion
- Cross-selling and identifying automation opportunities within the portfolio
- Continued investment in key SG&A functions

→ COMPLETED VCP*

- ~€5M free cash flow generated in 9 months
- ~€0.3M labor savings through global capacity management leading to better staffing
- New CFO and CHR hired, improved organization structure
- Financial onboarding completed

*Data from Investment Date to 11/30/24

Starrett®

- **Investment Date:**
May 2024
- **Sector:**
Precision Measurement Tools and Manufacturing Instruments
- **Headquarters:**
Athol, Massachusetts
- **Footprint:**
8 Facilities Across 4 Countries
- **Fund:**
Fund III
- **Co-Invest Available**

ABOUT STARRETT

Founded in 1880 and based in Athol, Massachusetts, Starrett is a leading manufacturer of branded, precision-focused tools, including dimensional metrology tools and equipment, saw blades, and precision granite assemblies for industrial, professional, and consumer markets.

WHY IS THIS A MIDDLEGROUND DEAL

For MiddleGround, Starrett represents an opportunity to acquire a market-leading developer and manufacturer of branded precision tools with more than over 140 years of history and a legacy of exceptional accuracy, durability, and product quality. We look forward to furthering the company's already strong performance by maximizing operational efficiency and capitalizing on key trends, including advanced manufacturing and reshoring, to expand their already robust product offerings.



→ PLANNED VCP

- Cut excessive spend on fixed costs and leverage professionalized sourcing practices for cost savings
- Improve on time delivery rates by improving throughput
- Optimize working capital, generate cash, and improve profitability via SKU rationalization

→ COMPLETED VCP*

- ~\$6.6M of realized SG&A reductions
- 20% reduction in active SKUs (941 SKUs) via rationalization project
- 8% improvement in on time delivery rates
- New CEO hired

helix



MOBILITY

- **Investment Date:** July 2024
- **Footprint:** 3 Facilities in the UK
- **Sector:** Automotive
- **Fund:** Fund II / Mobility Opportunity Fund
- **Headquarters:** Milton Keynes, United Kingdom
- **Co-Invest Available**

ABOUT HELIX

Founded 26 years ago, Helix initially operated as a consultancy providing design, development, testing, and prototype manufacture of combustion engines. Today, Helix offers world-class electric drive solutions for Motorsport, high-performance automotive, and other e-mobility markets, backed by strong design and engineering capabilities.

WHY IS THIS A MIDDLEGROUND DEAL

For MiddleGround, Helix represents an opportunity to partner with an already strong business that has developed some of the highest-performing products in electric motors and inverters. We believe there is potential to add value through our operational expertise by further enhancing Helix's commercial strategy, expanding production capacity to meet increasing demand, implementing procurement best practices, investing in new product development, and entering new markets and product segments.



→ PLANNED VCP

- Senior-level hires to enhance organization
- Support design planning and build out of new automated production line to increase capacity and reduce BOM costs
- Support commercial efforts to penetrate strategic growth markets by exploring joined opportunities with Xtrac

→ COMPLETED VCP*

- 2x increase in October 2024 output compared to monthly average
- Established Operational Control Board to revamp planning processes

