Middle Market M&A Update

Q4 2021

GLC

GLC Advisors & Co.

Middle Market M&A and Public Markets:
Q4 2021 Highlights and Activity

Q4
2021

9.1x
MEDIAN M&A MULTIPLE

0.1%+
M&A MULTIPLE YoY INCREASE

1,557
OF MIDDLE MARKET M&A TRANSACTIONS

-22%
MIDDLE MARKET M&A TRANSACTION YoY DECREASE

80%
OF ACQUISITIONS BY PRIVATE EQUITY BUYERS

13%+
RUSSELL 2000 YoY INCREASE

94
NEWLY CREATED PRIVATE EQUITY FUNDS

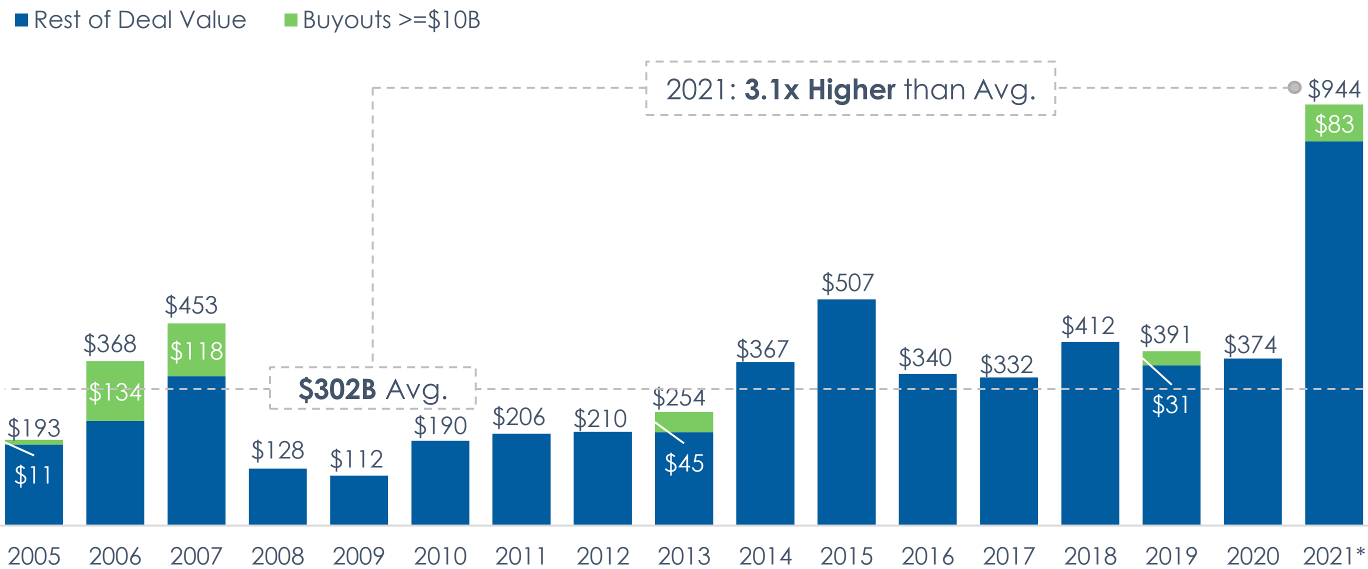
$64B
PRIVATE EQUITY CAPITAL RAISED

Topic In Focus:
Record Private Equity Activity in 2021

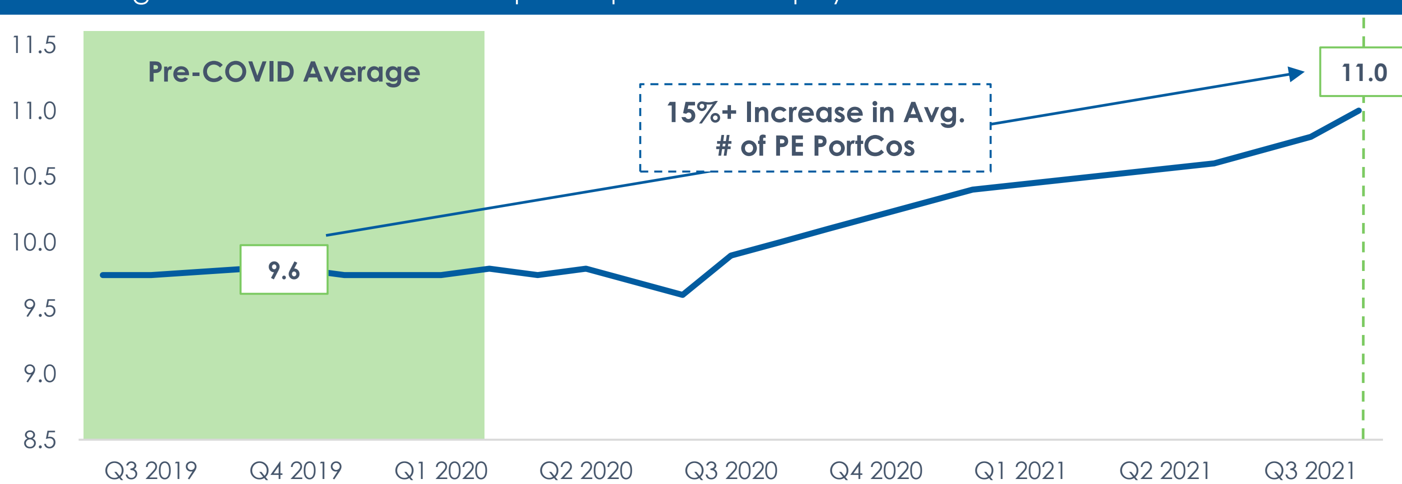
Q4
2021

Private equity buyout and exit transaction value in 2021 totaled a record high $940B+. 2021's record level is nearly double the previous high of $500B (2015) and more than 3x higher than the 15-year average of $302B. The surge in private equity activity is attributed to i) substantial transaction hangover from COVID from acquisitions that were put on pause in 2020 that eventually closed in 2021; ii) abundance of capital and new fund formations; iii) record level of new sellers entering the M&A market. As a result, private equity firms have experienced an increasing number of portfolio companies ("PortCos") under management. As of November 2021, the average number of PortCos per private equity firm was 11.0 – a 15% increase from the the pre-COVID average of 9.6 PortCos.

