M&A INDUSTRY REPORT

Telecom U.S. Communications Service Provider

FOCUS is a leading national M&A brand for the lower middle market. With over 40 years of experience, a global footprint, and hundreds of successful deals across myriad industries, FOCUS continues its mission to redefine the banker/client relationship.



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TABLE OF CONTENTS

03 Overview

04 Public Markets Summary

06 M&A Summary

07 M&A Transactions

08 M&A Transactions with Announced Multiples

09 FOCUS Telecom Technology and Services Team

10 Appendix: Sub Sector Analysis



OVERVIEW

The FOCUS Communications Service Provider Index (CSPI) rebounded over the past three months with a gain of 5.7%, well ahead of the S&P 500 (2.0%) and the NASDAQ (2.5%).

This was the first time since our spring report that the CSPI outperformed both of the broader indices. Over the full year period, the CSPI is down 13.5%, while the S&P 500 gained 14.4% and the NASDAQ gained 18.5%. Sector multiples also remain below year-ago levels, closing out the period at 2.2x revenue (compared to 2.4x a year ago) and 6.1x EBITDA (compared to 6.3x a year ago).

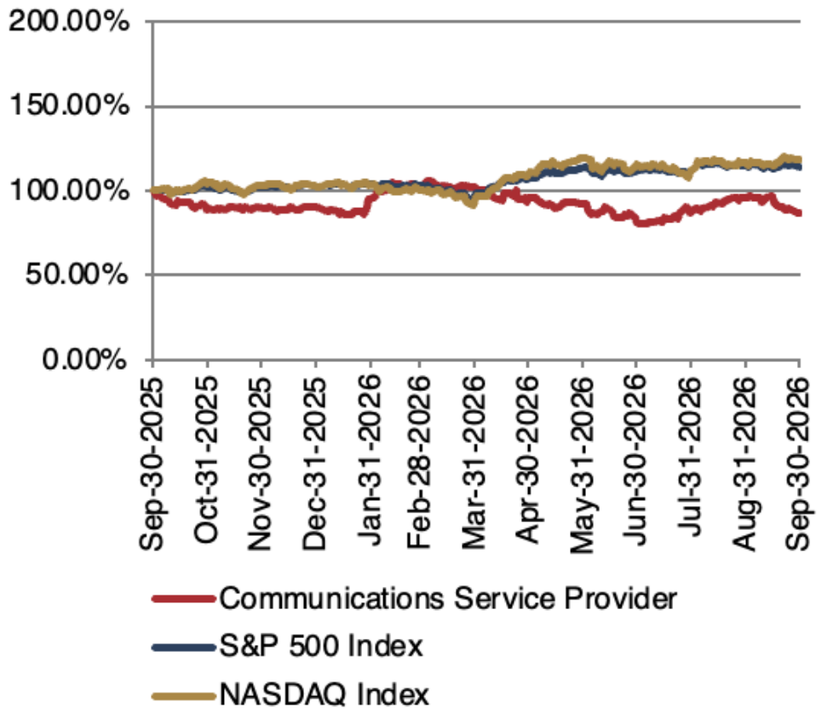
The National Providers sub sector led the CSPI higher with a gain of 6.3% over the past three months. AT&T was the top performer with a gain of 17.9%, and Verizon chipped in with a gain of 8.3%. However, the cable operators struggled, as Charter fell 22.0% and Comcast was down 11.4%. This was the second straight double-digit decline for both companies. The sub sector is down 14.3% over the full year period, with Verizon (up 4.4%) the only gainer. On the down side, Charter shed nearly 60% of its value over the past year. Sub sector multiples dropped from 2.4x revenue and 6.2x EBITDA a year ago to 2.2x revenue and 6.0x EBITDA currently.

The Residential Providers sub sector fell 19.9% over the past three months. Every company in the sub sector lost value, and four of the five posted double-digit declines. Cable One was the biggest drag, plummeting 79.3% for its fourth straight double-digit decline (down 93.8% over the past year). Optimum (down 31.8%), Uniti (down 26.9%) and Shenandoah Telecommunications (down 25.6%) also fell sharply, while Telephone and Data Systems declined 8.3%. The sub sector is down 20.3% over the full year period, with Uniti (up 36.9%) the only company to post a 12-month gain. Despite lower stock prices, sub sector multiples rose to 3.2x revenue (from 3.0x a year ago) and 8.3x EBITDA (from 7.9x).

