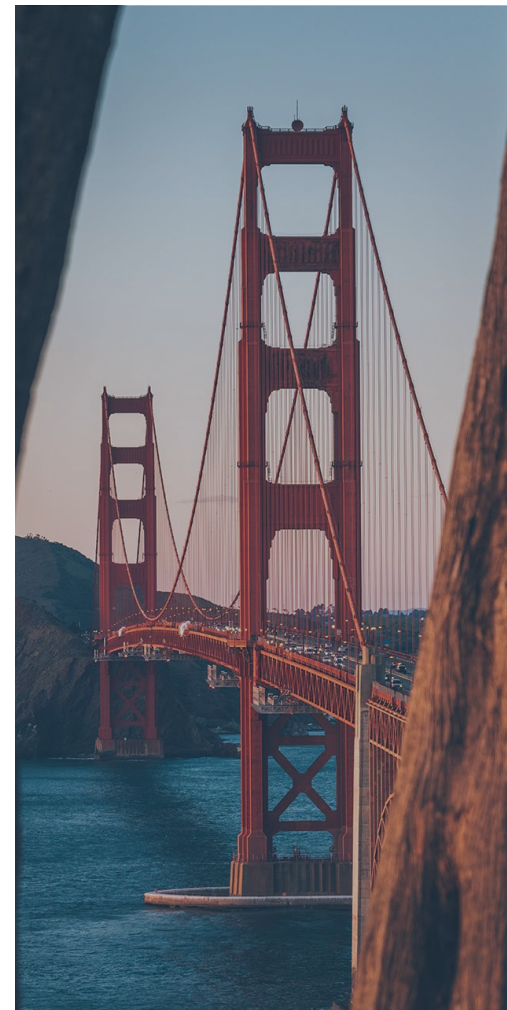


MIDDLE MARKET
M&A UPDATE

Q1 2023



MIDDLE MARKET M&A AND PUBLIC MARKETS

Q1 2023 Highlights and Activity

9.5x

Median M&A Multiple

1,311

of Middle Market
M&A Transactions

78%

of Acquisitions by
Private Equity Buyers

\$776B

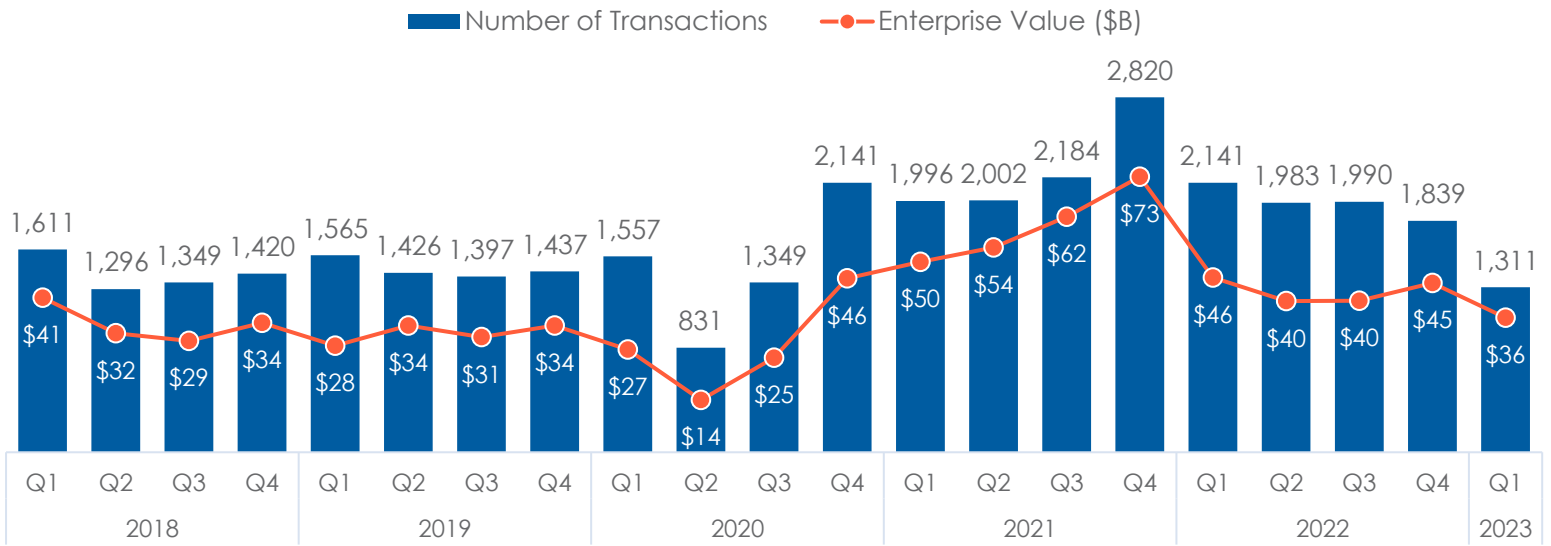
2022 Private Equity
Overhang

Deal Flow and Valuation Multiples

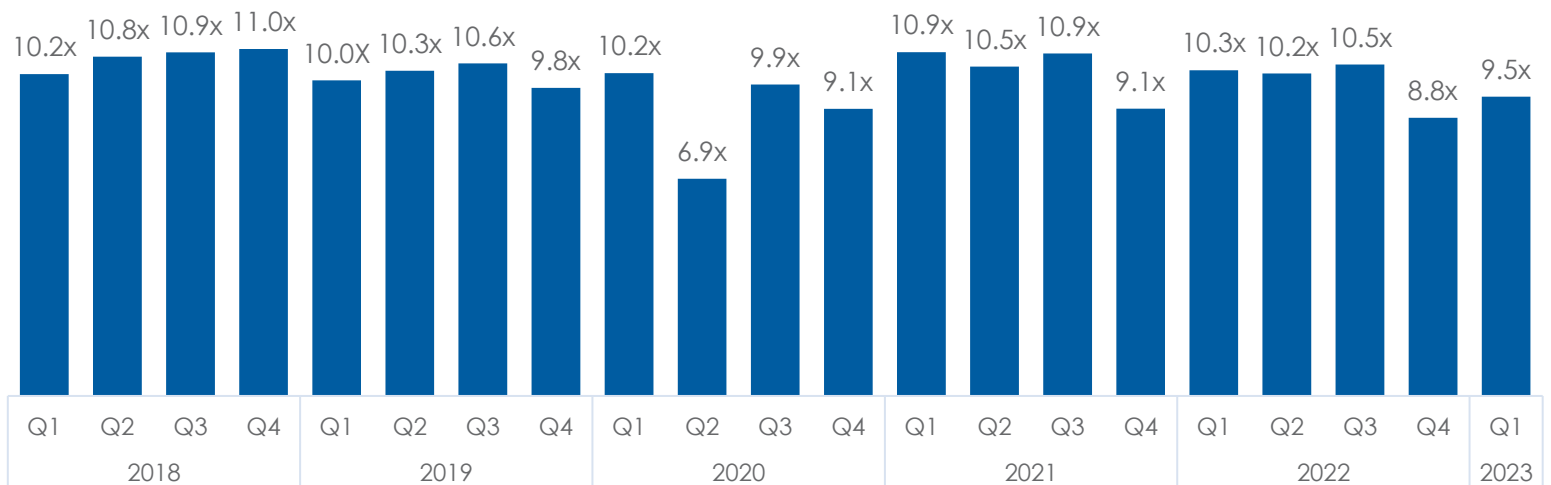
During Q1 '23, the number of Middle Market transactions posted the lowest quarterly total since COVID and is below pre-COVID levels (average of 1,421 per quarter during '19). While volume has declined, valuations are holding steady, GLC continues to hear from the buyer community a desire to focus on acquiring

