

QUARTERLY NEWSLETTER

Founder & CEO Update



It has been a busy year so far at Borgman Capital, marked by an uptick in quality deal flow in comparison to 2023. We are fortunate to have closed on two new platform investments so far this year: one in the chemical distribution space (Technical Products, Inc.) and the other in the pet treat category (Buck Bone Organics). Both companies belong to industry verticals that we have had investment theses around and been pursuing for quite some time now. We are confident that the momentum will continue throughout the year and have several actionable prospects in our pipeline.

Despite the sustained hikes in interest rates, the overall economy and our current portfolio continues to perform well, with one notable exception. That exception is our investment in the telecom space. Navigating

AscendTek's headwinds has been a painful lesson on the impact that dramatic rate increases can have on an entire industry that is highly leveraged. After losing money in the airline industry, Warren Buffet once wrote: "If a far-sighted capitalist had been present at Kitty Hawk, he would have done his successors a huge favor by shooting Orville down." I currently have a similar feeling toward Martin Cooper, the inventor of the first mobile phone. Fortunately, our investment portfolio is diverse and our industrial, food and consumer goods investments continue to exceed expectations.

Our real estate investments are also performing well. We have remained disciplined and have concentrated our real estate investments in stabilized industrial properties with long-term leases. We have no exposure to the office, retail or other segments of the commercial market that are less stable at the moment.

Last week we hosted nearly one hundred LPs at our annual investor summit in Milwaukee. As I walked around the room and talked with attendees who have supported us from the beginning, I was struck by how many of our investment opportunities and leads have come from someone within our investor network. We would not be able to source as many great investments or add as much value over the hold periods without these trusted relationships in place and the doors that have opened as a result.

It is humbling to recognize how far we have been able to come because of those who have supported what we do. We are relationship-focused and our continued success would not be possible without the support of our entire network. We do not take that responsibility lightly. Thank you for the trust and for allowing us to invest in the lower-middle market.

Sequoya Borgman
Founder & CEO

PLATFORM INVESTMENT

Borgman Capital Partners with Technical Products, Inc., Ohio-Based Leader in Chemical Distribution



Technical Products, Inc. (TPI), a customer-focused, regional chemical distributor headquartered in Cleveland, Ohio, is a new platform company investment for Borgman Capital. Tom Perovsek will remain president of TPI, a role he has held since 2001.

"We welcome Technical Products, Inc. to our portfolio of companies. TPI is a prime example of what we look for in an investment – a stable business with a great reputation, strong management, and opportunities to serve both its customers and vendors in more ways. We look forward to partnering with Tom and the existing management team to continue to grow the company," said Sequoya Borgman, founder and CEO of Borgman Capital.

Founded in 1955, TPI fulfills an integral role as intermediary between chemical suppliers and manufacturers for a broad variety of products. The solvent, oil and chemical lines carried by TPI have a wide variety of end-use applications such as plastics, rubbers, fabrics, adhesives, lubricants, paints and coatings, and cleaning products. Products distributed by TPI can also be found in electric vehicle batteries, fuel additives to reduce emissions, and agricultural products. The company currently serves customers in a 175-mile radius across Ohio, Pennsylvania, Indiana, and Michigan.

"I've dedicated most of my career to Technical Products, including nearly 25 years as president. It is extremely exciting to be in the position to attract a partner like Borgman Capital," said Perovsek. "We were looking for a capital partner to help us develop additional capabilities to better serve our customers, whether that be additional products, higher service levels, or expanded geographies. Borgman Capital understood our goals immediately and has a strong track record growing companies of our size, making them the ideal partner for us in our next chapter of growth."

TPI is Borgman Capital's seventeenth acquisition since the firm's founding in 2017.

First Business Bank provided senior financing and Reinhart Boerner van Deuren served as legal counsel for Borgman Capital. Accounting diligence and advisory services for the transaction were performed by Eisner Amper.

PLATFORM INVESTMENT

Borgman Capital Enters Pet Food Industry with Investment in Buck Bone Organics



Borgman Capital welcomes [Buck Bone Organics](#) to its investment portfolio. Based in Bozeman, Montana, Buck Bone Organics offers a full line of 100% natural antler chews, treats and toys for dogs in a variety of sizes. Borgman Capital will partner with Buck Bone’s founders – Jackie, Mark and Shane Steigleman – on the company’s next phase of growth. Terms of the transaction were not disclosed.

Sequoia Borgman, founder and CEO of Borgman Capital, stated, “Buck Bone is a great addition to our portfolio of lower middle market companies – it’s founder-owned, has a strong track record of growth, and offers a unique product line catering to ecofriendly and health-conscious dog owners. The pet industry is experiencing strong tailwinds, and we are eager to partner with the Steiglemans and grow the Buck Bone brand.”