*Data from Investment Date to 11/30/24



INDUSTRY 4.0

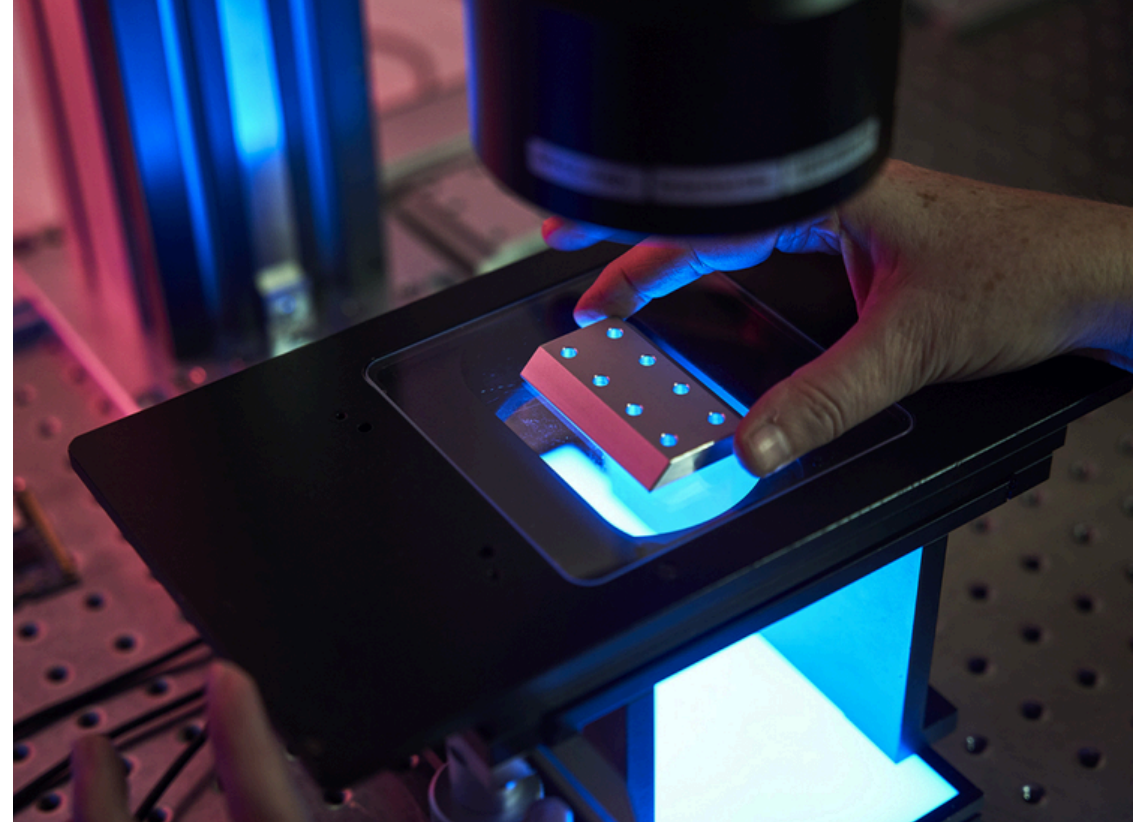
- **Investment Date:** November 2024
- **Sector:** Machine Vision
- **Headquarters:** Munich, Germany
- **Footprint:** 19 Facilities Across Europe, North America, and South America
- **Fund:** Fund III
- **Co-Invest Available**

ABOUT STEMMER

Stemmer Imaging is the leading international systems house for machine vision technology. With a strong background in engineering expertise, Stemmer Imaging offers a comprehensive range of machine vision services for both industrial and non-industrial applications. These services range from value-added offerings to the development of subsystems and proprietary products, all built on an extensive commercial product portfolio.

WHY IS THIS A MIDDLEGROUND DEAL

For MiddleGround, Stemmer represents an opportunity to invest a company at the forefront of automation services that aligns perfectly into our Industry 4.0 thesis. We believe our ability to streamline operations and improve supply chain management will enable the company to focus on evolving its technology and capabilities to meet the needs of customers seeking to leverage machine vision technology, positioning the company to capitalize on Industry 4.0 tailwinds.



→ PLANNED VCP

- Expansion into US market utilizing a recently completed US acquisition, Stemmer's current international supplier contracts, and MGC NA team
- Cut material costs spend through professionalized supply chain management, procurement, and sourcing practices
- Integrate historical acquisition into German location, centralizing warehousing and SG&A functions



- **Investment Date:**
June 2024
- **Footprint:**
1 Facility
- **Sector:**
Maritime and Offshore
- **Fund:**
Fund II
- **Headquarters:**
Rotterdam, Netherlands



ABOUT GMS INSTRUMENTS

Based in Rotterdam, Netherlands, GMS Instruments is a value-added distributor of measurement, regulation, and control instruments to the marine, offshore, and industrial end markets. Their extensive product inventory includes instruments for pressure, temperature, flow, and level, as well as valves and actuators, diagnostics, environmental and engine control, test and calibration, and gas detection.