quality companies (versus a high quantity of transactions in previous years). As a result, valuation multiples for Middle Market companies have increased to a median EBITDA multiple of 9.5x from the prior quarter.

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



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



Source: Capital IQ, Pitchbook
Note: Data as of 3/31/2023

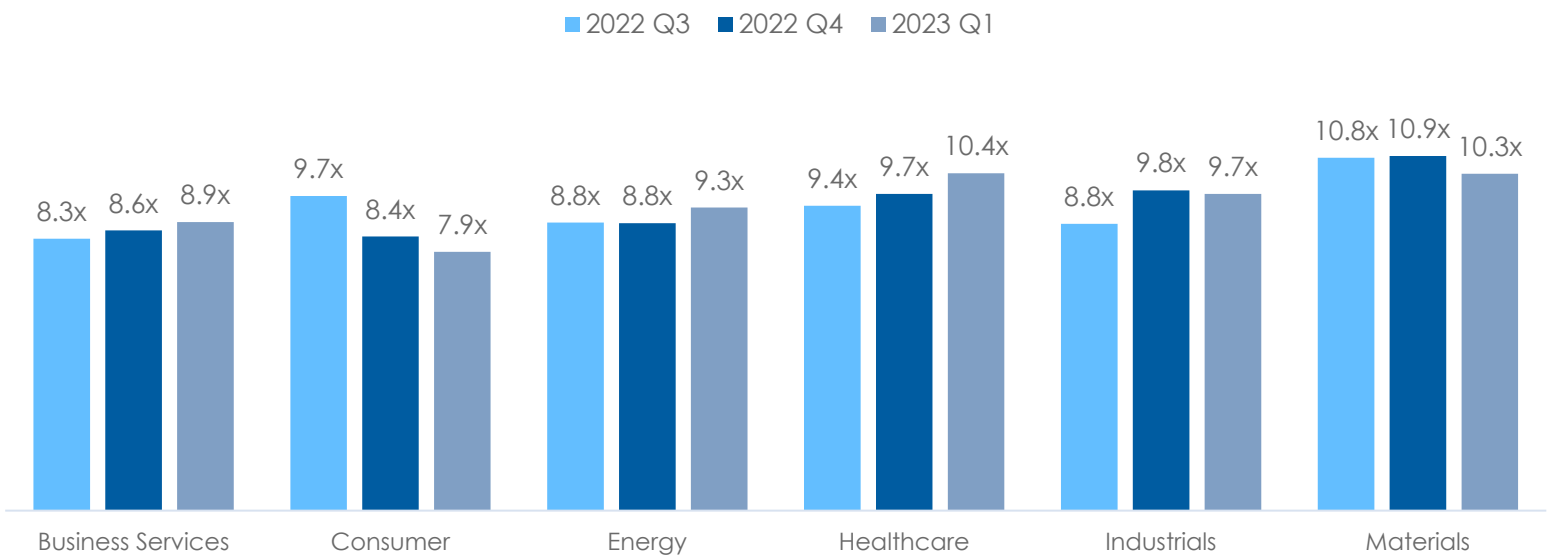
(1) Middle Market defined as <\$500M in Enterprise Value; (2) Excludes multiples <2.0x and >20.0x as well as Financial & Technology sectors