U.S. Private Equity Buyout & Exit Transaction Value ($B)



Average Number of Portfolio Companies per Private Equity Firm



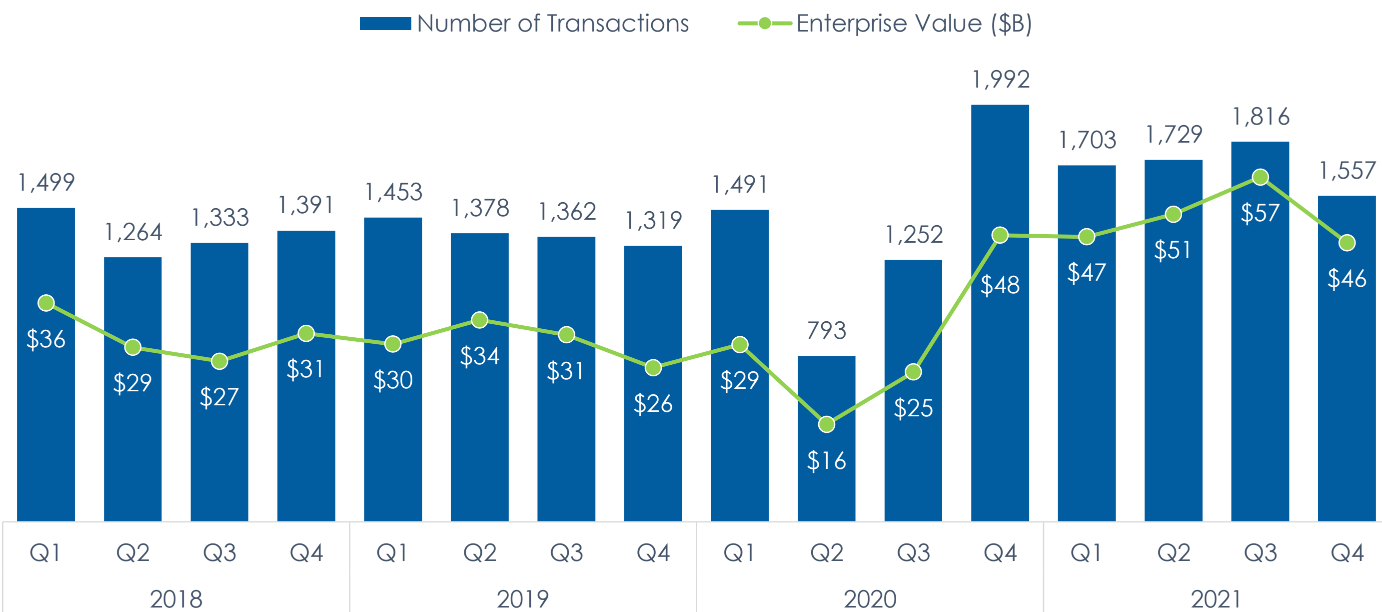
Source: WSJ, PEI
** YTD as of 11/28/2021*

Middle Market M&A Update:
Deal Flow and Valuation Multiples

Q4
2021

Q4 2021 experienced 1,500+ Middle Market transactions – above pre-COVID levels (pre-COVID average of 1,378 transactions per quarter in 2019). Q4 2021 total Enterprise Value for Middle Market transactions retreated from pandemic recovery highs as macro economic factors such as rising inflation creates new M&A market headwinds. Middle Market EV/EBITDA multiples also fell slightly below pre-COVID levels. Middle Market M&A multiples have recovered from the pandemic induced lows of 2020.

U.S. Middle Market Transactions & Transaction Value(1)



U.S. Median Middle Market EBITDA Multiple(2)

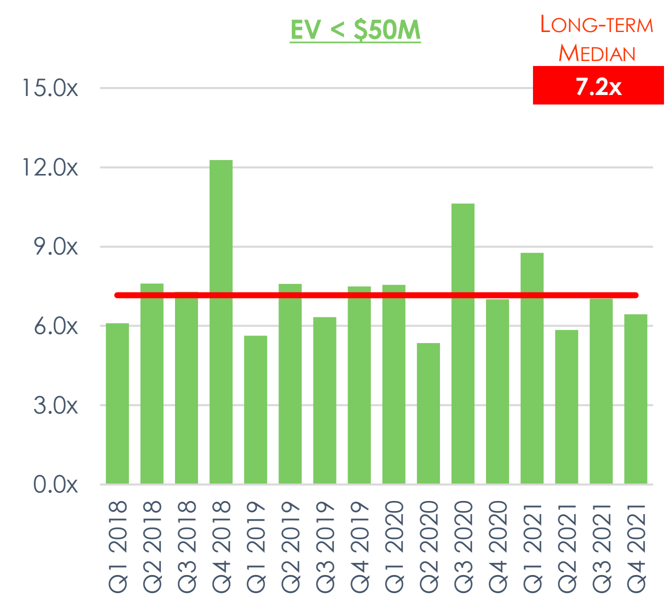
Source: Capital IQ, PitchBook
Note: Data as of 12/31/2021
(1) Middle Market defined as <$500M in Enterprise Value; (2) Excludes multiples <2.0x and >20.0x as well as Financial & Technology sectors

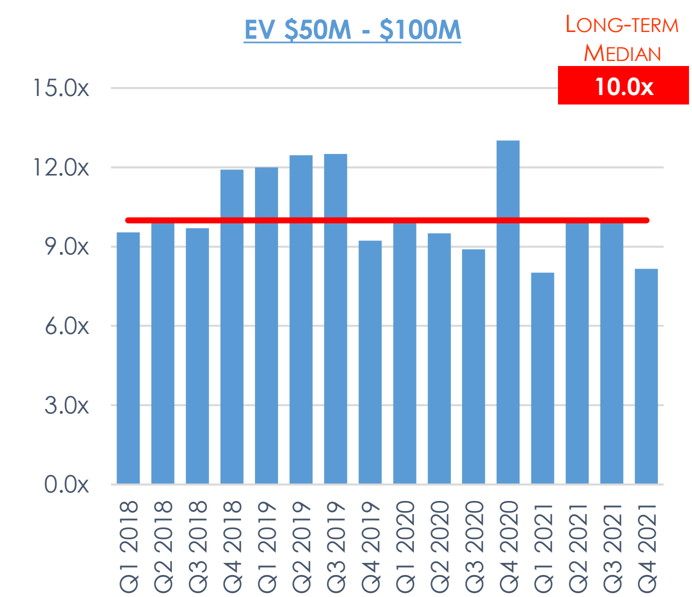
Middle Market M&A Update:
Valuation Multiples by Size

