

# Restarting the M&A Flywheel

A capital allocation recommendation for CBIZ, Inc. (NYSE: CBZ)

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## Our Differentiated Perspective

Reference Equity evaluates capital allocation decisions across three dimensions: returns, risk, and strategic support. Focusing on returns alone is not an optimal strategy. Weighing all three aspects of capital allocation is the key to maximizing long-term shareholder value.

## Our Campaign Thesis

### CBIZ is an excellent business

CBIZ has a unique value proposition, offering scaled capabilities with local service for small and medium-sized businesses. This competitive advantage is supported by CBIZ's talented employee base, customer-focused culture, and experienced management. Our proposal is focused on enabling and enhancing these core capabilities.

### CBIZ has attractive capital allocation options

CBIZ has many accretive ways to deploy capital. Judged on returns alone, share repurchases look attractive, but when considering risk and strategic fit, a return to M&A is the better path.

	Return	Risk	Strategic Support
Share Repurchases	High	Neutral: no change in net leverage, if financed with cash flow	Negative: limits the ability to reinvest or pursue future M&A
Debt Paydown	Low	Lower: reduces net leverage	Positive: additional capacity for M&A
M&A	Medium	Lower: reduces net leverage, if financed with equity	Positive: adds capabilities and scale

### M&A expands CBIZ's competitive moat

M&A is essential to CBIZ's long-term strategy:

- **Competitive position.** M&A strengthens CBIZ's franchise, adding scale and capabilities.
- **People and culture.** Acquisitions create growth and advancement opportunities for CBIZ's people.
- **Profitability.** Corporate synergies are a key driver of CBIZ's long-term margin expansion.

### Our recommendation: Restart M&A and pursue it aggressively

Our recommended capital allocation decision advances all three dimensions at once. Equity-financed M&A can enhance CBIZ's competitive position, reduce balance sheet risk, and create long-term shareholder value.

Raising capital can be the catalyst to reposition CBIZ as an industry-leading acquirer, create capacity for internal reinvestment, and seed growth for the next decade.

**About Reference Equity.** Reference Equity constructs differentiated Global & International Small Cap equity portfolios based on a fundamental, long-term, Quality | Value philosophy. Find us at [www.referenceequity.com](http://www.referenceequity.com)

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*Reference Equity is a shareholder of CBIZ, Inc. (NYSE: CBZ). This document reflects the opinions of Reference Equity, is based on publicly available information, and does not constitute investment advice or a solicitation of any vote, proxy, or consent. It contains forward-looking statements that reflect current judgment and assumptions; actual results will differ.*