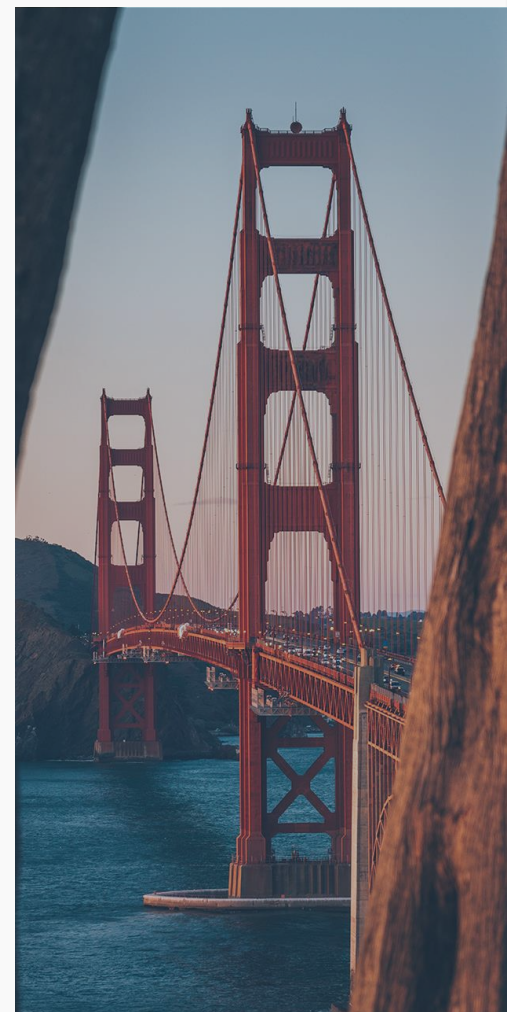
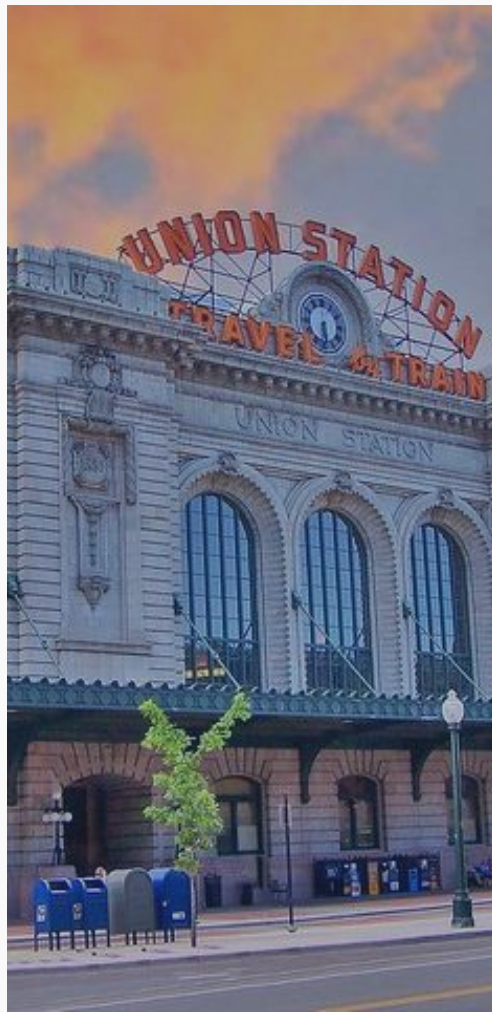