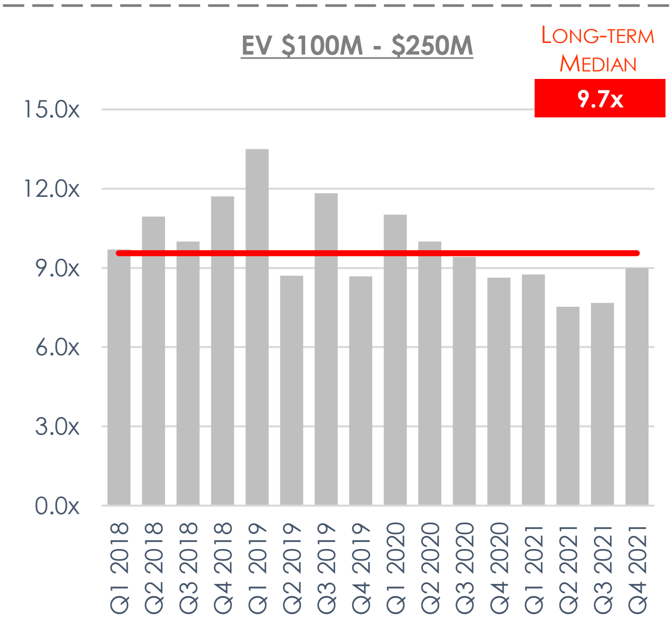
Q4
2021

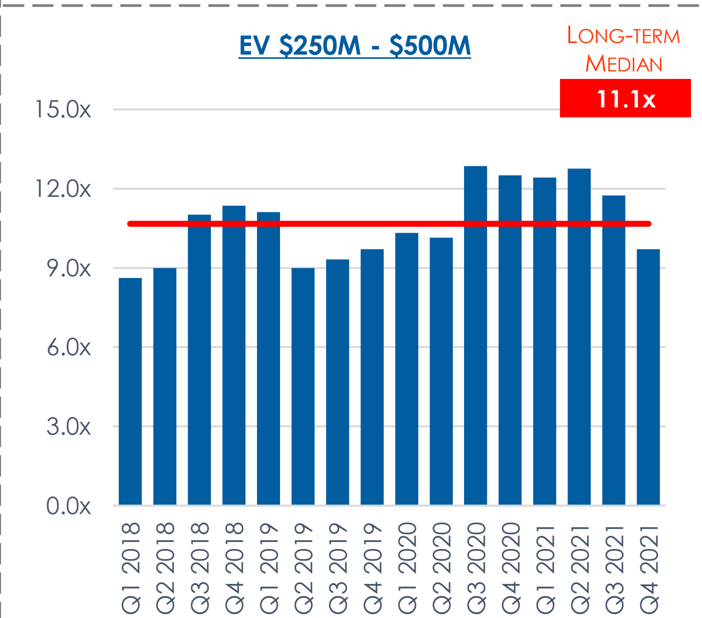
Middle Market M&A transactions are comprised of transactions with Enterprise Values less than $500M. Transaction size is a primary driver of valuation with larger sellers receiving higher valuation multiples, on average. Over the past 4 years, smaller transactions (<$50M in EV) have received EV/EBITDA multiples that are 6.0x-8.0x compared to larger transactions ($50M+) that can achieve EV/EBITDA multiples >10.0x.

U.S. Middle Market[1] M&A Pricing by EV Size – Rolling Four Quarter Median EV/EBITDA[2]









Source: Capital IQ, PitchBook
Note: Data as of 12/31/2021
(1) Middle Market defined as <$500M in Enterprise Value; (2) Excludes multiples <2.0x and >25.0x as well as Financial & Technology sectors

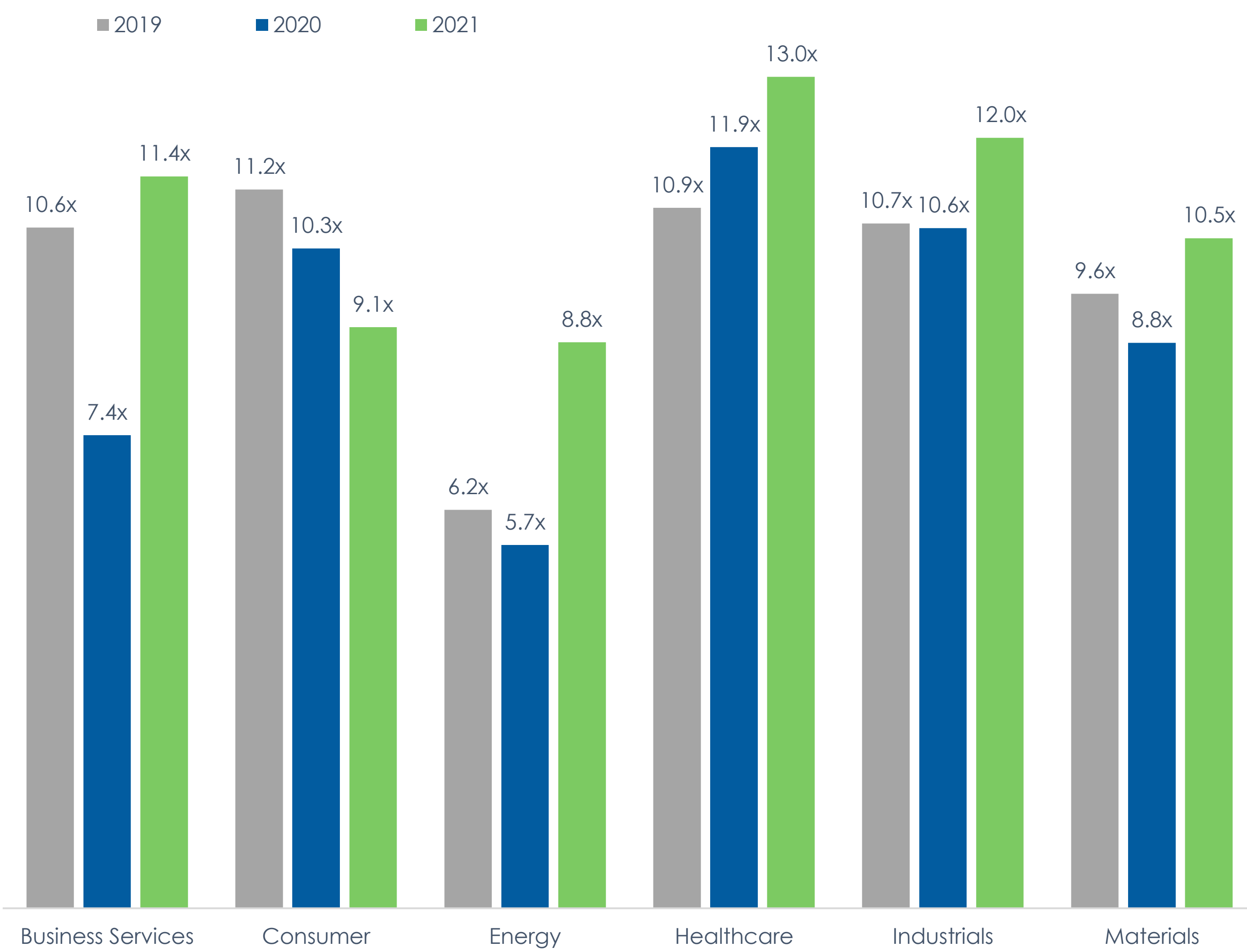
Middle Market M&A Update:
Valuation Multiples by Sector