The Business and Wholesale sub sector posted a modest gain of 3.5% over the past three months, but individual results varied widely. Hosted voice provider RingCentral was the star performer with a gain of 91.6%, and its competitor 8x8 also turned in a strong quarter with a gain of 31.6%. However, bandwidth provider Cogent Communications fell 43.9%, its fourth straight double-digit decline, and Lumen plummeted 27.1%. Rounding out the companies in the sub sector, Crexendo fell -21.3% while Bandwidth slipped 4.1%. The sub sector is up 30.4% over the full year period, led by Bandwidth (up 264.2%) and RingCentral (up 163.6%). Its revenue multiple was unchanged from a year ago at 1.8x, while its EBITDA multiple rose to 9.0x from 7.6x.

PUBLIC MARKETS SUMMARY

Twelve Month Index Returns



Sector and Sub Sector Returns

	12 Month	3 Month
Communications Service Provider	-13.5%	5.7%
National Providers	-14.3%	6.3%
Business and Wholesale	30.4%	3.5%
Residential Providers	-20.3%	-19.9%
S&P 500	14.4%	2.0%
NASDAQ	18.5%	2.5%

Source: Capital IQ

Sector and Sub Sector Revenue Multiples

	9/30/26	9/30/25
Communications Service Provider	2.2x	2.4x
National Providers	2.2x	2.4x
Business and Wholesale	1.8x	1.8x
Residential Providers	3.2x	3.0x

Sector and Sub Sector EBITDA Multiples

	9/30/26	9/30/25
Communications Service Provider	6.1x	6.3x
National Providers	6.0x	6.2x
Business and Wholesale	9.0x	7.6x
Residential Providers	8.3x	7.9x

Source: Capital IQ

M&A SUMMARY

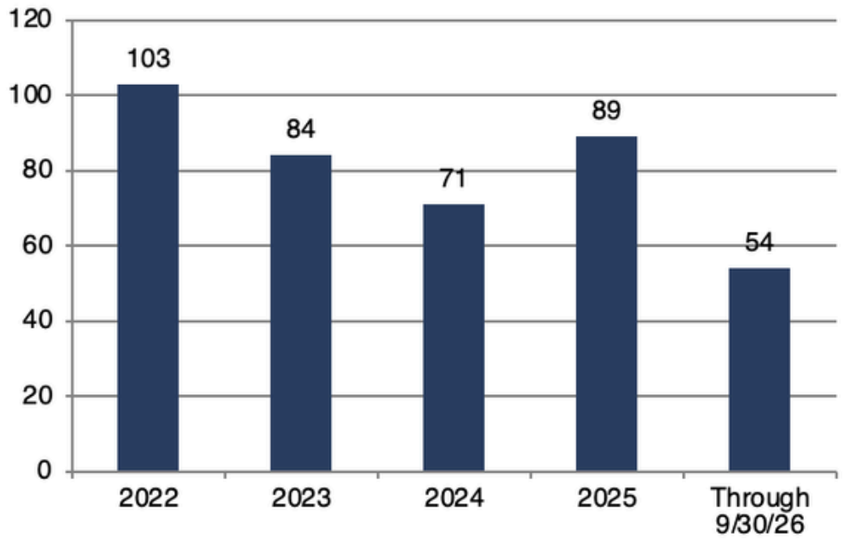
We counted 12 total transactions in the Communications Service Provider sector over the past three months, down from 20 in our summer report. Only two of these transactions had announced purchase prices, for a total announced transaction dollar value of $227 million. Through the first nine months of 2026, there have been 54 transactions with $2.3 billion in total announced transaction dollar value. Annualized, the 72 transactions would be roughly in line with 2024 (71) but below 2022, 2023 and 2025. The approximately $3.1 billion in annualized value would trail 2023 ($3.9 billion) and fall well short of 2024 ($30.8 billion) and 2025 ($48.3 billion).

The Business and Wholesale sub sector accounted for six transactions this period, including both of the deals with an announced transaction value. The largest was the $206 million acquisition of business communications provider Sangoma Technologies by BRC Group Holdings. Michigan Broadband Services also acquired the Educational Access Network, which holds licensed 2.5 GHz spectrum, from Northern Michigan University for $21 million. Managed connectivity services and other asset light providers also accounted for several deals in the period. COEO Solutions, which acquired S-Net Communications last period, acquired the NetWolves network services business of Vaso. In addition, Amplix acquired OneConnect, and Endeavor Managed Services acquired Verizon partner Unified Connection.