Deal Flow and Valuation Multiples

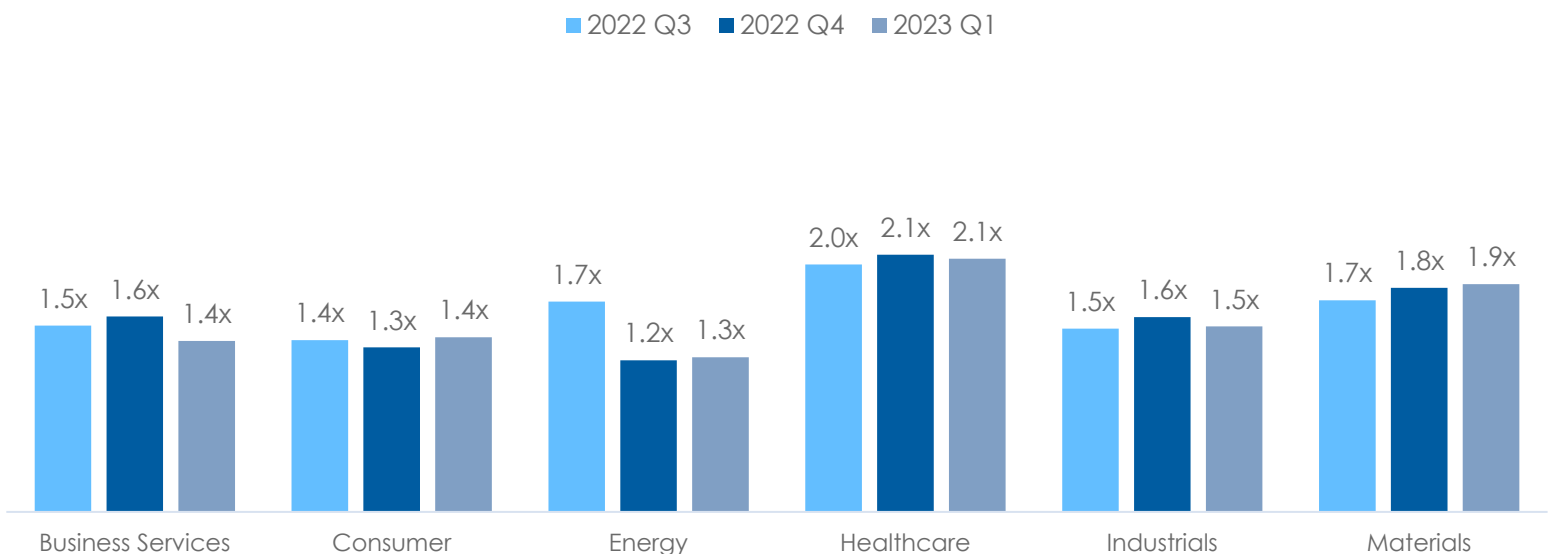
When examining each industry sector in more detail, valuation multiples reveal a varied environment for Middle Market M&A as specific industries (such as Consumer) are experiencing a valuation decline. However, as we see in GLC's current M&A mandates, strong, profitable companies that can demonstrate

stability in a recessionary environment are highly sought-after by both private equity and strategic acquirers. At the end of Q1 '23, the majority of industries experienced steady or increasing EBITDA valuations in Middle Market M&A compared to the prior quarter.