Q4
2021

Nearly every Middle Market M&A sector is reporting increased EV/EBITDA valuation multiples YoY with only the consumer sector reporting a lower EV/EBITDA multiple year-over-year – attributed to increasing inflation and ongoing supply chain issues.

Excluding the consumer sector, **the average increase in EBITDA multiples compared to the prior year in 20%+** – demonstrating the breadth of the post-lockdown increase in economic and business performance's impact on valuations. Sectors experiencing the largest valuation increases from 2020 include i) business services (heavily oversold in 2020 before services providers implemented remote and tech enabled solutions to continue operations); ii) energy (2021 jump in oil prices); and iii) materials (benefactors of the current inflationary environment and exposure to commodity and raw materials price increases).

U.S. Middle Market TTM[1] EV/EBITDA Multiple by Sector[2]



Source: Capital IQ, PitchBook
(1) Data as of 12/31/2021; (2) Excludes multiples <2.0x and >25.0x as well as Financial & Technology sectors

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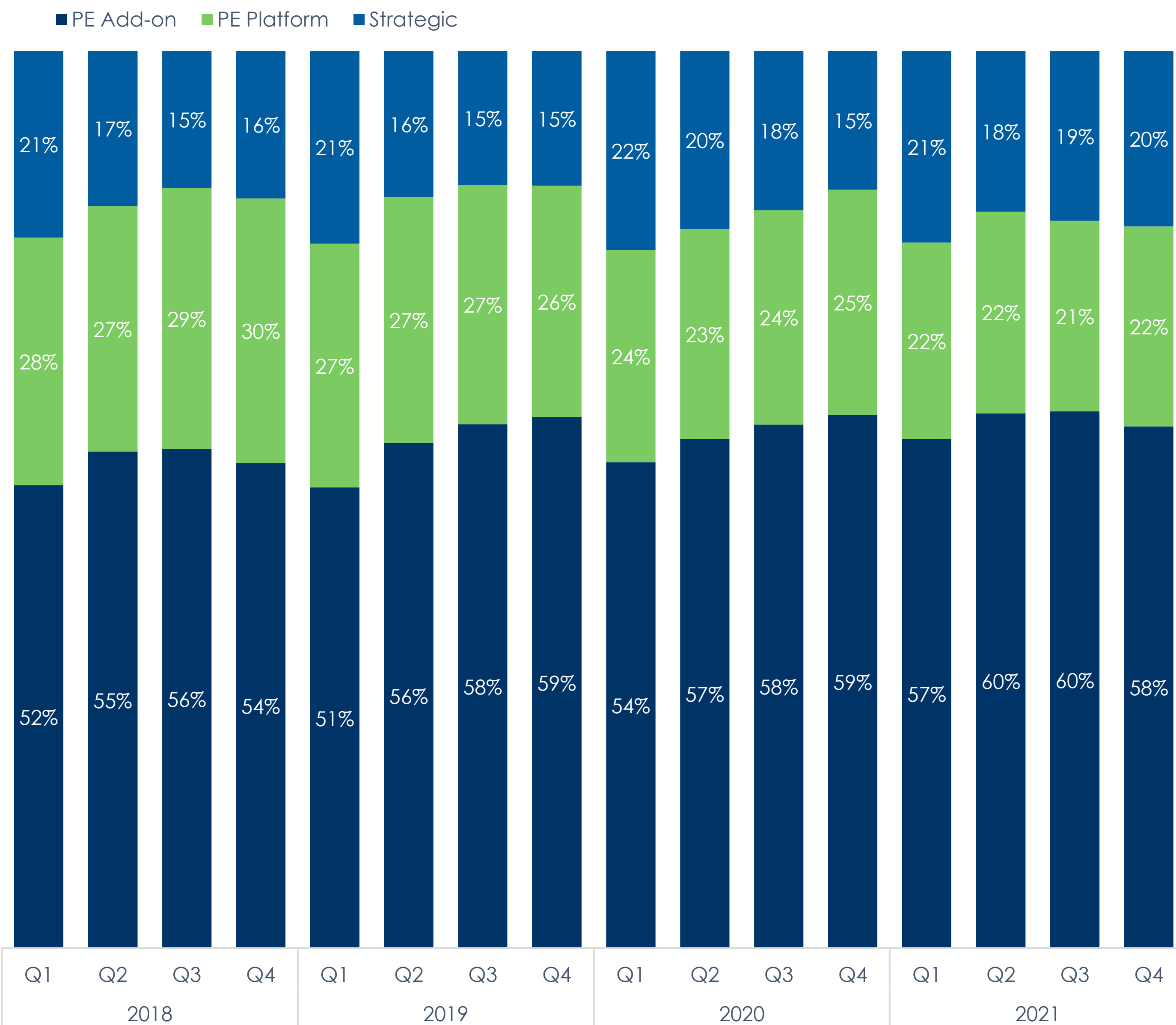
Middle Market M&A Update:
Acquirer Trends

Q4
2021

M&A acquirers fall into three categories: i) private equity platforms (initial acquisition by private equity); ii) private equity add-ons (follow-on acquisitions by a private equity-backed platform); and iii) strategics (operating entity in a similar industry).