WHY IS THIS A MIDDLEGROUND DEAL

For MiddleGround, this acquisition represents a key step in expanding the W&O Supply business as part of our long-term commitment to investing in both organic and inorganic growth initiatives across the VytI Controls Group platform. In addition to unlocking new orders with a more comprehensive set of offerings, the combination will enable W&O to sell GMS products across its geographic footprint, while also expanding W&O's reach into large EU Newbuild Groups (e.g., Vard in Norway) and the submarine market (Damen Shipyards).

→ PLANNED VCP

- Cross sell, streamline order processes, and international exports between VytI Controls Group and GMS Instruments
- Create economies of scale by optimizing labor and centralizing warehouses for SG&A savings



OPERATIONS

UPDATE

\$52.5M

Gross Capital Returned
in 2024

\$720M

Combined Spending for
a Leverage Purchase
Program

33

Operations Team
Members



CREATING VALUE OPERATIONALLY

Since opening our doors in 2018, operational excellence has been central to creating value. We invest exclusively in companies that can be improved operationally and develop a comprehensive plan to address those issues before the deal even closes.

A key example of how we create value operationally is Alco, our first investment in 2018. Our VCP included pricing opportunities, improvement to payables terms, and Lean manufacturing practices to reduce CapEx and labor costs—providing opportunities for us to add value. We've executed that VCP by:

- Completing 3* strategic acquisitions
- Returning \$35M* dividends on a \$54M investment
- Generating ~\$15M* through net working capital improvements
- Generating ~\$8M* through strategic pricing initiative

Our in-house Operations Team doesn't just install processes and equipment and then leave; they work to change cultures by emphasizing continuous improvement. They are committed to collaborating with our portfolio management teams, and their experience spans across industries and disciplines. The team includes shop floor vets, automation wizards, and, this year, we've also formed a team of operators focused on financial analysis to identify cash flow and pricing opportunities.

MEET OUR NEW MD

We are excited to announce that Jason Jacob has taken on the role of Managing Director of our Operations Team this year. With nearly 30 years of operational experience, including 21 years at Toyota, Jason brings a wealth of expertise and a proven track record of driving operational excellence.

SINCE JOINING MIDDLEGROUND IN 2021, I've had the privilege of collaborating with an exceptional group of colleagues who share a commitment to driving measurable (and sustainable) growth across the portfolio through operational excellence. As our firm continues to grow and mature, offering more specialized expertise across operations, financial analysis, and automation, we will remain strong partners to our portfolio company leaders through 2025 and beyond.

JASON JACOB
Managing Director, Operations

*Data from Investment
Date to 11/30/24



SEE OUR AUTOMATION
FACILITY TOUR!

AUTOMATION TEAM

We launched our automation division in May 2022, and it now consists of three mechanical engineers, three fabricators, three controls engineers, and two maintenance specialists. This team supports our portfolio and is also involved in diligence processes to identify value creation opportunities before we make an investment.

Not only is automation often beneficial for the manufacturer, but it also allows us to make better use of our existing workforce while improving throughput. A machine can operate during breaks, lunches, and multiple shifts, maximizing output and creating equity value.

When it comes to the types of automation installations we undertake, we prioritize identifying safety or ergonomic issues. Second, we focus on repeatability with minimal variation. Standardized designs allow us to minimize project costs while maximizing impact. Third, we aim to address pain points across our portfolio companies.

10+

Installs to Date

250+

Automation
Opportunities
Identified to Date

14

Automation Team
Members

LABOR PLANNING

Labor costs significantly impact your balance sheet, especially in light of market volatility. To address this, our Operations Team developed a Labor Planning Tool (LPT) that forecasts production capacity by analyzing historical labor efficiency and key performance indicators (KPIs), enabling leaders to make data-driven labor decisions.

→ KEY HIGHLIGHTS

- Deployed in 31 new facilities in 2024
- Delivered 5-20% operational efficiency improvements at each location
- Adaptable for use in any business model

PRIORITIZATION

With 200+ facilities in our portfolio, prioritizing those with the highest potential for improvement is crucial. The Plant Operations Prioritization Tool targets the top 20-30 plants with the greatest equity value creation opportunity from a fund portfolio perspective rather than an individual company view.