MIDDLE MARKET  
M&A UPDATE

Q3 2022



# MIDDLE MARKET M&A AND PUBLIC MARKETS

## Q3 2022 Highlights and Activity

10.5x

Median M&A Multiple

1,444

# of Middle Market  
M&A Transactions

81%

of Acquisitions by  
Private Equity Buyers

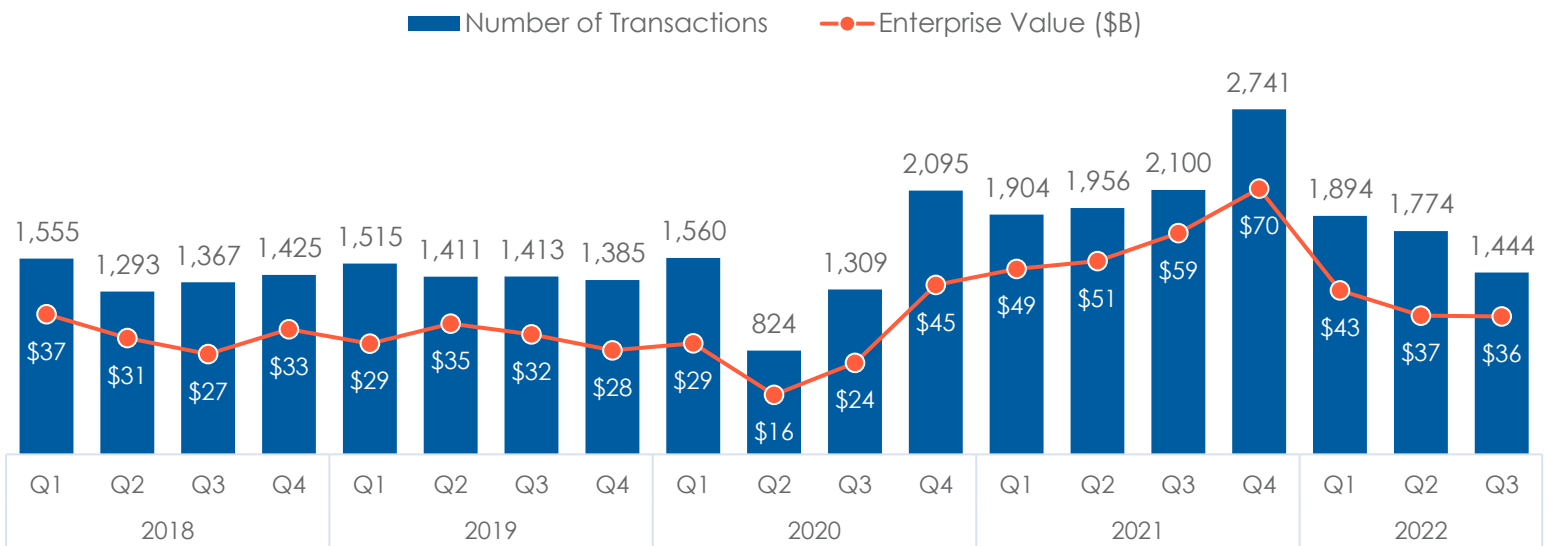
\$259B

Private Equity Capital  
Raised YTD

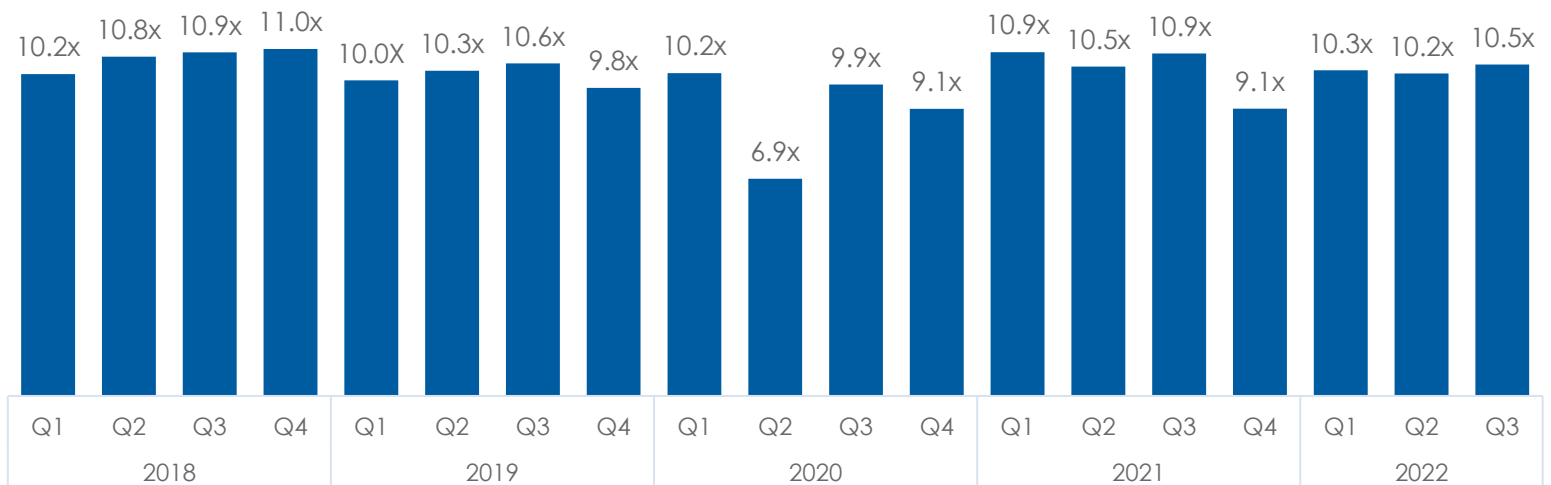
During Q3 '22, valuation multiples for Middle Market companies continue to remain stable with businesses transacting for a median EBITDA multiple of 10.5x. During the quarter, the number of Middle Market transactions continued to decline to normal pre-COVID

levels (average of 1,421 per quarter during '19 vs. 1,444 for Q3 '22). While volume has returned to a "normal" level, M&A activity is being impacted by market uncertainty from a recession, interest rates, and the geopolitical climate.

### U.S. Middle Market Transactions & Transaction Value <sup>(1)</sup>



### U.S. Median Middle Market EBITDA Multiple <sup>(2)</sup>



Source: Capital IQ, PitchBook  
Note: Data as of 9/30/2022

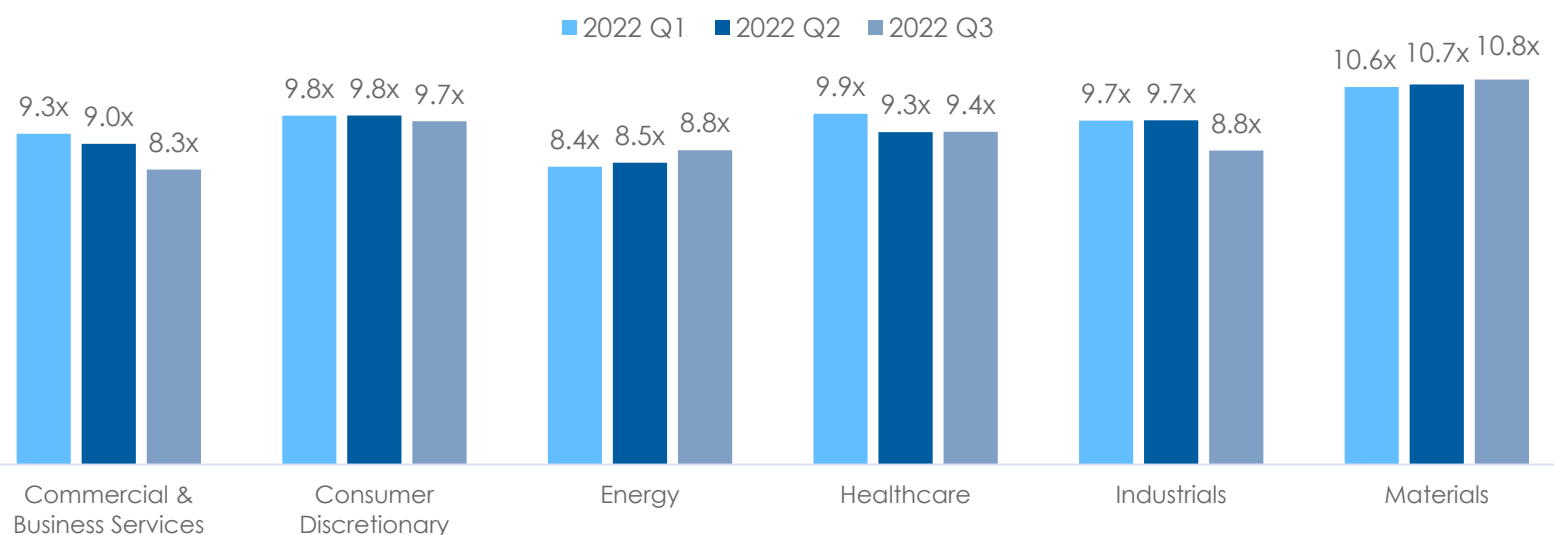
(1) Middle Market defined as <\$500M in Enterprise Value; (2) Excludes multiples <2.0x and >20.0x as well as Financial & Technology sectors