In Q4 2021, private equity add-ons continue to comprise approximately 58% of all M&A transaction volume in the United States.

U.S. M&A Transactions by Buyer Strategy Type



Source: Capital IQ, PitchBook
Note: Data as of 12/31/2021

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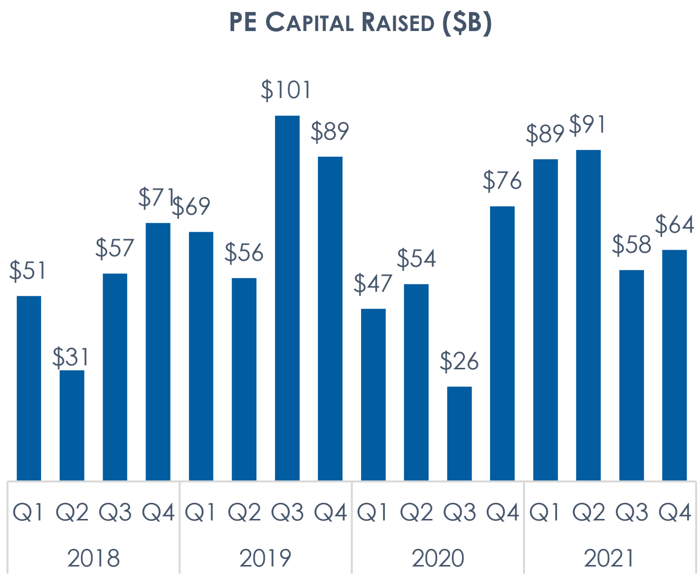
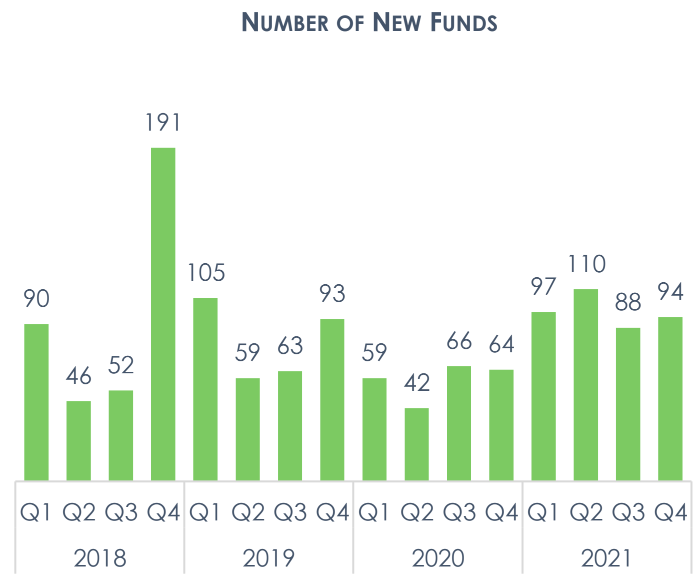
Private Equity Update:
Fund Formation and Capital Overhang

Q4
2021

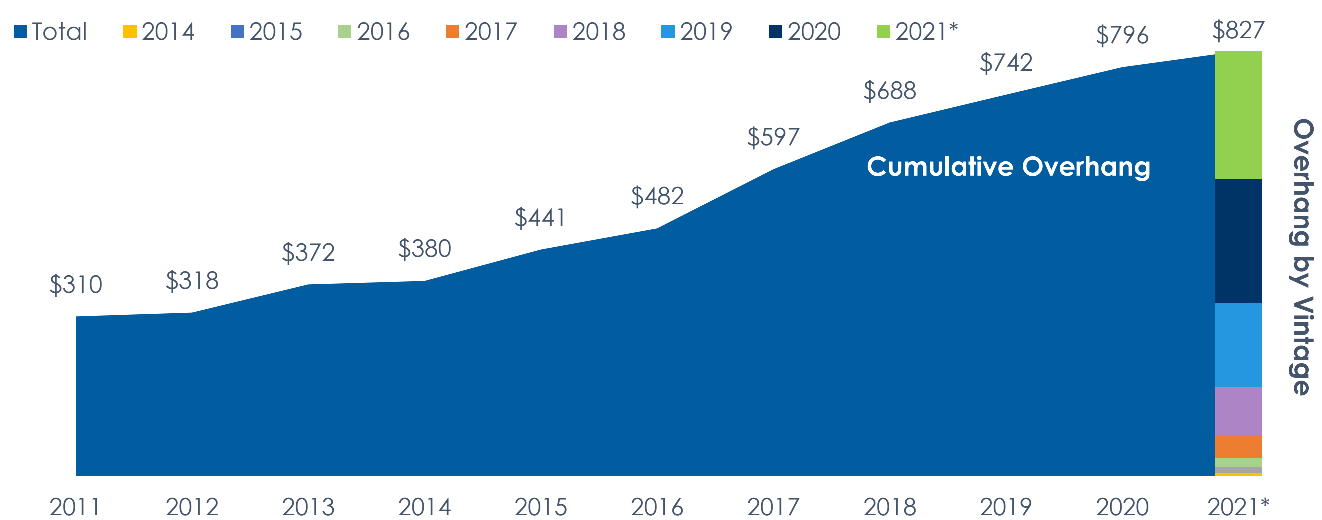
Private equity fundraising has recovered to pre-COVID levels (~300B in 2021 vs. ~$315B in 2019). In Q4 2021, 90+ new funds were formed totaling $64B+ in new capital. The average new fund formed in Q4 2021 was approximately $680M. Overall, the total amount of private equity capital raised and available for deployment ("U.S. Private Equity Capital Overhang") since 2013 totals $800B+ with the vast majority targeting Middle Market companies.