Founded in 2015, Buck Bone supplies four sizes of antler chews, as well as biscuits, dental sticks, jerky bites, yak chews, antler powder, and other toys made from the antlers that deer, elk and moose naturally shed every year. Buck Bone focuses on sourcing premium, U.S. Grade-A antler, which has spent the least amount of time exposed to the elements and is better preserved, higher quality and more nutritious for dogs. Products are hand-cut, manufactured, and packaged in Bozeman before distribution to a customer base that includes Amazon, Costco, Chewy and Hollywood Feed.

“Buck Bone has been a labor of love from the start. We founded the company out of our passion for dogs, commitment to their health, and care for the environment,” said Jackie Steigleman, CEO of Buck Bone Organics. “After nearly a decade of building our business from the ground up, having a respected private equity firm like Borgman Capital recognize our potential and partner with us is a huge moment in our journey as entrepreneurs.”

Buck Bone Organics is Borgman Capital’s eighteenth acquisition since the firm’s founding in 2017, and first investment in the pet industry.

Highland Bank provided senior financing and Reinhart Boerner van Deuren served as legal counsel for Borgman Capital. Accounting diligence and advisory services for the transaction were performed by Eisner Amper. Benjamin F. Edwards served as exclusive financial advisor to Buck Bone Organics.

SALE ANNOUNCEMENT

Borgman Capital Sells Portfolio Company Aerial Work Platforms, Inc. to Herc Rentals Inc.

In February, Borgman Capital publicly announced the sale of its portfolio company Aerial Work Platforms, Inc. (“AWP”) to Herc Rentals Inc.

Founded in 1979, AWP specializes in the rental, service and sale of aerial lift equipment including scissor lifts, boom lifts, telehandlers and forklifts. Borgman Capital acquired AWP in December 2020 from the company’s founder, Pat Barney. AWP has locations in Sussex, Janesville, Neenah and Kenosha, Wisconsin and is the number one independent rental equipment company in the state based on fleet size.

During the three-year investment period, AWP’s growth was driven by strategic equipment purchases, fleet diversification, operational improvements, geographic expansion to Kenosha and increasing market share. Following Mr. Barney’s planned retirement, Borgman Capital hired rental equipment industry-veteran Robert Rivera as president.

“We executed many new growth initiatives during the investment period. At the end of the day, AWP’s success comes down to Robert’s leadership and the strong customer service culture he built,” said Sequoya Borgman, founder and CEO of Borgman Capital. “AWP is an example of what’s possible when the right leader is put in place to build on a founders’ legacy after an ownership transition. It was a pleasure to partner with Robert and the team over the last three years and we will be cheering everyone on in their next phase of growth.”

Rivera said: “The outstanding success we achieved is a direct result of the incredible talent at AWP. The team’s dedication to customer service will remain our focus as part of Herc Rentals. I am appreciative of Borgman Capital’s support and the latitude I was given to lead, set ambitious goals and make the pivotal decisions needed to grow the business.”

Founded in 1965, Herc Rentals is one of the leading equipment rental suppliers in North America with 2023 total revenues of approximately \$3.3 billion. Herc Rentals’ parent company, known as Herc Holdings Inc., listed on the New York Stock Exchange on July 1, 2016, under the symbol “HRI.” Herc Rentals serves customers through approximately 400 locations and has about 7,200 employees in North America.

Reinhart Boerner van Deuren served as Borgman Capital’s legal counsel on the transaction.

Investment Date:

December 2020

Exit Date:

December 2023

Locations:Kenosha,
Janesville, Sussex
and Neenah,
Wisconsin**Transaction Outcome:**

Under the leadership of president Robert Rivera, AWP’s growth was driven by strategic equipment purchases, fleet diversification, operational improvements, geographic expansion to Kenosha and increasing market share.



AERIAL WORK PLATFORMS, INC.

FIRM NEWS

And the winners are...

It's time to announce the winners of our 2023-24 Fantasy Football and 2024 March Madness leagues! Congratulations to Mike Pepke for clinching victory in the first annual Borgman Blitz fantasy football league, showcasing his strategic prowess and passion for the game. And a big round of applause to Brent Adam for emerging triumphant in the third annual Borgman Capital March Madness tournament, edging out five other U Conn selects and demonstrating remarkable skill in navigating the unpredictable world of college basketball. Well done to both champions for their impressive achievements.



Although Matt Kiefer's Boilermakers didn't take home the trophy, we congratulate him on Purdue's strong redemption from the 2023 tournament.