→ KEY HIGHLIGHTS

- In-depth analysis of the cost of sales (COS), including labor (direct/indirect), materials, and overhead, to identify performance gaps, glide paths, and impacts
- Establishes actionable plan based on gaps in financial performance at the facility level and the impact on equity value
- Collaborates with plant management to pinpoint root causes of financial gaps and implement targeted improvements
- Focuses on enhancing operational KPIs such as operation rate, on-time delivery, overtime, and scrap
- Create a clear link between operational and financial KPIs to ensure we drive positive change for the plants and the company's bottom line



CROSS SELLING

As leading suppliers continue to join our portfolio, cross-selling opportunities have become a key focus. Notably, our partnership with Castle Metals/Banner Industries, a top processor and distributor of metal bar products, resulted in a ~\$75M revenue increase. We are also exploring additional cross-portfolio synergies, such as consolidating services like insurance, to drive down costs.

→ KEY HIGHLIGHTS

- IT8, an engineering services provider, joined in 2024 to support automation projects across our portfolio
- IT8 is projected to contribute over ~\$2.5M in projects in 2025

→ OPERATIONS CASE STUDIES

~\$500K

Annual Cost Savings

BANNER MEDICAL: Gained **30-35** hours machine time per day while reducing head count by six in the same timeframe. Reduced overtime from **30%** to **<15%** for cost savings **~\$500K** annually.

~\$1M

Annual Cost Savings

PLASMAN (Ghent, Belgium): Scrap reduction of **>60%** (Paint and IMM) and efficiency improvements for cost savings **~\$1M** annually.

~\$9M

Annual EBIDTA Improvement

PLASMAN (Greer, South Carolina): Plant transformation (scrap reduction **50%**, head count reduction **> 300**, etc.) for **~\$9M** annual EBIDTA improvement.

20%+

YOY Revenue Growth

SIXAXIS: Moved to a new expanded facility with no customer disruptions in January. Since, the layout and material flow improvements have allowed them to grow revenue by **20%+** year over year.

~\$1M

Annual Cost Savings

SIXAXIS: Purchased and installed laser cutter machine in 2024, the investment was **\$1.7M** to yield annual savings of **~\$1M**.

~\$1.8M

Annual Cost Savings

ARROW TRULINE: Installed in-house torsion spring manufacturing capability, saving **~\$1.8M** in costs through insourcing spring production and creating **~\$4.2M** in additional capacity to drive further EBITDA growth.

THIS YEAR'S AUTOMATION FOCUS AREAS

We brought our Automation Team in-house three years ago, and the organization has quickly scaled to meet the needs of our portfolio. In 2024, our team focused on four key themes, which we will highlight.

→ KEY HIGHLIGHTS

- **Build out of Maintenance Function** - This year, we expanded our Maintenance Team to two individuals and expanded their function. Maintenance's original focus was two-fold: supporting automation installations with a comprehensive maintenance plan and addressing machine failures across our portfolio. In 2024, they also began running comprehensive assessments of maintenance programs across the portfolio and sharing industry best practices.
- **Identifying over 250 Automation Opportunities** - This year, our team identified over 250 additional automation opportunities across the portfolio.
- **IT8 Onboarding** - IT8's addition to our portfolio was a win for our automation, IT8's technology can be used for our automation installs and presents an opportunity for cross selling while knocking out our lengthy list of identified automation opportunities.
- **Developed Key Technologies** - CapEx expenditures were further and fewer between in 2024 compared to other years, but the time was utilized to develop solutions that have key uses across our portfolio for installation in 2025. Two automation case studies are covered in the next section.



MOST FIRMS FOCUS ON PULLING FINANCIAL LEVERS

to create equity value, while others rely on third-party providers instead of utilizing in-house automation. However, we find that these providers prioritize the project rather than the portfolio company. Often, they don't take the time to understand the end-to-end production flow and evaluate the best automation opportunities.