U.S. Median Middle Market EV/EBITDA Multiple by Sector ^{(1) (2)}



U.S. Median Middle Market EV/Revenue Multiple by Sector ^{(1) (3)}



Source: Capital IQ, PitchBook

Note: Data as of 3/31/2023

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

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

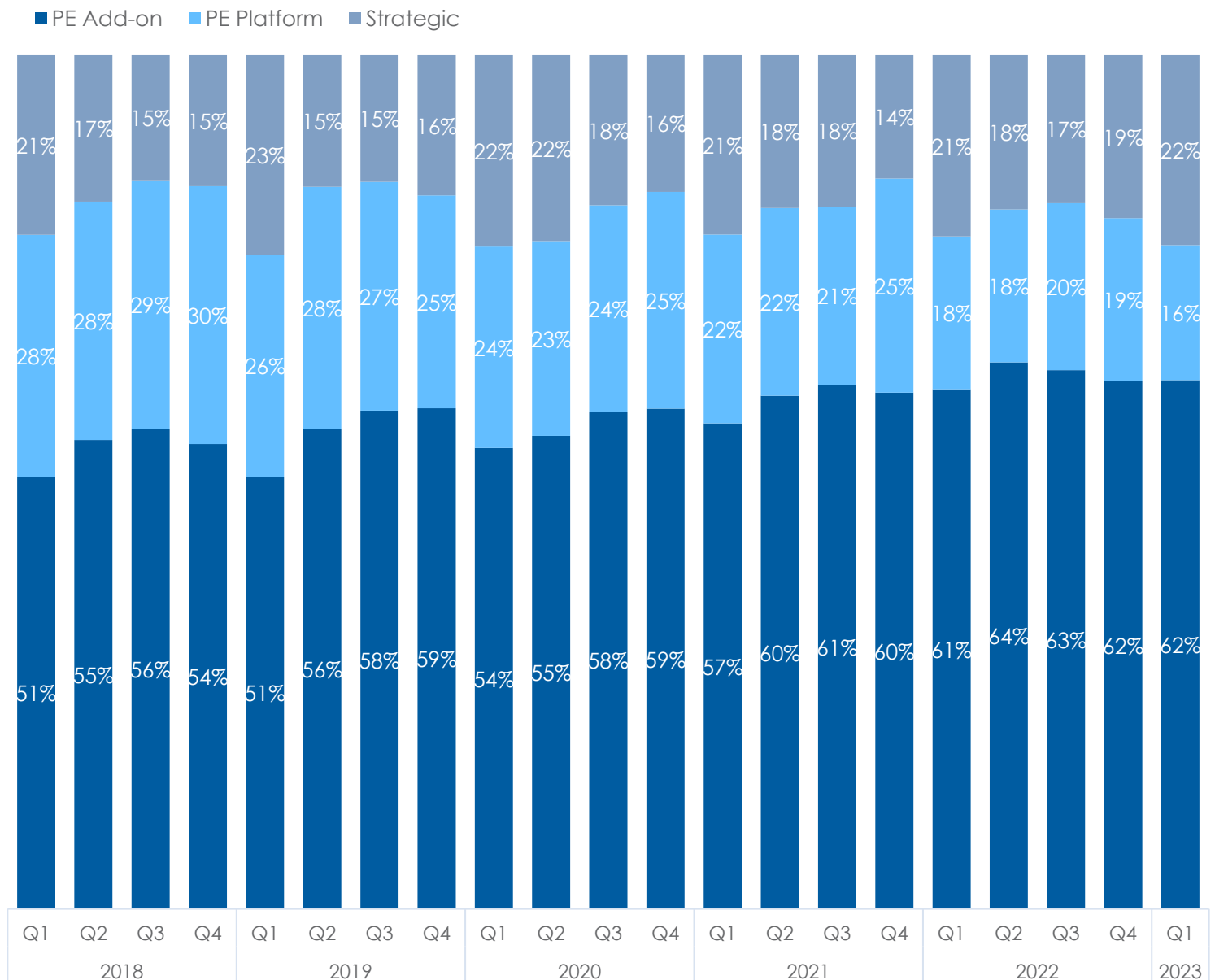
(3) Excludes multiples >5.0x as well as Financial & Technology sectors

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 Q1 '23, private equity add-ons continue to comprise 60%+ of all M&A transaction volume, whereas PE platform continued to decline and is at the lowest quarterly level over the past 21 quarters. Strategic acquirers comprised 20%+ of all M&A transactions in Q1 '23.