U.S. Private Equity Fundraising





U.S. Private Equity Capital Overhang ($B)



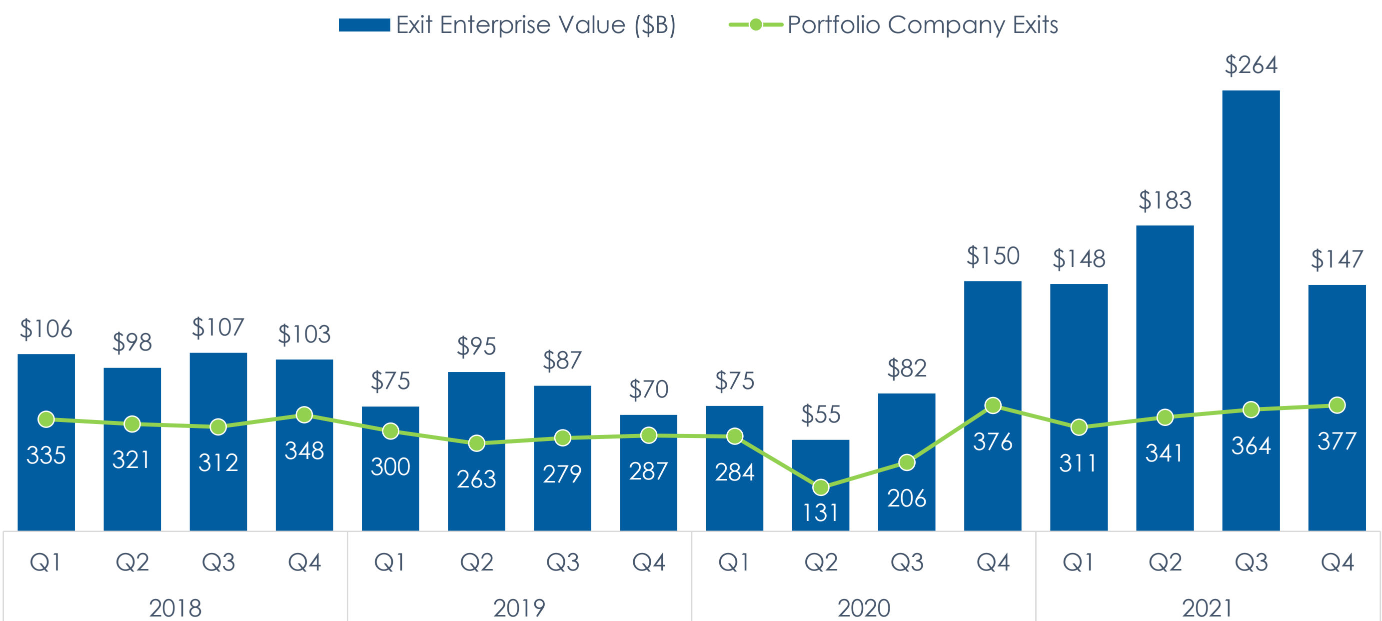
Source: Capital IQ, PitchBook
Note: Data as of 12/31/2021; Excludes venture capital & real estate funds
** As of 6/30/2021*

Private Equity Update:
Exit Activity

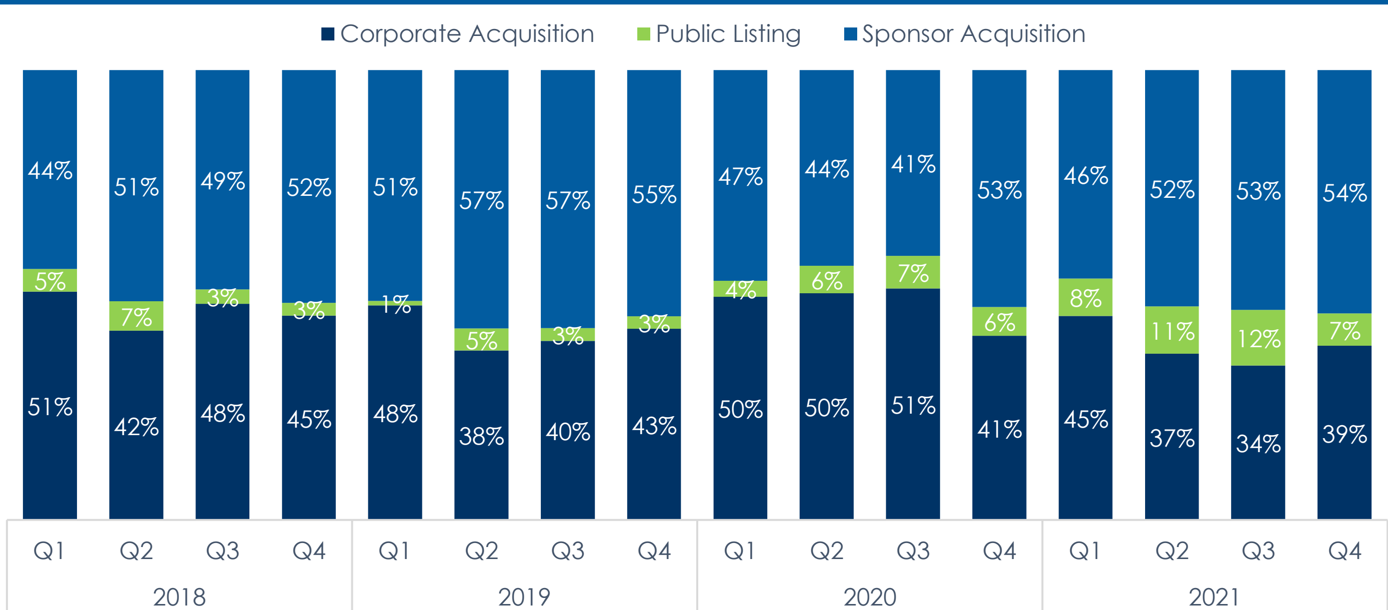
Q4
2021

Private equity exit activity continued to occur at record levels during Q4 2021 with over 370 portfolio company exits totaling ~$140B+ in Enterprise Value. Private equity funds continued to exit portfolio companies at a record rate – due to elevated valuations.