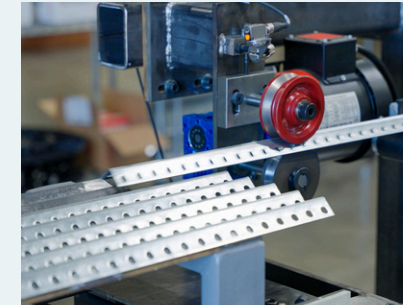
JOHN DOTSON
Managing Director, Operations (Automation)

ROLL FORMER TENDING



→ BEFORE

Roll former tending requires a person to stand at a line to catch and stack metal pieces as they are manufactured. This is a tedious, manual task that historically has required human labor.



→ AFTER

This automation solution accelerates the metal parts as they come off the manufacturing line and propels them onto an auto stacker.

DEBURRING PROCESS



→ BEFORE

Rough edges around metal shapes need to be smoothed out, or "deburred". Deburring automation is simple if the shapes are uniform, but non-uniforms are not available in-house.



→ AFTER

Utilizing a CAD model of the part, a complex path is developed and sent to the robot allowing it to manipulate the debur tool along complex paths to remove sharp or rough edges without manually programming for each individual point along the path.



ESG

UPDATE

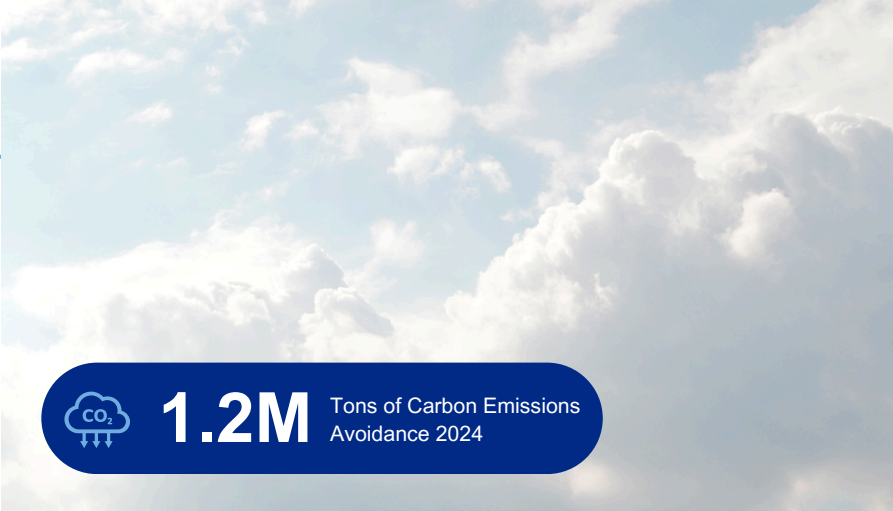


OUR COMMITMENT TO UN PRI

MiddleGround Capital is proud to be the first industrial-focused signatory with assets under \$1 billion to the United Nations-supported Principles for Responsible Investment (PRI). We have committed to implementing six voluntary principles that provide a framework for investing responsibly and integrating ESG practices into investment analysis and ownership practices. Joining the PRI is a statement to all of our stakeholders that we embrace transparency and are committed to being held accountable to the highest standards in the industry. This commitment is further demonstrated by our willingness to report voluntarily in 2024, even when not required to by PRI.

2024 UN PRI ASSESSMENT REPORT

CATEGORY	PEER MEDIAN SCORE	MIDDLEGROUND SCORE
Policy Governance and Strategy	49	81
Direct - Private Equity (Ownership Practices)	67	89
Confidence Building Measures	80	80



1.2M Tons of Carbon Emissions Avoidance 2024

BUILDING A GIVING CULTURE

Every company strives to give back, but MiddleGround was founded with community in mind. Our Founding Partner made it his personal mission to provide high-finance opportunities in his hometown so that top talent wouldn't need to leave home to pursue their careers. Not only is our headquarters based in Lexington, Kentucky, for this reason, but he also pledged \$10M to the University of Kentucky to ensure local students have access to top-tier educational opportunities in finance.

John's commitment to community also led to the establishment of the MiddleGround Capital Charitable Foundation in 2023. In 2024, we donated a total of \$522,931 across 44 organizations, with the Jack Harlow Foundation, Backside Learning Center, and the Bluegrass Community Foundation being the primary beneficiaries. These funds were distributed through several avenues: employee matching, direct donations, and volunteer hour donation matching. This approach allowed us to select causes as a firm, while also supporting the causes our employees hold dear.