## Deal Flow and Valuation Multiples

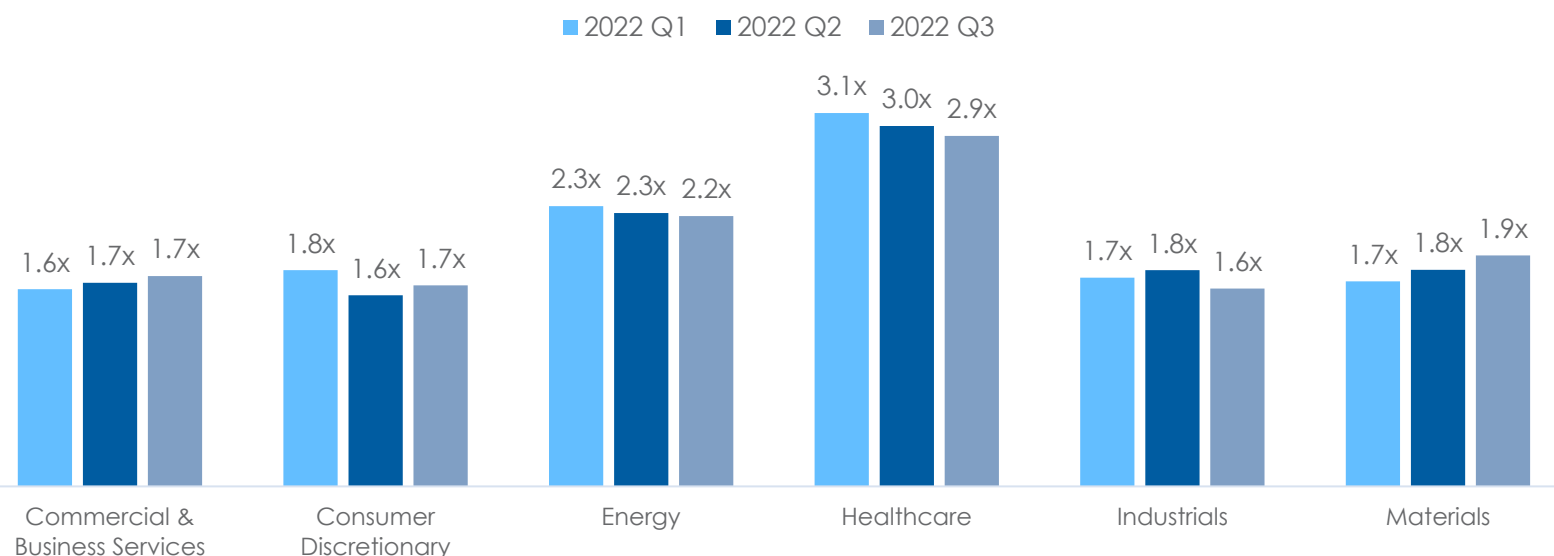
When examining each industry sector in more detail, valuation multiples continue to reveal a healthy environment for Middle Market M&A for quality sellers. As we see in GLC's current M&A mandates, strong, profitable companies that are demonstrating stability in a recessionary environment continue to be highly sought-after

by private equity and strategic acquirers alike. At the end of Q3 '22, industries experiencing steady or increasing EBITDA valuations compared to previous quarters include Consumer Discretionary, Energy, and Materials.

### U.S. Median Middle Market EV/EBITDA Multiple by Sector <sup>(1) (2)</sup>



### U.S. Median Middle Market EV/Revenue Multiple by Sector <sup>(1) (3)</sup>



Source: Capital IQ, PitchBook

Note: Data as of 9/30/2022

(1) Middle Market defined as <\$500M in Enterprise Value;

(2) Excludes multiples <2.0x and >20.0x as well as Financial & Technology sectors;