Sharing Our Insights

Our team has been busy so far in 2024 sharing their perspectives and speaking at industry events around the Midwest.

January 2024

Sequoya Borgman
Keynote Speaker at MBBI's Annual Conference
"Successfully Navigating Uncertainty - A Private Equity Perspective"

March 2024

Megan Brobson
Judge, ACG Cup Intra-School Competition
UW-Madison

April 2024

Brent Adam
Panelist, 2024 State of M&A Conference
Lower Middle Market Shark Tank - Private Equity Panel



FIRM NEWS

Basketball for a Cause

Team Borgman Capital was one of 24 teams that participated in the second annual 3v3 Wheelchair Basketball Charitable Tournament supporting The Ability Center in March.

The funds raised support The Ability Center's mission to provide people impacted by disabilities with a daily opportunity to be fit, active, healthy and play. Thanks for having us and opening our eyes to a new experience and point of view.

Left to right: Matthew Pikus, Alex Reinhart, Kemp Collings, Megan Brobson



Welcome to the team, Sarah!

Sarah Halstead recently joined the Borgman Capital team as our part-time bookkeeper. She initially spent nine years in IT Project Management for large corporations before transitioning to focus on bringing the organizational processes and rigor of the larger corporate entities to a variety of small businesses. Over the next nine years she held various positions focusing on improving the Operations, Finance, and HR segments of these businesses.

Originally from Michigan, Sarah graduated with her BBA from University of Michigan. Outside of work, she enjoys photography, cooking, learning new Excel keyboard shortcuts, and volunteering with the Girl Scouts.



Q2 Work Anniversaries



BEN AXELROD
1 YEAR (APRIL 2023)



MEGAN BROBSON
5 YEARS (JUNE 2019)

PORTFOLIO COMPANY UPDATES

Investment Criteria

Our investment approach is relationship-focused. Because lower middle market businesses are our focus, there is no one who will take better care of you and your organization. Here's what we look for in a platform company investment:

- **Revenue of \$10 to \$100 million**
- **Track record of profitability**
- **EBITDA between \$2 and \$15 million**
- **Growth-oriented leadership and sound operational management**
- **Midwest focus; open to opportunities across the U.S.**
- **Industry agnostic with proven expertise in food products, infrastructure services and products, and traditional manufacturing**
- **Strong competitive position in growing market/industry**

Current Investments



In addition to new platforms, Borgman Capital is actively seeking add-on acquisitions for each of its portfolio companies. We are opportunistic and pride ourselves on exploring deals in a fair, flexible and creative manner.

Gilman Cheese Corporation

DAVID DELGADO PRESIDENT



When I joined Gilman Cheese Corporation as President in 2021, I introduced the SevenP's as our guiding business vision. Today, this framework continues to shape our journey, with its core pillars—people, product, and profits—leading to significant achievements thus far in 2024:

PEOPLE: In 2023, we focused heavily on collaboration and creating ONE TEAM between our Gilman facility in Gilman, WI and Dairyfood facility in Blue Mound, WI. I am incredibly proud of the team and culture we have fostered, spanning from our frontline workers to managers and executives. As we entered 2024 with our culture established, we've ensured that we have the right people in the right roles, and offer growth and training opportunities such as the 8-month program from the Chippewa Valley Technical College.



PRODUCT: Our vision, "Quality you can trust, Innovation you can taste," has been brought to life with another significant milestone. In the first quarter of 2024, the biannual World Champion Cheese event took place, featuring thousands of entries from around the globe. This year, Gilman Cheese Corporation's Dairyfood facility was honored to win the Gold Medal for its Naturally Smoked Gouda. This achievement underscores our commitment to excellence and innovation.

PROFIT: While the first quarter traditionally sees lower volumes compared to the rest of the year, this trend did not hold true in Q1 2024. We experienced robust volume growth accompanied by healthy profits, exceeding budget expectations. Our sales and operational strategies indicate an optimistic outlook for the second quarter.



In April, at the World Champion Awards Banquet, Al Kosharek (VP of Production at Dairyfood USA), David Delgado (President of Gilman Cheese/Dairyfood USA), and Tamra Errthum (National Accounts Manager at Dairyfood USA) accepted the Dairyfood USA gold/best in class award for the Naturally Smoked Gouda

Southeastern Meats

JAMIE ARDREY PRESIDENT



Southeastern Meats® Pick 5 is coming to a store near you! Over the last six months, Southeastern Meats has expanded its distribution into six new warehouses located across the eastern United States. New locations include Plant City, Florida, Williamsport, Maryland, Manchester, New Hampshire, Anniston, Georgia, Robesonia, Pennsylvania, and Kenosha, Wisconsin. Yes, for those of you who live in Wisconsin, Pick 5 is coming soon to a store near you. Our products should reach the shelves over the next few months – we'll let you know when they do. Please enjoy them!