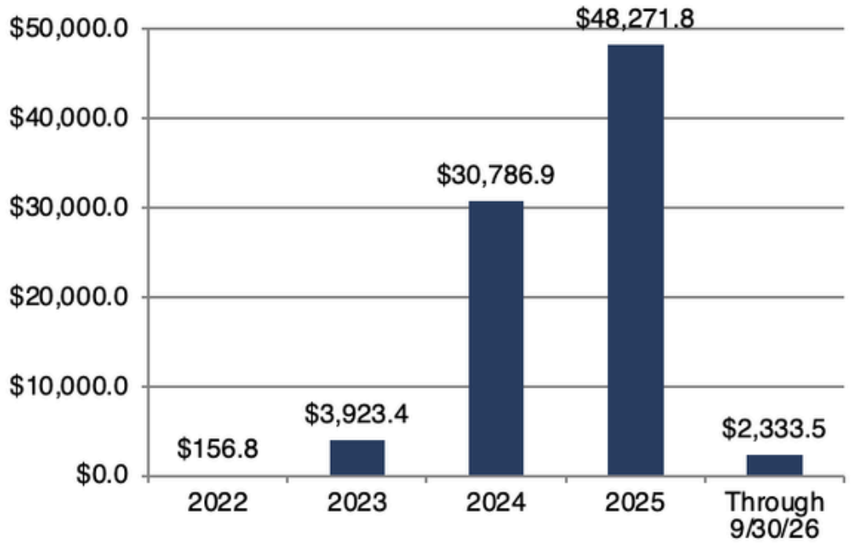
The Residential Providers sub sector also had six transactions, down from nine last period, and none had an announced purchase price. The most notable was the investment in wholesale residential fiber platform Eaton Fiber by Bain Capital and Tillman Global Holdings. In conjunction with this investment, Eaton Fiber also announced its acquisition of Ripple Fiber. Among regional broadband providers, Clearwave Fiber acquired Visionary Broadband, which serves communities in five western states, and IdeaTek acquired Wave Wireless in southeastern Kansas. As an encore to its purchase of Velocity Fiber in our summer report, Vero Broadband acquired MontanaSky Networks this period. Finally, GiGstreem acquired multifamily managed Wi-Fi provider Aerwave.

The Sangoma Technologies acquisition was the only transaction with announced multiples this period. BRC Group Holdings paid 1.0x revenue and 32.0x EBITDA for Sangoma. The EBITDA multiple reflects Sangoma Technologies' thin EBITDA margins and the likely expectation by the buyer that these margins can be improved.

Number of Transactions



$ Value of Transactions in Millions



Source: Capital IQ

ANNOUNCED TRANSACTIONS (7/1/26– 9/30/26)

Acquiror	Target	Date Announced	Sector	Purchase Price	Description
BRC Group Holdings	Sangoma Technologies	9/28/26	Business and Wholesale	$205.8	Business communications including voice, video, messaging, contact center, SIP trunking and managed services.
Clearwave Fiber	Visionary Broadband	9/8/26	Residential Providers	NA	Regional fiber and fixed wireless internet provider serving communities in Wyoming, Colorado, Montana, New Mexico and Washington.
GiGstreem	Aerwave	9/2/26	Residential Providers	NA	Managed Wi-Fi and broadband internet for multifamily property owners, operators and residents, including property-wide gigabit Wi-Fi.
Michigan Broadband Services	Northern Michigan University (Educational Access Network)	8/25/26	Business and Wholesale	$21.0	Licensed 2.5 GHz EBS spectrum covering portions of 41 Michigan counties, plus radio equipment at 70+ tower sites and microwave facilities.
Vero Broadband	MontanaSky Networks	8/18/26	Residential Providers	NA	Broadband internet services for consumers and businesses in Montana, including cable internet, streaming TV, phone and Wi-Fi.
IdeaTek	Wave Wireless	8/12/26	Residential Providers	NA	Wireless broadband services in Labette County in southeastern Kansas.
COEO Solutions	Vaso (NetWolves Network Services Business)	7/31/26	Business and Wholesale	NA	Managed network, cloud, cybersecurity and connectivity services for businesses, including SD-WAN and network monitoring and management.
Eaton Fiber	Ripple Fiber	7/29/26	Residential Providers	NA	Charlotte, NC-based 10-gig fiber network serving homes and businesses in nearly 300 municipalities across 10 states.
Bain Capital and Tillman Global Holdings	Eaton Fiber	7/29/26	Residential Providers	NA	Wholesale fiber infrastructure platform that develops, owns and operates high-capacity residential fiber networks for communications providers.
Amplix	OneConnect	7/15/26	Business and Wholesale	NA	Technology sourcing and procurement firm with solutions in unified communications, contact center, mobility, security and connectivity.
Endeavor Managed Services	Unified Connection	7/7/26	Business and Wholesale	NA	Mississippi-based Verizon Platinum Partner offering voice, data, wireless and contact center solutions to enterprise and SLED clients.
Vero Broadband	Velocity Fiber	7/2/26	Business and Wholesale	NA	Fiber provider focused exclusively on the K-12 E-Rate market, operating across four states.