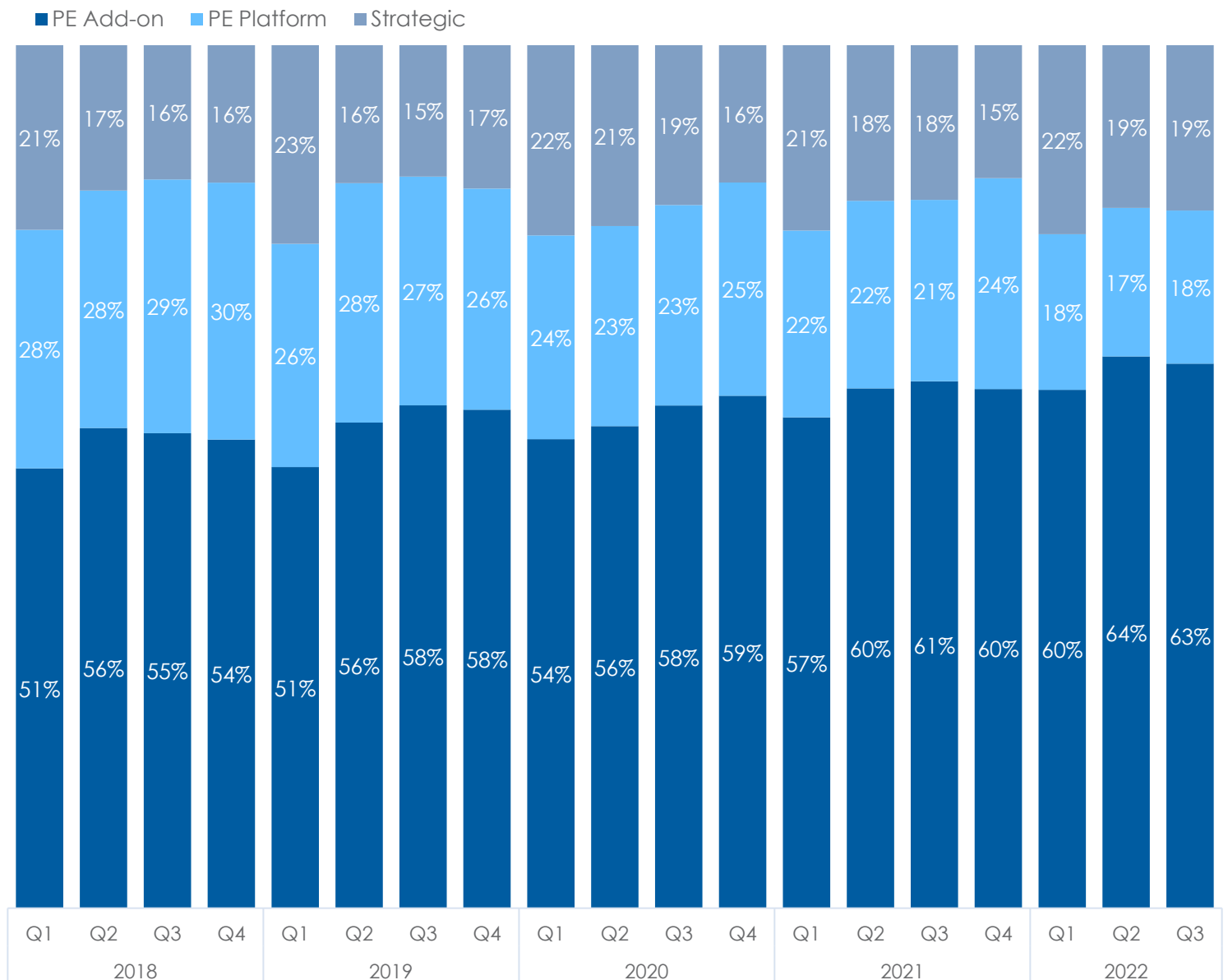
(3) Excludes multiples >7.5x as well as Financial & Technology sectors

## Acquirer Trends

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 within the industry).

In Q3 '22, private equity add-ons continue to comprise approximately 60%+ of all M&A transaction volume, whereas PE platform activity reached one of its lowest levels in several years. Strategic acquirers comprised nearly 20% of all M&A transactions in Q2 '22.

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



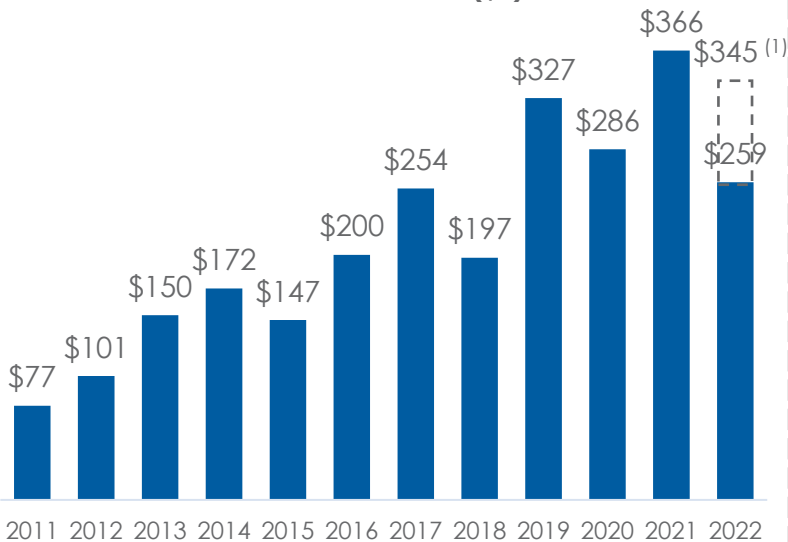
Source: Capital IQ, PitchBook  
Note: Data as of 9/30/2022

In Q3 '22, 100+ new funds were formed totaling \$80B+ in new capital. Private equity fundraising remains strong when measured in new capital raised (\$345B annualized '22 vs \$366B in 2021 – a banner year). However, the number of new funds formed is at the lowest annualized pace since '13. Overall, the total amount of private