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



Source: Capital IQ, PitchBook
Note: Data as of 3/31/2023

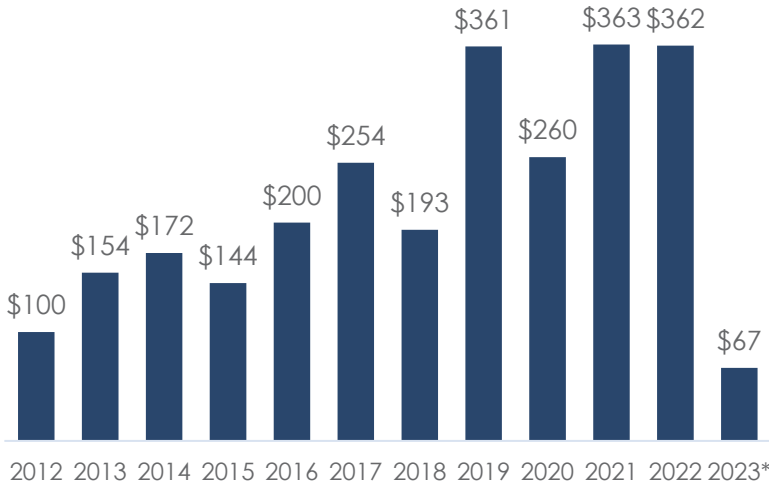
Fund Formation and Capital Overhang

The total amount of private equity capital raised and available for deployment ("U.S. Private Equity Capital Overhang") since '13 totals approximately \$780B with the vast majority targeting Middle Market companies. The private equity capital overhang has declined annually for the first time in over a

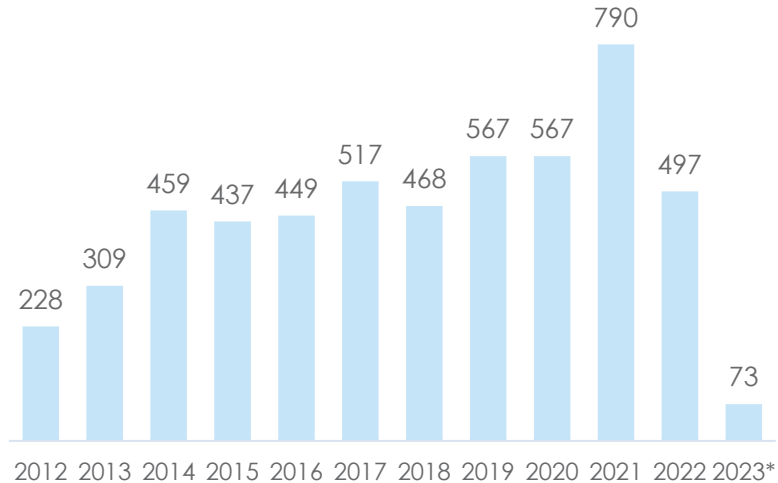
decade. In Q1 '23, 70+ new funds were formed totaling \$60B+ in new capital. On an annualized basis, private equity fundraising both capital raised (\$268B annualized) and number of funds (292 annualized) are projected to be lower than 2022 (\$362B capital raised and 497 new funds formed).

U.S. Private Equity Fundraising

PE CAPITAL RAISED (\$B)