Source: Capital IQ

ANNOUNCED TRANSACTIONS WITH MULTIPLES (10/1/25 – 9/30/26)

Acquiror	Target	Date Announced	Sector	Purchase Price	Revenue Multiple	EBITDA Multiple	Description
BRC Group Holdings	Sangoma Technologies	9/28/26	Business and Wholesale	$205.8	1.0 x	32.0 x	Business communications including voice, video, messaging, contact center, SIP trunking and managed services.
Crexendo	Estech Systems	3/2/26	Business and Wholesale	$35.0	1.3 x	NA	Provider of cloud communications solutions headquartered in Plano, Texas.
Cable One	Vyve Broadband	1/5/26	Residential Providers	$1,751.8	5.7 x	NA	Cable and fiber broadband operator serving rural communities in sixteen states across the Southeast, Northwest and Mid-South.
Ooma	Phone.com	11/24/25	Business and Wholesale	$23.2	1.0 x	18.6 x	Cloud communications/UCaaS provider focused on serving small and medium sized businesses.
Ooma	Fluentstream	11/3/25	Business and Wholesale	$45.0	1.8 x	4.5 x	Cloud-hosted unified communications solutions for small and medium-sized businesses in the United States.

Source: Capital IQ

OUR TEAM

FOCUS Telecom Technology and Services Team



Richard H. Pierce

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Rich Pierce has more than 20 years of investment banking experience advising middle market clients on a variety of mergers and acquisitions and capital raising transactions. During that time, Mr. Pierce's primary emphasis has been on serving clients in the telecommunications industry including providers of network related hardware and software products, wireless and wireline telecommunications service providers and network engineering and construction companies.



Paul Carter

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Paul Carter has more than 10 years of investment banking experience advising middle market clients on a variety of mergers and acquisitions, capital raising and capital markets transactions. During that time, Mr. Carter's primary emphasis has been on serving clients in the technology, software and telecommunications industries, including advising on sell-side M&A processes and public market transactions across multiple technology industry sub-verticals.

APPENDIX

SUB SECTOR ANALYSIS:

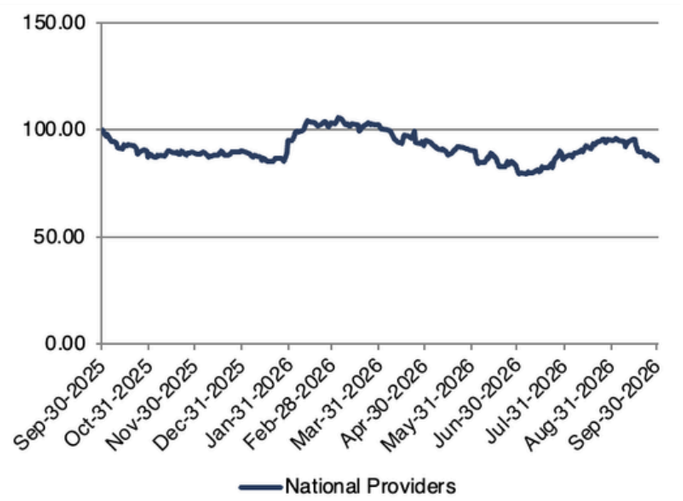
- National Providers
- Business and Wholesale
- Residential Providers



SUB SECTOR DEFINITIONS

- **National Providers:** Large, nationwide telecommunications and cable operators that offer a diverse array of services throughout much of the U.S.
- **Business and Wholesale:** Companies that focus on providing connectivity, voice and transport services to businesses and other telecom service providers.
- **Residential Providers:** Regional providers that have a large component of their business that serves residential and small business customers.

Twelve Month Index Return



Company Revenue Multiples

	9/30/26	9/30/25
National Providers Index	2.2x	2.4x
AT&T	2.6x	2.9x
Charter	2.1x	2.5x
Comcast	1.3x	1.7x
Verizon	2.8x	2.6x

Company Returns

	12 Month	3 Month
National Providers Index	-14.3%	6.3%
AT&T	-13.6%	17.9%
Charter	-59.7%	-22.0%
Comcast	-30.7%	-11.4%
Verizon	4.4%	8.3%