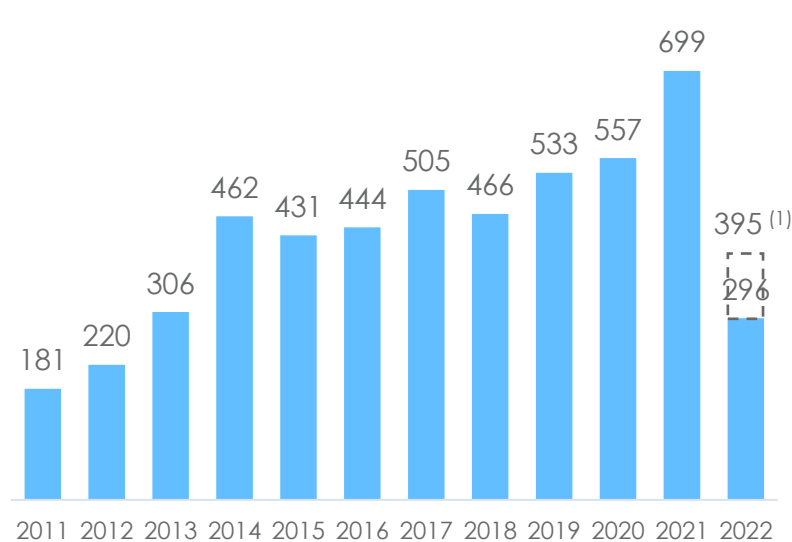
equity capital raised and available for deployment (“U.S. Private Equity Capital Overhang”) since '13 totals ~\$750B with the vast majority targeting Middle Market companies. However, the capital overhang has declined for two consecutive years for the first time since '08 to '10.

### U.S. Private Equity Fundraising

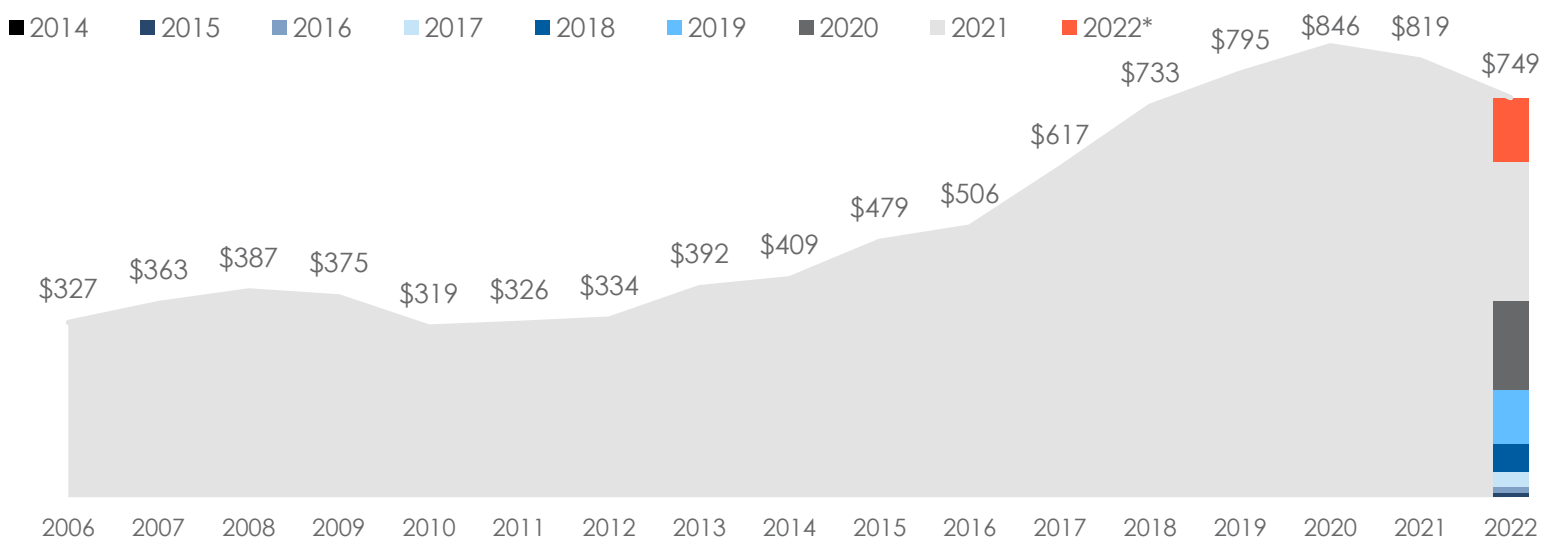
PE CAPITAL RAISED (\$B)