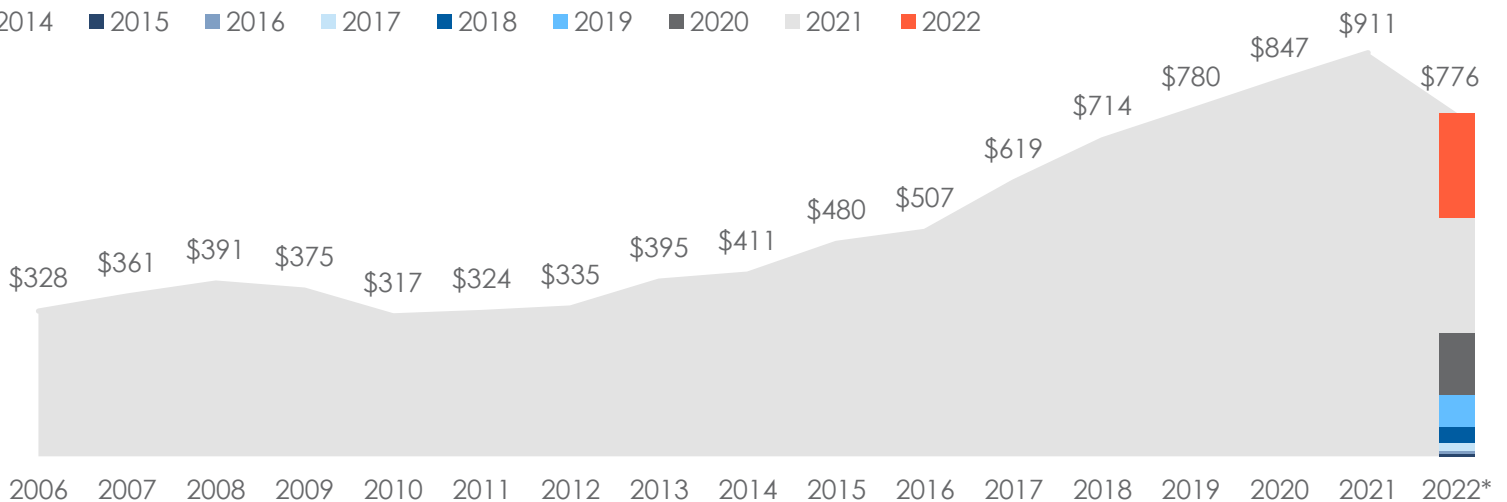


NUMBER OF NEW FUNDS



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

■ 2014 ■ 2015 ■ 2016 ■ 2017 ■ 2018 ■ 2019 ■ 2020 ■ 2021 ■ 2022



Note: U.S. PE Fundraising data as of 3/31/2023 & U.S. PE Capital Overhang data as of 12/31/2022; Excludes venture capital & real estate funds