\$32.93

Average US Workforce Hourly Pay

6.16%

Increase in Average US Workforce Hourly Pay

13

Portfolio Companies At or Below Industry Average TRIR in 2024

\$1.74M

Donated Across the Firm in 2024

1,776

Hours Volunteered

44

Organizations Supported by Charitable Foundation

DILIGENCE

→ PRE-LOI

- MGC Team assesses baseline ESG KPI data
- Identify material ESG factors for deep dive
- Screen for SFDR E/S Characteristics
- Present findings to IC

→ POST-LOI

- Third party deep dive review of ESG materials
- Interviews w/management team
- Identify risks and opportunities
- Outline ESG 5-year hold plan w/transaction team
- Present findings to IC

EXIT

→ EXIT PREPAREDNESS

- Accurately represent ESG practices
- Verify and report ESG data
- Incorporate relevant ESG information into CIM/MP
- Close out any outstanding environmental remediation, as necessary

ON BOARDING

→ CLOSE + 30 DAYS

- Management team general introduction to ESG
- Establish key contacts for reporting
- Review diligence findings with management team

→ CLOSE + 90 DAYS

- Establish ESG Committee
- Onboard to data reporting platform
- Educate on governance expectations
- Review and finalize ESG 5-year plan

HOLD PERIOD

→ POST ON BOARDING

- ESG incorporation into annual Hoshin process
- Regular reporting of KPIs to Operations
- ESG Committee reporting
- BOD reporting
- Annual ESG KPI target setting
- Incorporate company activities into MGC sustainability report



INTEGRATING ESG PRINCIPLES ACROSS OUR PORTFOLIO

We are committed to leaving the world better than we found it, and our in-house ESG team is essential to embedding ESG practices from diligence and onboarding through to exit.

Throughout our hold period, we take active steps to ensure that measurable progress is made towards ESG goals through embedded operational practices that not only improve our financial standing but also impact the overall sustainability of our businesses.

As a further commitment to remaining accountable to our ESG standards, environmental and sustainability assessments are embedded in our investment process.

Since our inception, ESG has been a core consideration in our business decisions and will continue to be as we scale.

ESG PRIORITIES ACROSS OUR PORTFOLIO

→ PORTFOLIO TARGET SETTING

As part of each portfolio investment's hold period and engagement with the MiddleGround ESG team, annual targets aligned with core ESG KPIs are recommended. These targets are set individually for each portfolio company based on industry, current and historic performance, and the sophistication of their ESG programs. Recommendations for targets include:

- Improving environmental performance with reductions in energy consumption/intensity and ISO 14001 implementation
- Improving safety performance, turnover and diversity
- Implementing improvements based on employee engagement survey results, and gaining more employee participation year over year

→ ESG TRAINING

Last year, our team conducted firmwide ESG training for all investment-facing employees, going beyond the onboarding process for new hires. The training covered current ESG trends in private equity, MiddleGround's specific ESG policy and processes, regulatory requirements, ESG considerations during diligence, integration of ESG into day-to-day portfolio activities, and common issues observed across the portfolio. Refresher trainings are being developed and will be offered annually. These refreshers will ensure that employees are updated on current and emerging trends, new fund requirements, and any updates to our ESG policy.



→ PORTFOLIO ESG HIGHLIGHTS



- Acquisition: July 2022
- Sector: Flow Control Distribution

As an early adopter of MiddleGround's Level-Up Safety Initiative, Vytl Controls Group leveraged its in-house expertise to conduct comprehensive site audits, identifying over 1,000 action items. After addressing these items and completing re-audits, the team has sustained industry-leading safety performance and achieved a significant milestone, exemplifying the company's commitment to safety.

- Total Recordable Incident Rate of **0.37** vs. industry average of 3.7
- **1M** consecutive man hours without a lost time incident



- | | |
|--|--|
| → Acquisition: November 2022 | → Acquisition: May 2019 |
| → Sector: Worker Safety / Access Solutions | → Sector: Metal Fabrication, Welding, Stamping, Painting/Coating |

In 2024, both Sixaxis and Steel Craft achieved ISO 14001 certification at all of their manufacturing facilities. This accomplishment is not merely symbolic. It constitutes a significant milestone, marking the first company(s) under MiddleGround ownership in which investments have progressed from no ISO14001 certifications to achieving full compliance with this internationally recognized environmental management standard.