NUMBER OF NEW FUNDS



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



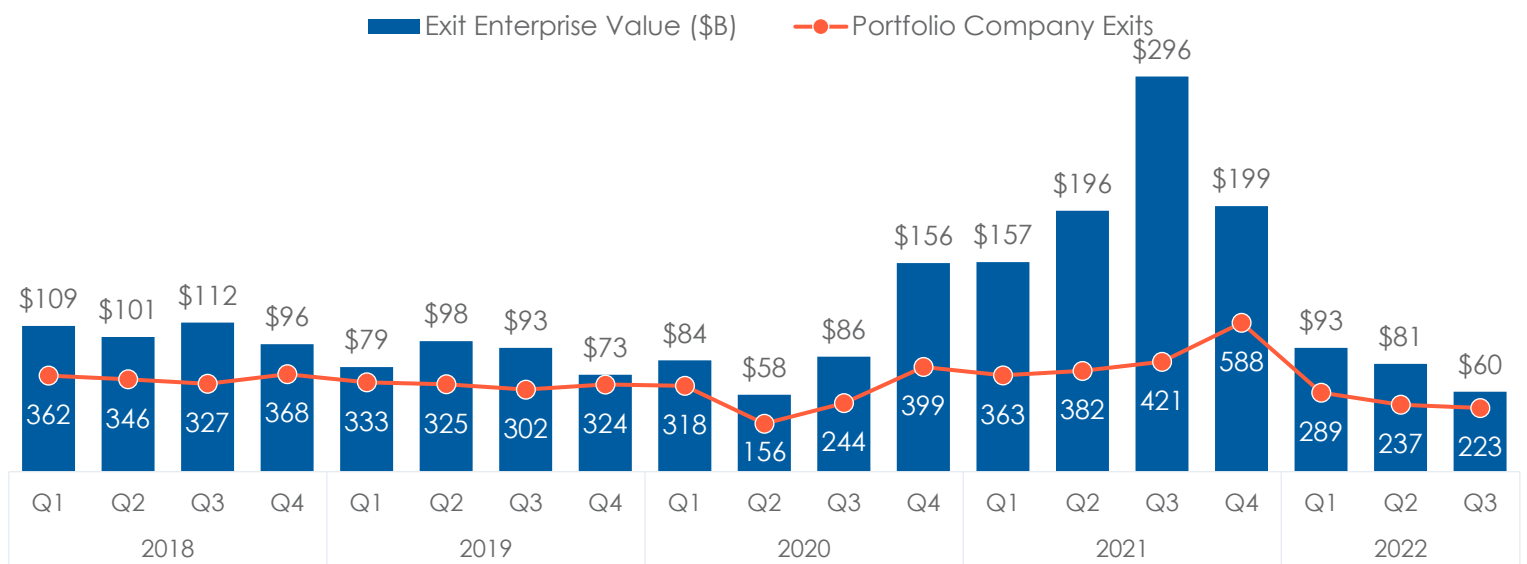
Source: Capital IQ, PitchBook  
 Note: U.S. PE Fundraising data as of 9/30/2022 & U.S. PE Capital Overhang data as of 6/30/2022; Excludes venture capital & real estate funds  
 (1) Annualized year-end estimate

## Private Equity Exit Activity

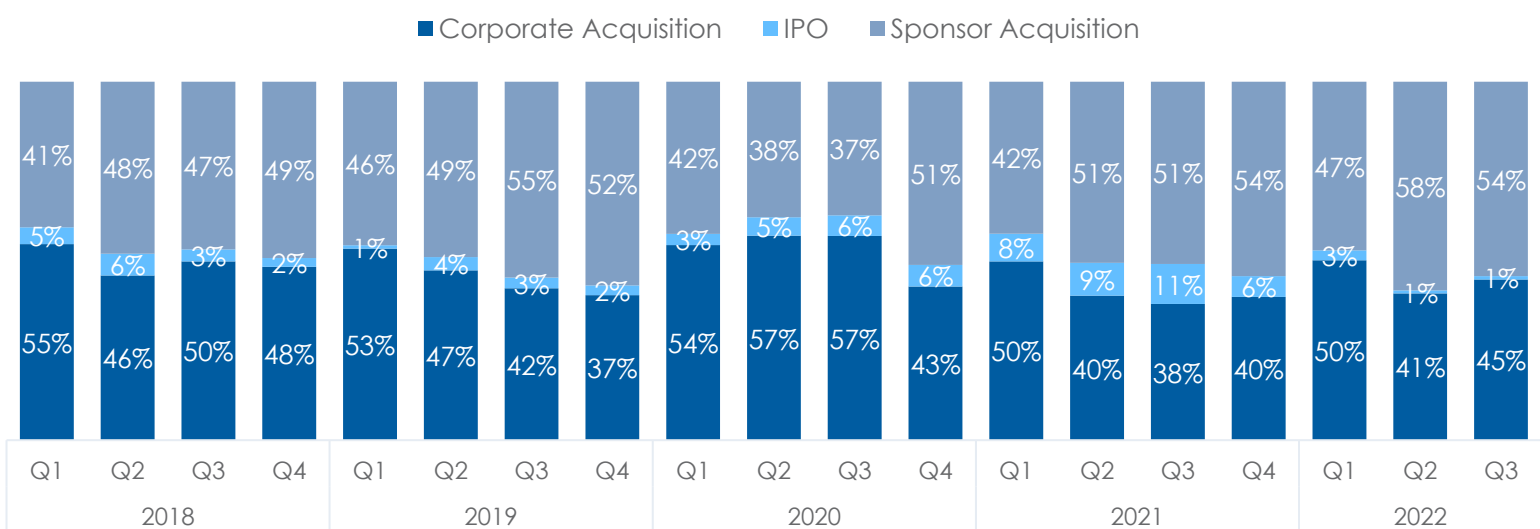
The decrease in private equity exit activity reached a fourth consecutive quarter in Q3 '22 with 223 portfolio company exits totaling \$60B+ in Enterprise Value. Private equity funds have slowed exit rates after capitalizing on valuation exuberance in '21 and are taking a "wait and see" approach to current macroeconomic

headwinds. Private equity exits continue to be evenly split between sales to other private equity firms and strategic acquirers. IPO exits are at the lowest two quarter levels since pre-'18.