Beyond these new customer wins, we are pleased to announce the launch of our new Sausage, Egg & Cheese Breakfast Sandwich. This great tasting new item is the first full-size sandwich Pick 5 has offered (our other items are sliders). At a suggested retail price of \$4.99 to \$5.99 for a box of 3 sandwiches, we are an attractive value relative to competing national brands (bigger box, lower price). We are excited to see how this product performs.

We look forward to sharing with you news of our further geographic expansion and new product launches throughout the remainder of 2024.



Durex Products, Inc.

BILL FEIERABEND PRESIDENT



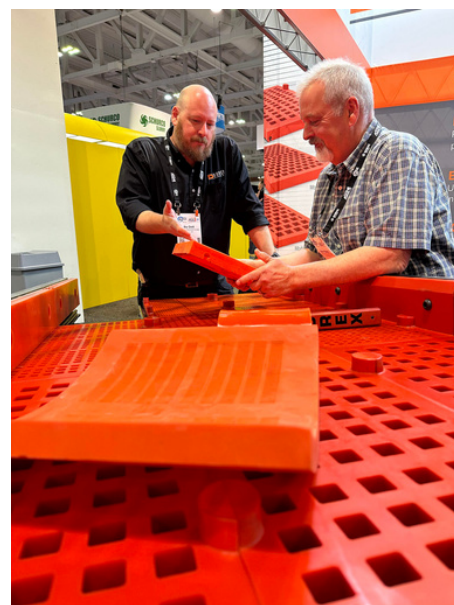
The first quarter of the year was nothing short of exciting and rewarding, as the investments we made in 2023 resulted in record revenue and EBITDA. The team has done an amazing job meeting and exceeding our goals during the first quarter.

Recent Highlights:

Safety: I'm extremely proud to share that the Durex team has set a new safety record - currently 349 days home safe as of 4/17. Our previous record was 335 days set in 2017. This achievement is truly a team effort, made possible by each employee's commitment to ensuring we are providing a safe environment for all employees. Thank you to the safety committee for leading the charge.

Record-Breaking Quarter: In Q124 we set multiple records - the highest month of shipments recorded in the history of the company, record revenue and EBITDA in March 2024, and highest recorded daily shipments.

AGG1 Academy & Expo / World of Asphalt Show & Conference: This is one of the most important tradeshows in our industry (400 exhibitors) and gets better each year! We appreciate everyone who stopped by our booth to learn more about our screen media, wear parts and concrete products, and those who placed orders.



K.G. Stevens

JASON GAARE PRESIDENT



*Porcelain Panel Shower Surround –
Mirage Calacatta Gold*



*Women's Basketball Lobby at the
Kohl Center, UW-Madison*

We are pleased with the momentum we are building to begin 2024. Our strategic focus and unwavering commitment to providing top-notch countertops have positioned us for success in winning back customers in the remodel channel. Exiting the cabinetry and appliances market, we are regaining the trust and loyalty of customers seeking to elevate their living spaces with countertops from K.G. Stevens.

After a slight slowdown towards the end of last year, we are pleased to report that K.G.'s residential homebuilding sector is rebounding. We have experienced a notable uptick in orders from residential homebuilders, and we hope to continue this momentum throughout 2024. This resurgence in activity is a testament to the appeal of our products (specifically the success of our Promotional Color Program) and services in the residential sector.

The momentum behind porcelain panels continues to grow, with increasing interest and demand in the market. Our showroom renovations are well underway to showcase this growing category and our customers are already responding positively to it. We recognize the importance of developing strong partnerships with tile setting experts in our market. By collaborating with skilled professionals, we can ensure seamless installations and provide our customers with the best possible experience when choosing porcelain products from K.G. Stevens.

Our commercial division continues to showcase its strength in executing notable projects. Our work continues at The Couture in downtown Milwaukee as that project nears completion. We also recently completed our work at the 3rd Street Market Hall Annex at American Family Field just in time for the Milwaukee Brewers' home opener. Additionally, we're working at the Kalahari Resort & Convention Center in Wisconsin Dells, The Waterpark Capital of the World. We've just installed Kohl Center locker rooms, conference rooms and lobbies (pictured). We're confident we'll continue to have a healthy pipeline of upcoming commercial projects.

As we look ahead to the remainder of 2024, we are energized by the opportunities that lie ahead. With a strong commercial division, a resurgence in the residential sector, and a strategic focus on countertops and porcelain, we are well-positioned to capitalize on emerging trends and continue on a positive trajectory.