- **100%** of Manufacturing Facilities ISO 14001 Certified



HUMAN CAPITAL

UPDATE

OUR COMPANY CULTURE IN 2024

MiddleGround was founded to break the mold of private equity firms. In an industry where burnout is the norm, we have always put our people first. Our commitment is demonstrated by our reputation as a market leader in work/life balance, benefits offerings, and overall employee satisfaction, as well as being the 2024 winners of the Great Places to Work distinction and M&A's Best Places to Work in Private Equity Awards.

We recognize that a company is only as good as their talent, and in order to attract the best, you have to treat them the best.

EMPLOYEE SATISFACTION

As we've scaled our headcount and expanded to three offices, tracking employee satisfaction has become essential. In 2019, we began conducting internal surveys to measure employee satisfaction.

Questions were scored on 1-5 scale, and no category scored below 3.9, indicating that our employee engagement remains positive across all categories.

→ KEY HIGHLIGHTS

- 76% of questions are rated 4 or higher on a scale of 1-5 from our employees.
 - Our top-scoring categories were Compensation and Benefits (4.4) and Your Manager (4.38).
- Top scoring questions year over year:
 - MiddleGround's success is important to me (4.9)
 - I like the people I work with (4.7)
 - The health care benefit plan meets the needs of me and my family (4.7)



37% Average US Attrition 2024**

14% MGC Attrition Rate 2024



EMPOWERING WOMEN IN PRIVATE EQUITY

The Private Equity industry struggles with gender diversity. While women comprised 48%* of entry-level roles in 2023, only 20%* reach the Managing Director level. This metric becomes even more concerning when examining investing roles, as only 15%* of Managing Director positions in investing are held by women.

Female empowerment is embedded in MiddleGround's DNA, with 43% of our Partnership being gender diverse. Our Women's Wing group is a strong reflection of that commitment. In 2024, we held numerous events, including:

- Speaker from The Center for Advanced Emotional Intelligence (AEI) to teach us more about Enneagrams
- Women's health educational sessions from LifeForce Strategies
- Social events, such as escape rooms

Women's Wing also supported charity drives that resulted in over \$2,000 in items and cash donated to support women and children in need. A key partner in 2024 was Elizabeth's Village, a nonprofit that provides transitional housing for women and children facing domestic violence and homelessness.

43%

Gender Diversity of MGC Partnership

66%

of New York Office are Women

5

Interns Converted to Full-time in 2024

76%

of Employee Satisfaction Survey Rated 4+ out of 5

I STARTED ON

THE FACTORY FLOOR and remember being a young single mother, pointing out equipment issues to managers who didn't trust my point of view. At MiddleGround, it doesn't matter your gender or seniority—your voice is heard. Despite PE and Operations being male-dominated, I've never felt insecure about using my voice, and I strive to be one of the many strong role models at our company.

ALICIA MOTOMURA
Director, Operations Team





LOOKING AHEAD

TO 2025 AND BEYOND

**JOHN STEWART**

Founder & Managing Partner



LOOKING AHEAD TO 2025 AND BEYOND

Many of these 'Year in Review' documents flooding the industry are published with the typical 'next year will be our best yet!' message, even when they know it isn't true. However, I am truly optimistic heading into 2025.

At MiddleGround, we've spent the last couple of years building and training our teams, expanding our portfolio, and proving ourselves as operators. Now that these objectives are checked off, our focus shifts to returning capital to our investors. The market outlook for 2025 is increasingly optimistic, and we spent 2024 breaking out an Exits and Realizations Team under the leadership of our Partner, Christen Paras. With companies ripe for exit and an experienced team focused on maximizing capital returns, I'm confident we will be able to capitalize on improved market conditions... after all, if there's one thing MiddleGround has, it's grit.