U.S. Private Equity Exit Activity



U.S. Private Equity Exit by Type



Source: Capital IQ, PitchBook
Note: Data as of 12/31/2021

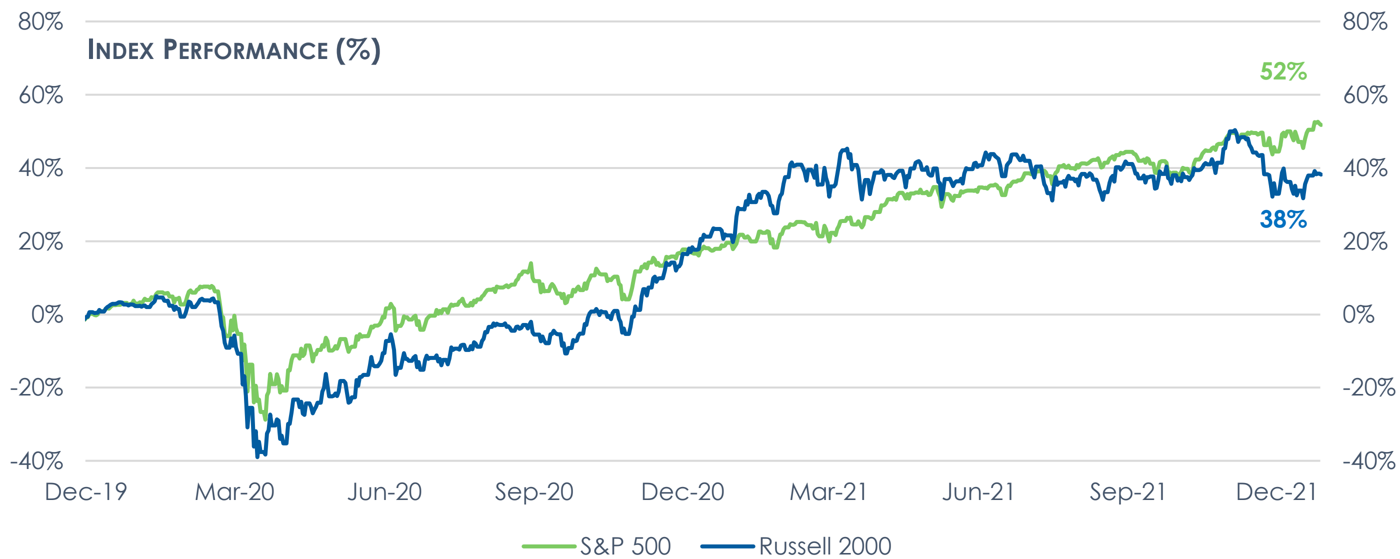
Public Markets Update:
S&P 500 and Russell Performance

Q4
2021

In Q4 2021, public company valuations' were mixed. The S&P 500 Index ("S&P") set an all-time high during Q4 2021 finishing up 10.6% and the Russell 2000 Index ("Russell") finished up just 1.9%, both compared to the prior quarter. Q4 2021 results were driven by increased earnings as valuation multiples fell.

The Enterprise Value-to-EBITDA multiple for the Russell and S&P ended at approximately 15.2x and 16.7x, respectively – declines from the prior quarter. EV/EBITDA multiples remain elevated when compared to the 2019 average of 12.7x and 12.4x for the S&P and Russell, respectively.

S&P 500 and Russell 2000 Index Performance



S&P 500 and Russell 2000 Index EV/EBITDA Performance

Source: Capital IQ, PitchBook
Note: Data as of 12/31/2021

Public Markets Update:
Valuation Multiples by Sector

Q4
2021

GLC monitors the Russell 2000 as it best represents a public traded barometer for Middle Market valuations due to the index's focus of small-cap stocks. Only half of the sectors in the Russell reported an increase from Q4 2020 to Q4 2021 with some sectors experiencing continued post-COVID growth and others facing headwinds.

Business Services' Resiliency

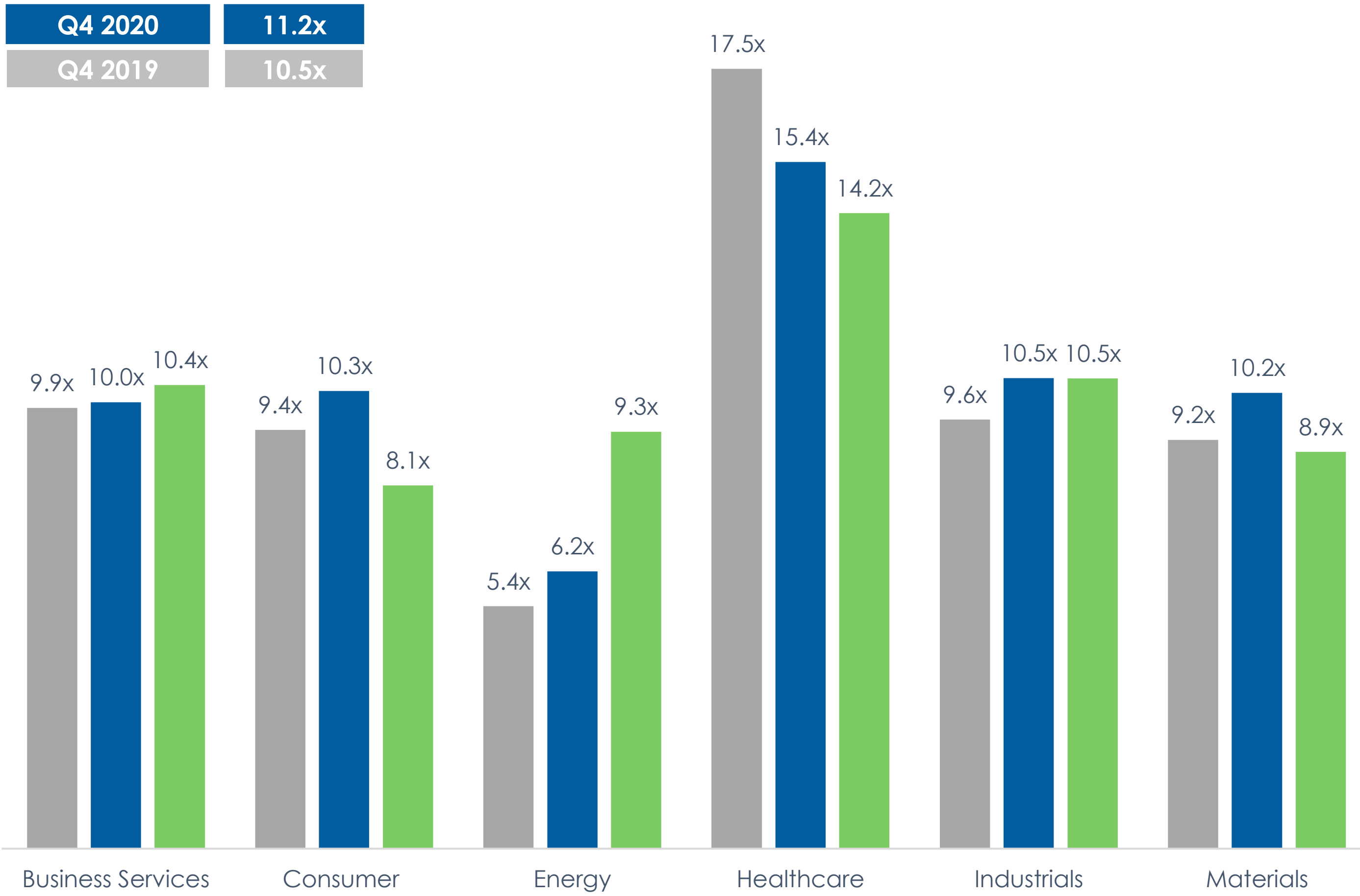
Companies within the Russell's Business Services sector continue to post increased multiples due to increasing investments in HR technology and process automation as a result of the tightened labor market.