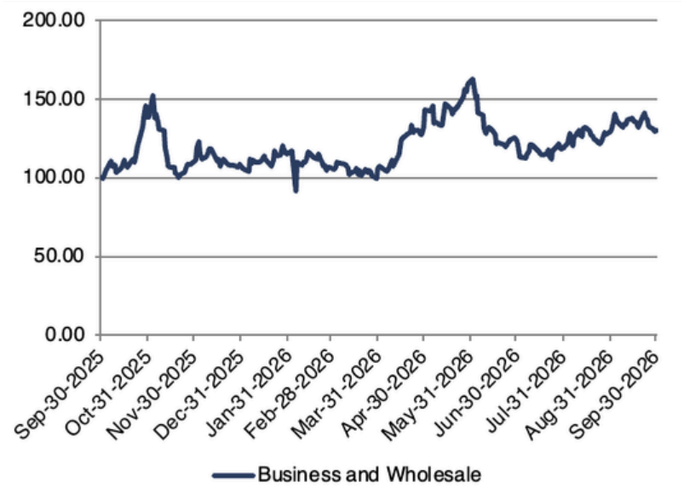
Company EBITDA Multiples

	9/30/26	9/30/25
National Providers Index	6.0x	6.2x
AT&T	7.4x	8.2x
Charter	5.2x	6.2x
Comcast	4.7x	5.5x
Verizon	7.5x	7.1x

Source: Capital IQ

SUB SECTOR ANALYSIS: BUSINESS AND WHOLESALE

Twelve Month Index Return



Company Revenue Multiples

	9/30/26	9/30/25
Business and Wholesale Index	1.8x	1.8x
8x8	0.8x	0.8x
Bandwidth	2.8x	1.2x
Cogent Communications	3.2x	4.7x
Crexendo	2.3x	2.6x
Lumen	1.5x	1.8x
RingCentral	2.9x	1.6x

Company Returns

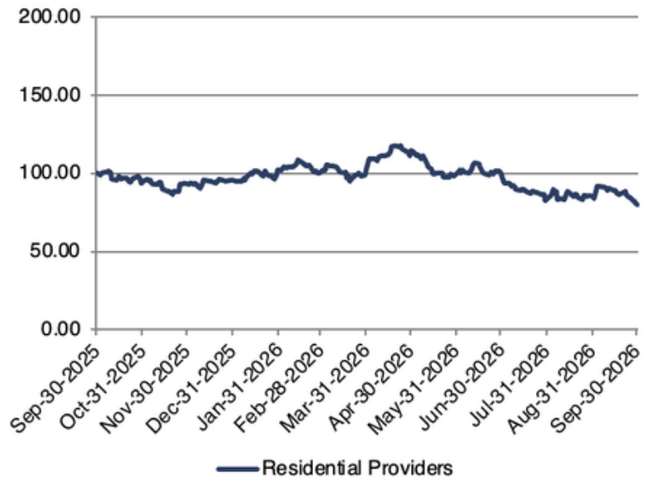
	12 Month	3 Month
Business and Wholesale Index	30.4%	3.5%
8x8	6.1%	31.6%
Bandwidth	264.2%	-4.1%
Cogent Communications	-79.7%	-43.9%
Crexendo	-9.5%	-21.3%
Lumen	-8.5%	-27.1%
RingCentral	163.6%	91.6%

Company EBITDA Multiples

	9/30/26	9/30/25
Business and Wholesale Index	9.0x	7.6x
8x8	13.6x	15.7x
Bandwidth	57.7x	28.2x
Cogent Communications	17.3x	27.9x
Crexendo	20.2x	25.9x
Lumen	7.8x	7.7x
RingCentral	18.1x	11.9x

Source: Capital IQ

Twelve Month Index Return



Company Revenue Multiples

	9/30/26	9/30/25
Residential Providers Index	3.2x	3.0x
Cable One	2.0x	2.8x
Optimum Communications	3.2x	3.1x
Shenandoah Telecommunications	3.9x	3.8x
Telephone and Data Systems	3.4x	2.3x
Uniti	3.5x	4.6x

Company Returns

	12 Month	3 Month
Residential Providers Index	-20.3%	-19.9%
Cable One	-93.8%	-79.3%
Optimum Communications	-58.9%	-31.8%
Shenandoah Telecommunications	-16.4%	-25.6%
Telephone and Data Systems	-13.6%	-8.3%
Uniti	36.9%	-26.9%

Company EBITDA Multiples

	9/30/26	9/30/25
Residential Providers Index	8.3x	7.9x
Cable One	4.3x	5.8x
Optimum Communications	8.7x	8.3x
Shenandoah Telecommunications	12.2x	13.1x
Telephone and Data Systems	13.2x	9.7x
Uniti	8.7x	7.2x

Source: Capital IQ

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