### U.S. Private Equity Exit Activity



### U.S. Private Equity Exit by Type



Source: Capital IQ, PitchBook  
Note: Data as of 9/30/2022

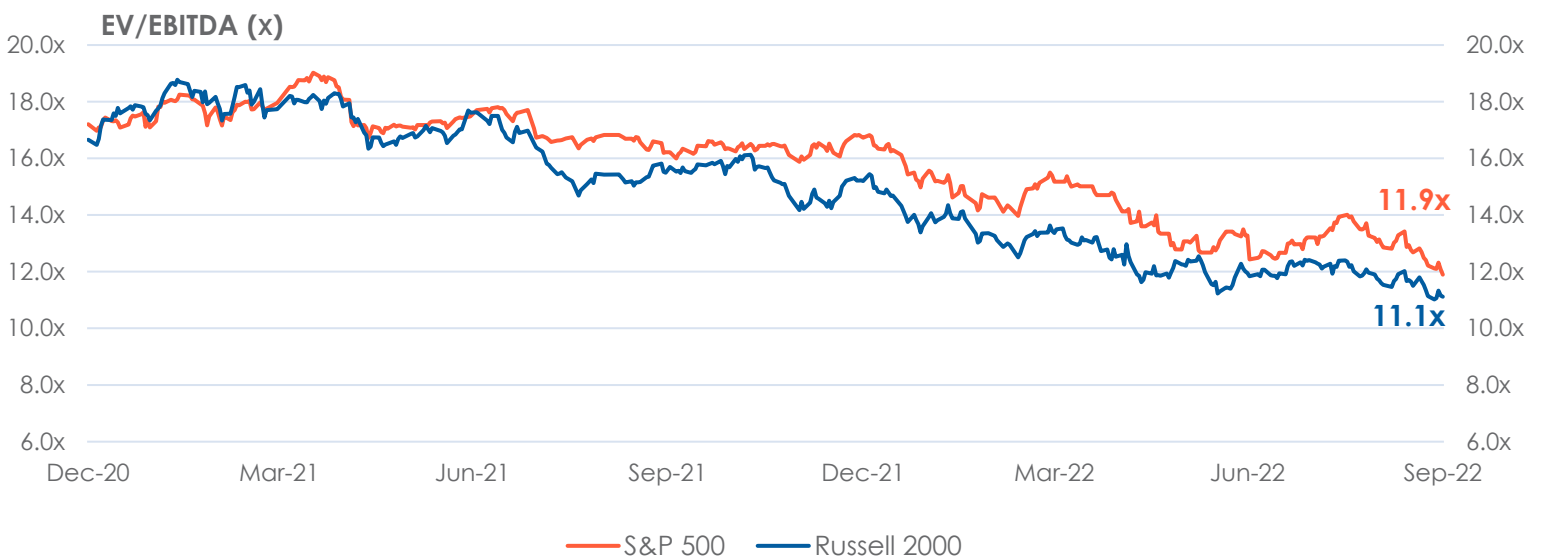
In Q3 '22, public company valuations declined. During this period, the S&P 500 Index ("S&P") retreated -5.4% and the Russell 2000 Index ("Russell") finished down -2.6%. The EBITDA multiple for the Russell and S&P ended at approximately 11.1x and 11.9x, respectively. EBITDA multiples are down well below pre-

COVID levels (2019 average of 12.7x and 12.4x for the S&P and Russell, respectively) due to declining stock prices against strong, post-COVID trailing twelve-month EBITDA growth. Markets are forward looking and are pricing in declining EBITDA performance in the near future.

### 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 9/30/2022

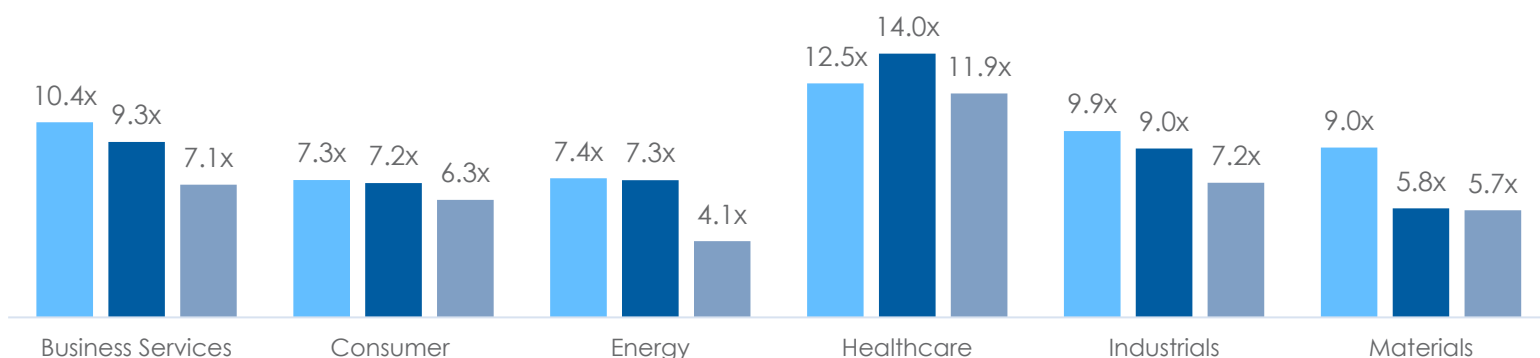
## Public Markets' Valuation Multiples by Sector

GLC monitors the Russell 2000 Index as a barometer for Middle Market valuations due to the index's focus of small-cap stocks. Each sector in the Russell reported a decline in valuation multiples from Q2 '22 to Q3 '22. Overall, the average EBITDA multiple decline of the Russell's sectors in Q3 '22 was

approximately 8% compared to Q2 '22 and 17% compared to Q1 '22. Valuation multiples in the public markets continued to fall as investors are factoring in slowing economic growth and rising interest rate impacts to near-term financial performance.