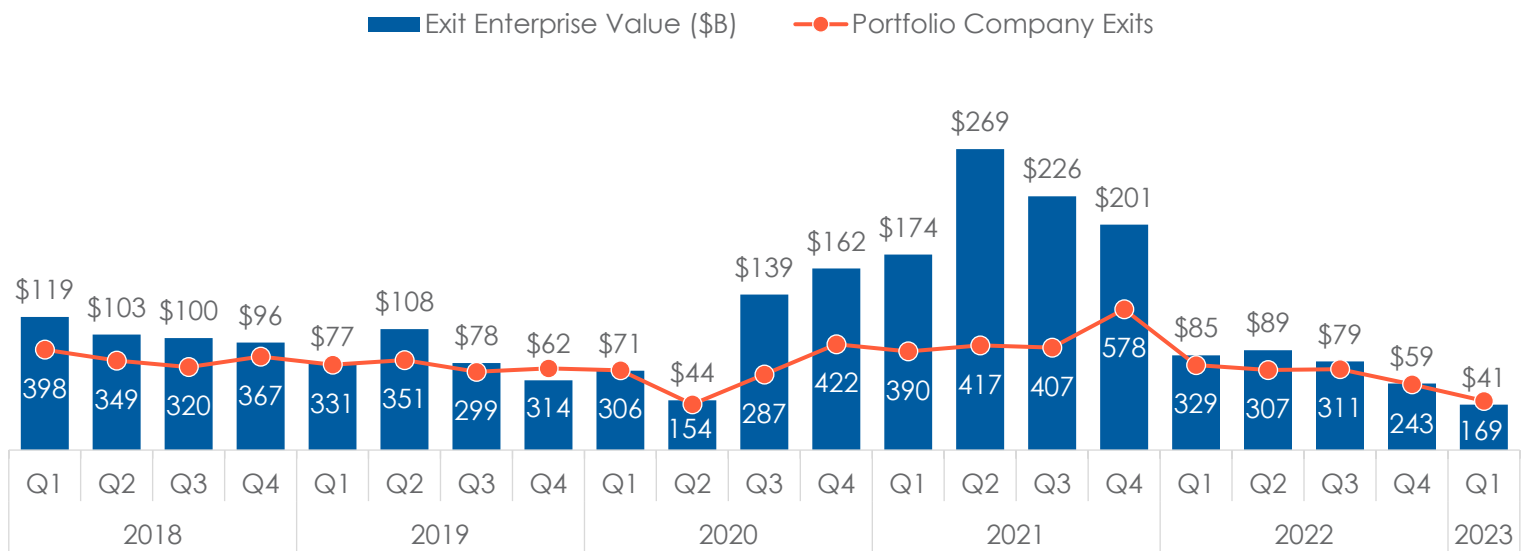
Source: Capital IQ, PitchBook

Private Equity Exit Activity

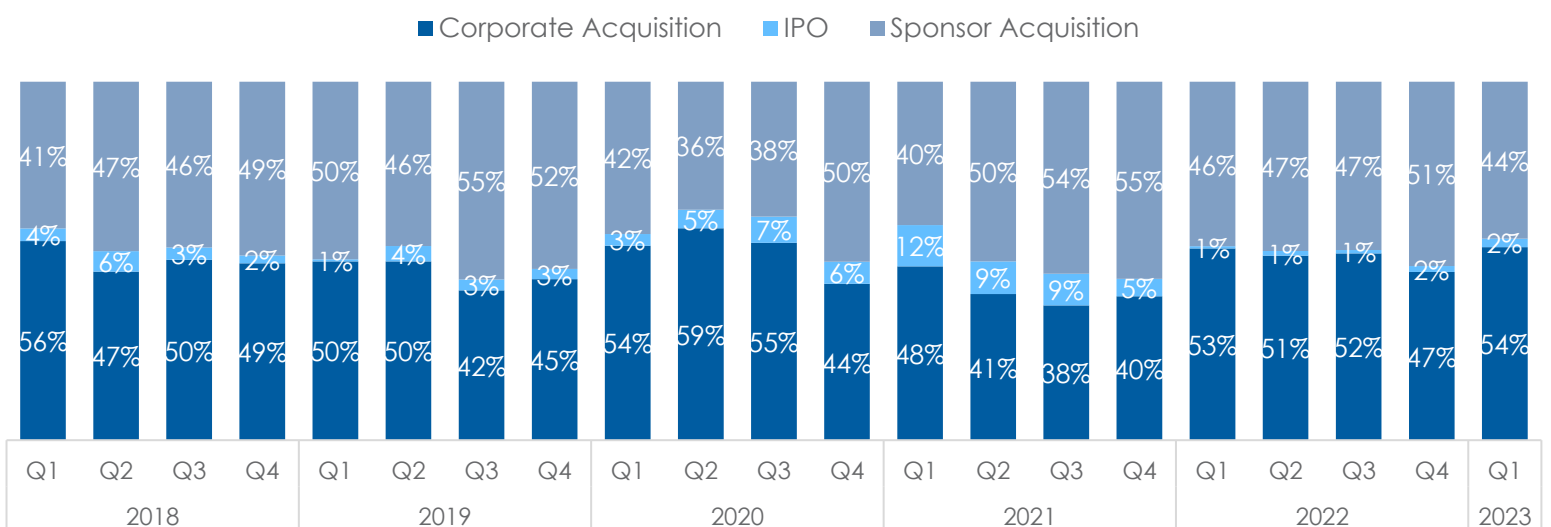
The decrease in private equity exit activity reached an 11-quarter low in Q1 '23 with 169 portfolio company exits totaling \$41B in Enterprise Value. Private equity funds have slowed exit rates after capitalizing on valuation exuberance in '21 and are taking a 'wait and see' approach to current macroeconomic

headwinds. Private equity exits continue to be evenly split between sales to other private equity firms and strategic acquirers.

U.S. Private Equity Exit Activity



U.S. Private Equity Exit by Type



Source: Capital IQ, PitchBook
Note: Data as of 3/31/2023

S&P 500 and Russell 2000 Performance

In Q1 '23, public company valuations increased. During this period, the S&P 500 Index ("S&P") increased 7.0% and the Russell 2000 Index ("Russell") finished up 2.3%. The EBITDA multiple for the Russell and S&P ended at approximately 10.9x and 13.7x, 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. Investors 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 3/31/2023

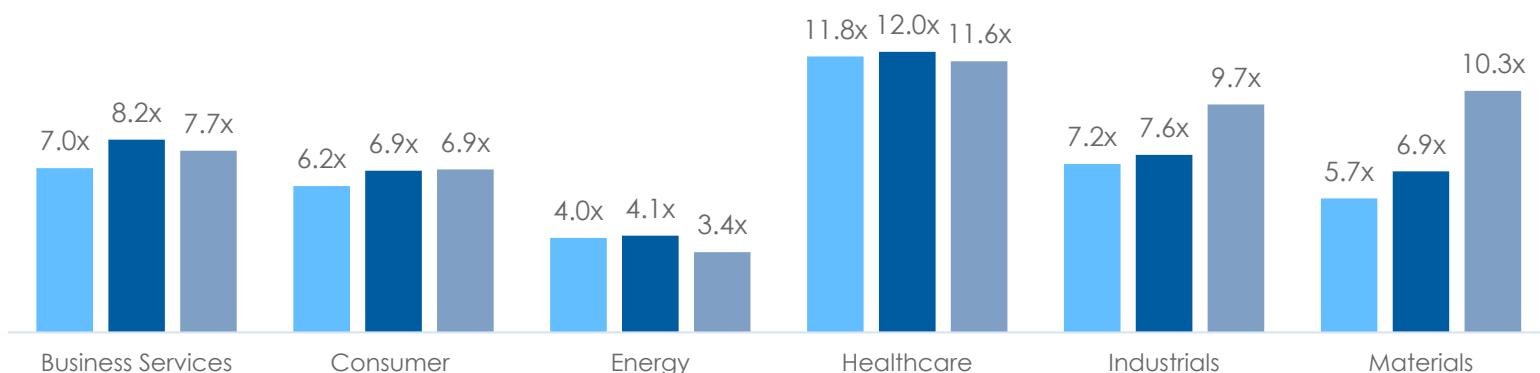
Public Markets' Valuation Multiples by Sector

GLC monitors the Russell 2000 Index as a barometer for Middle Market valuations due to the index's focus of small-cap stocks. Half the sectors in the Russell reported an increase in valuation multiples from Q4 '22 to Q1 '23. Overall, the average EBITDA multiple increase of the Russell's sectors in Q1 '23 was

Approximately 1% compared to Q4 '22 and a decrease of 14% compared to Q1 '22 (prior year). Valuation multiples in the public markets continued to be emotionally driven as investors factor in mixed signals of slowing economic growth and the potential end of increasing interest rates.