Technical Products, Inc.

TOM PEROVSEK PRESIDENT



Technical Products, Inc. (TPI), founded in Cleveland in 1955, has been my professional home since I joined as a salesman in 1988. In 2001, I had the privilege to begin serving as President, and in 2012, I became the sole owner. 2024 marks another significant year in TPI's history, as we are now part of Borgman Capital's portfolio of companies.

Operating within a 120-mile radius of Cleveland, Ohio, TPI supplies chemical raw materials essential for paints and coatings, adhesives, rubber, plastics, cleaning products, and more. We offer these chemicals in various quantities, from tank trucks to totes and drums, boasting over 200,000 gallons of bulk storage at our Cleveland facility. We proudly represent esteemed chemical companies such as Citgo, Eastman Chemical, Sasol, Advansix, Calumet, Total Petrochemical, and Holly Frontier.

Our team of 11 dedicated employees has a long-standing tenure, working seamlessly together with a focus on customer service, safety, and attention to detail.

Our business thrives on relationships. Many of our customers have remained loyal for over half a century. We collaborate closely with them to foster mutual growth. Our agility as a smaller company enables us to quickly adapt to their evolving needs, setting us apart from our national competitors.

Having dedicated nearly my whole career to this company, I am deeply invested in the future of Technical Products, Inc., and am excited about the opportunities that lie ahead in partnership with Borgman Capital's team and resources.

Buck Bone Organics

JACKIE STEIGLEMAN **CEO**



My husband, Mark (COO), son, Shane (Vice President), and I are thrilled to join the Borgman Capital family and partner on the future growth of Buck Bone Organics.

Our journey to founding the company began in 2014 as we searched for a treat for our dog George, who has a sensitive stomach. After months of trying out different products, we finally found one that was George tested and approved; Wild Elk, Deer, & Moose Antlers. We officially started Buck Bone Organics in 2015.

Fast forward to 2019, we decided to move the company (and the staff) from Connecticut to Bozeman, Montana to be closer to the antler source. This was important to us because we focus on sourcing premium antler, which has spent the least amount of time exposed to the elements and is better preserved, higher quality and more nutritious for dogs. Today we supply four sizes of antler chews, as well as biscuits, dental sticks, jerky bites, yak chews, antler powder, and other toys made from the antlers that deer, elk and moose naturally shed every year.

It is an exciting time to be in the pet industry, and we are in a great position to benefit from Borgman Capital's expertise, resources, and ideas to keep growing the company alongside us. I look forward to sharing the next chapter of our journey with you!



Shane, Blue, Jackie, Camo, George and Mark Steigleman

REAL ESTATE PRACTICE UPDATES

MGS Manufacturing Headquarters Expansion Continues to Progress as Planned

We are extremely pleased with recent progress of the 120,000 square-foot expansion to the MGS Manufacturing headquarters in Germantown, with the addition of an innovation and technology center. As of April, all precast panels, structural steel, roofing, concrete floor slabs, and office framing are complete. The structure is now fully enclosed with temporary heat running throughout the building. This is a very important milestone, as the team of contractors can continue to make progress regardless of weather conditions.



Borgman Capital Sponsors Marquette University REAP, 2024 Real Estate Strategies Conference

In our ongoing commitment to supporting future real estate leaders, Borgman Capital was proud to sponsor Marquette University's 13th Annual National Real Estate Strategies Conference on May 1. At the event, Borgman Capital was recognized as a deal sponsor of the Real Estate Asset Program's (REAP) student's investment in the MGS Manufacturing portfolio.



Pictured left are four REAP students at Borgman Capital's annual Investor Summit in April.

Real Estate Investment Criteria

- **Typical deal size between \$5 and \$60 million**
- **Industrial, Office, Multi-Family and Mixed-Use property types**
- **Stabilized core-plus investments and sale leasebacks**
- **Value-add and opportunistic investments located in strong markets**
- **Joint ventures with developers and owner-users**
- **Location agnostic**

Have a deal to share? Contact Director - Real Estate Investments Matt Kiefer: matt.kiefer@borgmancapital.com

INVESTOR HIGHLIGHT

Each spring we have the pleasure of hosting our investors and company leaders at Borgman Capital's Annual Investor Summit for breakfast, networking and a program highlighting firm and investment portfolio updates.

We're incredibly grateful for our (growing!) investor network and couldn't do what we do without your trust and support. If you are an accredited investor interested in gaining access to our private market investment opportunities, get in touch with us at investorrelations@borgmancapital.com.

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