Healthcare Pullback

Constituents in the Russell's healthcare sector continued their year-over-year multiple decline. The healthcare industry continues to experience the weight of COVID with i) increased pay for healthcare professionals; ii) high staff turnover; and iii) overallocation of resources towards COVID patients and lower cost procedures and treatments.

Russell 2000 Median EV/EBITDA Multiples by Sector[1]

Q4 2021	10.9x
Q4 2020	11.2x
Q4 2019	10.5x



Source: Capital IQ, PitchBook
Note: Data as of 12/31/2021; Summary multiples do not tie to prior page due to exclusion of Financial & Technology sectors
(1) Excludes EV/EBITDA multiples <0x and >40x; Excludes Financial & Technology sectors

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GLC ADVISORS FIRM OVERVIEW

GLC Advisors & Co.

A Leading, Full-Service Investment Bank

GLC Advisors & Co. is a leading independent investment banking advisory firm focused on senior-level expertise, long-term relationships and objective guidance to our clients. We offer comprehensive services to our clients through a variety of advisory assignments including: M&A, financing/debt advisories, restructurings, recapitalizations, fairness opinions, and valuations. Our offices are located across the nation in New York, Denver, and San Francisco.

GLC has received numerous awards recognizing both firm and individual accomplishments, including multiple "Deal of the Year" and "Firm of the Year" awards for M&A and Restructuring transactions.

GLC's Advisory Services

Mergers and Acquisitions

- 100% Sale
- Majority Recap
- Buy-side
- Valuations
- Fairness Opinions

Capital Raising

- Growth Equity
- Debt Capital (Senior, Sub, Unitranche)
- Minority Recap (Secondary Capital)

Restructuring

- Corporate Restructuring
- Debtor and Creditor Advisory
- Distress M&A / 363 Transactions

GLC Firm Highlights

50+
Professionals

500+
Transactions

GLC's Business Services and Diversified Industries Team

GLC's Business Services and Diversified Industries Team is exclusively focused on advising business services and industrials clients in the Middle Market. Our team's advisory work includes M&A (sell-side and buy-side), financing/debt advisories, recapitalizations, fairness opinions, and valuations. We excel at working with founders and owner-operators. Our team is passionate about the businesses and people that hire us to advise in their strategic decisions and events.

Adam Fiedor
Managing Director
Adam.Fiedor@glca.com
O: 303.479.3845
M: 720.255.7978

Michael Richter
Managing Director
Michael.Richter@glca.com
O: 303.479.3844
M: 704.770.5172

Mike Fleschner
Director
Michael.Fleschner@glca.com
O: 303.479.3846
M: 816.698.9598

Michael Armbruster
Associate
Michael.Armbruster@glca.com
O: 303.479.3851
M: 303.483.8576

New York 600 Lexington Avenue | 9th Floor
New York, NY 10022

Denver 1125 17th Street | 23rd Floor
Denver, CO 80202

San Francisco 451 Jackson Street | 2nd Floor
San Francisco, CA 94111

REPRESENTATIVE TRANSACTIONS

GLC Advisors & Co.

Recent M&A Advisory

SpineOne Spine & Sport Medical Center Acquired By TRINITY HUNT PARTNERS Advisor to SpineOne	ELMDALE PARTNERS Recapitalization & Growth Capital STELLUS CAPITAL MANAGEMENT Advisor to Elmdale Partners	FINACITY A Portfolio Company of Greensill Acquired By WHITE OAK Advisor to Greensill U.S.	LPi Sold the assets of WeShare WEGATHER To Ministry Brands INSIGHT PARTNERS GSV GENSTAR Advisor to LPi	Mark Young Construction, LLC Majority Recap ArgonautPrivateEquity Advisor to Mark Young
Brian Head Resort Acquired By MCP Advisor to Brian Head	THUNDER FUNDING Acquired By TLC S|E|Capital Advisor to Thunder	MINTZ GROUP Acquired By ICV PARTNERS Advisor to Mintz Group	CoorsTek (Specialty Seal Division) Acquired By TRELLEBORG Advisor to CoorsTek Inc.	EYP/ Has Divested THE WEIDT GROUP To WILLDAN Advisor to EYP

Recent Capital Raise Advisory

ALPHAMEDIA ON-AIR . ON-SITE . ON-DEMAND Debt Capital Raise Advisor to Ad Hoc Group of Creditors	trapp Minority Recap HMC Advisor to Trapp Technology	Dean Foods Financing for Alternative Transaction Advisor to Dean Foods	AGC Debt Private Placement in the Acquisition of BLACK BOX Advisor to AGC Networks	Starcity Capital Raise Advisor to Star City
AspenDental Debt Capital Raise Advisor to Aspen Dental	EMPIRE RESORTS, INC. Debt Capital Raise Advisor to Empire Resorts	AMERICAN RESOURCES CORPORATION Capital Raise Advisor to American Resources	MACHINEZONE Debt Capital Raise Advisor to Machine Zone	physiciansendoscopy Debt Capital Raise Advisor to Physicians Endoscopy

Recent Restructuring Advisory

FirstEnergy Chapter 11 Restructuring Advisor to First Energy	PENGROWTH Restructuring Advisor to Pengrowth	iHeart MEDIA Restructuring Advisor to iHeartMedia	Toys R Us Chapter 11 Restructuring Advisor to Toys "R" Us	Platinum Partners Advisors to Cayman Liquidators of Value Arbitrage Fund Advisor to Platinum Partners
FALLBROOK TECHNOLOGIES Chapter 11 reorganization Advisor to Fallbrook	Brookstone Chapter 11 reorganization and Section 363 asset sale Advisor to Brookstone	ALGOMA STEEL INC. Chapter 11 Restructuring Advisor to Algoma	uBiome Chapter 11 Restructuring Advisor to uBiome	vmi Restructuring Advisor to Vantage Mobility

Includes representative transactions completed by the professionals of GLC Advisors & Co. while at GLC and other firms