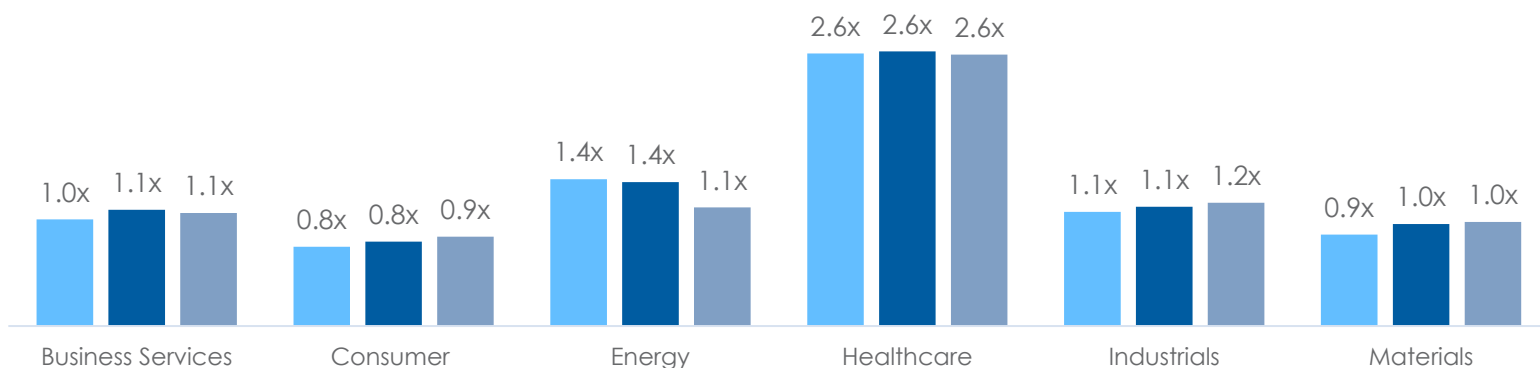
Russell 2000 Median EV/EBITDA Multiples by Sector ⁽¹⁾

Q1 2023	8.9x
Q4 2022	8.8x
Q3 2022	8.4x



Russell 2000 Median EV/Revenue Multiples by Sector ⁽²⁾

Q1 2023	1.4x
Q4 2022	1.4x
Q3 2022	1.4x



Source: Capital IQ, PitchBook
 Note: Data as of 3/31/2023; 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 focused on advising business services, consumer 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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& COMPANY**

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MIDDLE MARKET M&A UPDATE

Representative Transactions

Q 1

2023

Recent M&A Advisory

Video King
Acquired By
EVERI
Advisor to Video King

MELVIN  BREWING
Acquired By
ROADHOUSE BREWING CO.
Advisor to Melvin Brewing

VERUS global
Acquired By
iPEC
A portfolio company of
EUREKA
Advisor to Verus Global

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 WEATHER
To
Ministry Brands
INSIGHT PARTNERS GSV GENSTAR
Advisor to LPI

Mark Young Construction, LLC
Majority Recap
Argonaut Private Equity
Advisor to Mark Young

Recent Capital Raise Advisory

All Pro Capital
Acquired a Stake in
ADVENIRE
WEALTH MANAGEMENT
Advisor to All Pro Capital

MARKER TRAX™
Strategic Investment from
Euronet
WORLDWIDE
Advisor to Marker Trax

trapp
Minority Recap
TMC
Advisor to Trapp Technology

MOUNT AIRY
CASINO · RESORT · SPA
Debt Financing
Advisor to Mount Airy

ALPHAMEDIA
ON-AIR · ON-SITE · ON-DEMAND
Debt Capital Raise
Advisor to Ad Hoc Group of Creditors

riverbed
Capital Raise
Advisor to Riverbed Technology

Dean
FOODS
Financing for Alternative Transaction
Advisor to Dean Foods

AspenDental
Debt Capital Raise
Advisor to Aspen Dental

EMPIRE
RESORTS, INC.™
Debt Capital Raise
Advisor to Empire Resorts

pe
physicians endoscopy
Debt Capital Raise
Advisor to Physicians Endoscopy

Recent Restructuring Advisory

Healogics
Restructuring
Advisor to Healogics

riverbed
Restructuring
Advisor to Riverbed Technology

RED ROCK BIOFUELS
Restructuring
Advisor to Redrock Biofuels

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

FALLBROOK TECHNOLOGIES
Chapter 11 reorganization
Advisor to Fallbrook

Brookstone
Chapter 11 reorganization and Section 363 asset sale
Advisor to Brookstone

Hertz
Restructuring and Strategic Advisory
Advisor to Hertz

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