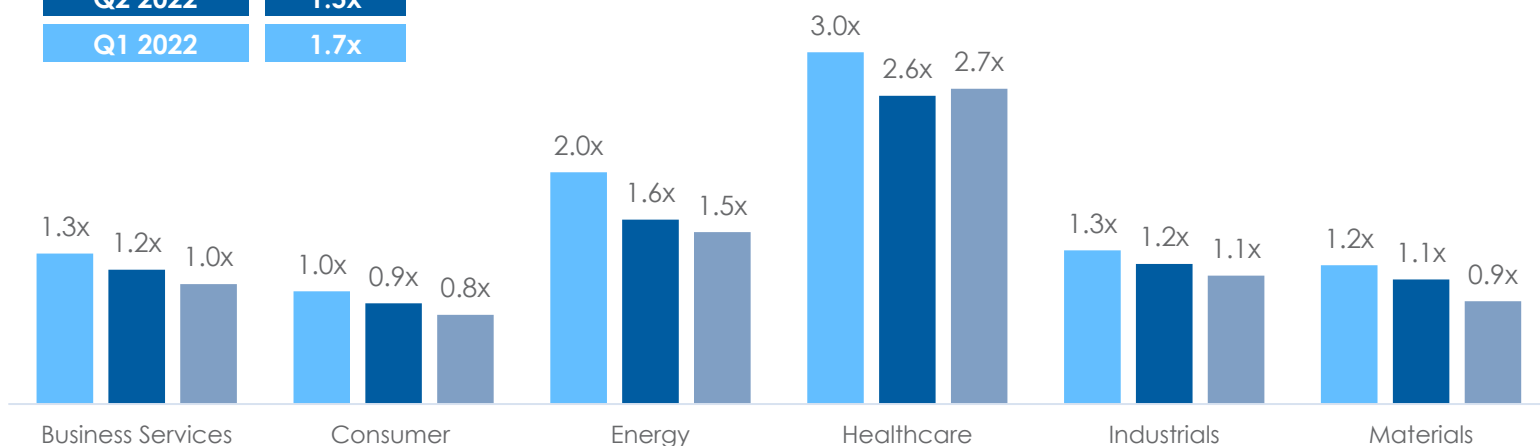
### Russell 2000 Median EV/EBITDA Multiples by Sector <sup>(1)</sup>

Q3 2022	8.5x
Q2 2022	9.2x
Q1 2022	10.2x



### Russell 2000 Median EV/Revenue Multiples by Sector <sup>(2)</sup>

Q3 2022	1.4x
Q2 2022	1.5x
Q1 2022	1.7x



Source: Capital IQ, PitchBook  
 Note: Data as of 9/30/2022; 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  
 (2) Excludes EV/Rev multiples >7.5x; Excludes Financial & Technology sectors

# FIRM OVERVIEW

## A Leading, Full-Service Investment Bank

GLC Advisors & Co. is a leading independent investment banking advisory firm, delivering objective, senior-level expertise to successfully execute financial advisory assignments for our clients. We advise Shareholders, Board of Directors, Entrepreneurs, Management Teams, and Capital Providers on material financial transactions regarding strategic alternatives, capital structure, and transactions.

We excel working with founder and owner operators and are passionate about the businesses and people we work with.

**900+**  
CLOSED  
TRANSACTIONS

**\$730B+**  
TRANSACTION  
VALUE

**50+**  
PROFESSIONALS

**15+**  
MANAGING  
DIRECTORS

### Key Capabilities

#### M&A Advisory

- 100% Sale
- Valuations
- Fairness Opinions

#### Capital Raising

- Growth Equity
- Debt Capital
- Minority Recap

#### Restructuring

- Debt Advisory
- Distressed M&A
- 363 Transactions

## Business Services & 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.



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# MIDDLE MARKET M&A UPDATE

## Representative Transactions

Q3  
2022

### Recent M&A Advisory



AccuSystems  
Acquired By  
**Alogent**  
Battery

---

Advisor to  
AccuSystems



Dema  
Plumbing  
Acquired By  
GLADSTONE INVESTMENT  
Merged with  
MAI  
MECHANICAL

---

Advisor to  
Dema Plumbing



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 WEBGATHER  
To  
Ministry Brands  
INSIGHT PARTNERS GSV GENSTAR

---


Advisor to  
LPI



Mark Young  
Construction, LLC  
Majority Recap  
Argonaut Private Equity

---

Advisor to  
Mark Young



Brian Head  
Acquired By  
MCP

---

Advisor to  
Brian Head



THUNDER  
Acquired By  
TLC SIE Capital

---

Advisor to  
Thunder




MINTZ  
GROUP  
Acquired By  
ICV PARTNERS

---

Advisor to  
Mintz Group

### Recent Capital Raise Advisory



All Pro  
Capital  
Acquired a Stake in  
ADVENIRE  
Wealth Management

---


Advisor to All Pro  
Capital



trapp  
Minority Recap  
LIMC

---

Advisor to  
Trapp Technology



ALPHA MEDIA  
OH-AIR, OH-SITE, OH-DEMAND  
Debt Capital Raise

---

Advisor to  
Ad Hoc Group of Creditors



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




MACHINE  
ZONE  
Debt Capital Raise

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Advisor to  
Machine Zone

### Recent Restructuring Advisory



FirstEnergy  
Chapter 11  
Restructuring

---


Advisor to  
First Energy



PENGROWTH  
Restructuring

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Advisor to  
Pengrowth



iHEART  
MEDIA  
Restructuring

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Advisor to  
iHeartMedia



Toys R Us  
Chapter 11  
Restructuring

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Advisor to  
Toys "R" Us



Platinum Partners  
Advisors to Cayman  
Liquidators of Value  
Arbitrage Fund

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Advisor to  
Platinum Partners



FALLBROOK  
TECHNOLOGIES  
Chapter 11  
reorganization

---


Advisor to  
Fallbrook



Brookstone  
Chapter 11  
reorganization and  
Section 363 asset sale

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Advisor to  
Brookstone



ALGOMA  
STEEL INC.  
Chapter 11  
Restructuring

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Advisor to  
Algoma



uBiome  
Chapter 11  
Restructuring

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Advisor to  
uBiome



vmi  
Restructuring

---

Advisor to  
Vantage Mobility

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