As exciting as exits are, 2025 will ALSO be the year of looking inward. One of our key focus areas will be maximizing each employee's performance through two main levers. The first is ensuring that all managers are equipped to lead by providing structured training, giving them a consistent and strong foundation to build upon. The second is improving internal communication through systems like a company SharePoint, monthly newsletters, and consistent team meetings, in addition to setting specific quarterly goals for each employee.

Thirty years ago, I never could have imagined myself leading an organization like this, and I find myself filled with pride. Through the ups and downs, we've stayed true to our operational roots — but more importantly, we've remained committed to our original goal of building a culture that cares about our people and leaves the world better than we found it.

A handwritten signature in black ink, appearing to read "John Stewart".

FOR INFORMATION ONLY

The information contained herein is provided for informational and discussion purposes only and is not an offer to sell or a solicitation of an offer to buy an interest in any MiddleGround Fund. A private offering of interests in the fund will only be made pursuant to the fund's confidential private placement memorandum (the "offering memorandum"), limited partnership agreement and subscription documents, (collectively, with the Offering Memorandum, the "Offering Documents") which will be furnished to qualified investors on a confidential basis at their request for their consideration in connection with such offering. In the event of a conflict between these materials and the Offering Documents, the Offering Documents will control. This document is confidential and is intended solely for the information of the person to which it has been delivered by MiddleGround Capital ("MiddleGround"). It is not to be reproduced or transmitted, in whole or in part, by any means, to third parties without the written, prior consent of MiddleGround. In addition, these materials may not be disclosed, in whole or in part, or summarized or otherwise referred to except as agreed in writing by MiddleGround. Nothing contained herein should be construed as tax, accounting or legal advice. Each recipient of this document (and each of the employees, representatives or other agents of such recipient) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated by these materials and all materials of any kind (including opinions or other tax analyses) that are provided to such recipient relating to such tax treatment and structure. For this purpose, the tax treatment of a transaction is the purported or claimed U.S. Federal income tax treatment of the transaction and the tax structure of a transaction is any fact that may be relevant to understanding the purported or claimed U.S. Federal income tax treatment of the transaction.

RISK FACTORS

Our strategies are available only to qualified investors who have reviewed detailed information concerning investment terms and risks. These risks include, among others, the following: Performance can be volatile, and an investor could lose some or all of an investment. The strategy may use leverage. The investor does not retain any trading authority over assets placed with us. None of our strategies is intended, by itself, to provide an investor with an investment program that is diversified or otherwise tailored to suit any individual investor's overall investment needs. Investments may not be liquid or transferrable. Fees and expenses may offset trading profits. MiddleGround is subject to certain conflicts of interest.

INVESTMENT PERFORMANCE

There is no assurance that MiddleGround or any investment strategy will meet its investment objectives or target returns or achieve performance in line with past results. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in this presentation and should understand that statements regarding future prospects may not be realized. Investors should note that income from such investments fluctuates and prices or values will rise or fall, causing gains or losses. Past performance is not necessary a guide to future performance.

NO WARRANTIES

All information and content on this presentation is furnished "AS IS," without warranty of any kind, express or implied, including but not limited to implied warranties of merchantability, fitness for a particular purpose, or investor suitability. No representation, warranty or undertaking, express or implied, is given with respect to the accuracy or completeness of the information contained in the Presentation; no reliance may be placed for any purpose on such information; and no liability is accepted by any person for the accuracy and completeness of any such information. MiddleGround will not assume any liability for any loss or damage of any kind, arising, whether direct or indirect, caused by the use of any part of the information provided and will not be liable to you for any direct, indirect, consequential, or incidental damages or any other damages of any kind even if MiddleGround or any party has been advised of the possibility thereof.

PROPRIETARY RIGHTS

This document is confidential and contains proprietary information and intellectual property. All copyrights and intellectual property rights to information or materials on the presentation belong to or are licensed to MiddleGround. If you download or copy any information from this presentation, you agree that you will not copy or remove or obscure any copyright or other notices or legends containing such information. No permission is granted to copy, distribute, modify, post or frame any text, graphics, video, audio, software code, or user interface design or logos, in whole or in part, in any medium, without the prior written permission of MiddleGround. entire presentation is subject to copyright with all rights reserved.

