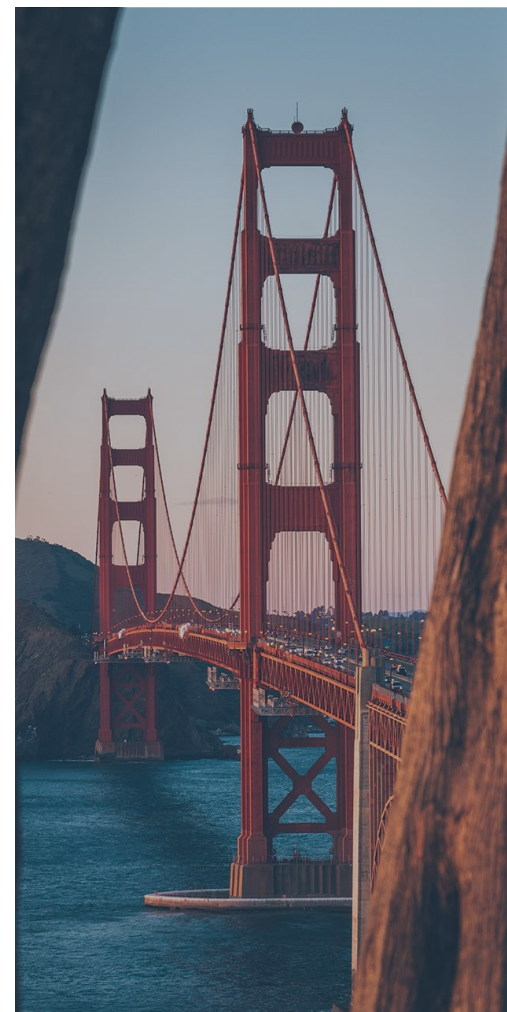


MIDDLE MARKET
M&A UPDATE

Q4 2022



MIDDLE MARKET M&A AND PUBLIC MARKETS

Q4 2022 Highlights and Activity

8.8x

Median M&A Multiple

1,481

of Middle Market
M&A Transactions

79%

of Acquisitions by
Private Equity Buyers

\$343B

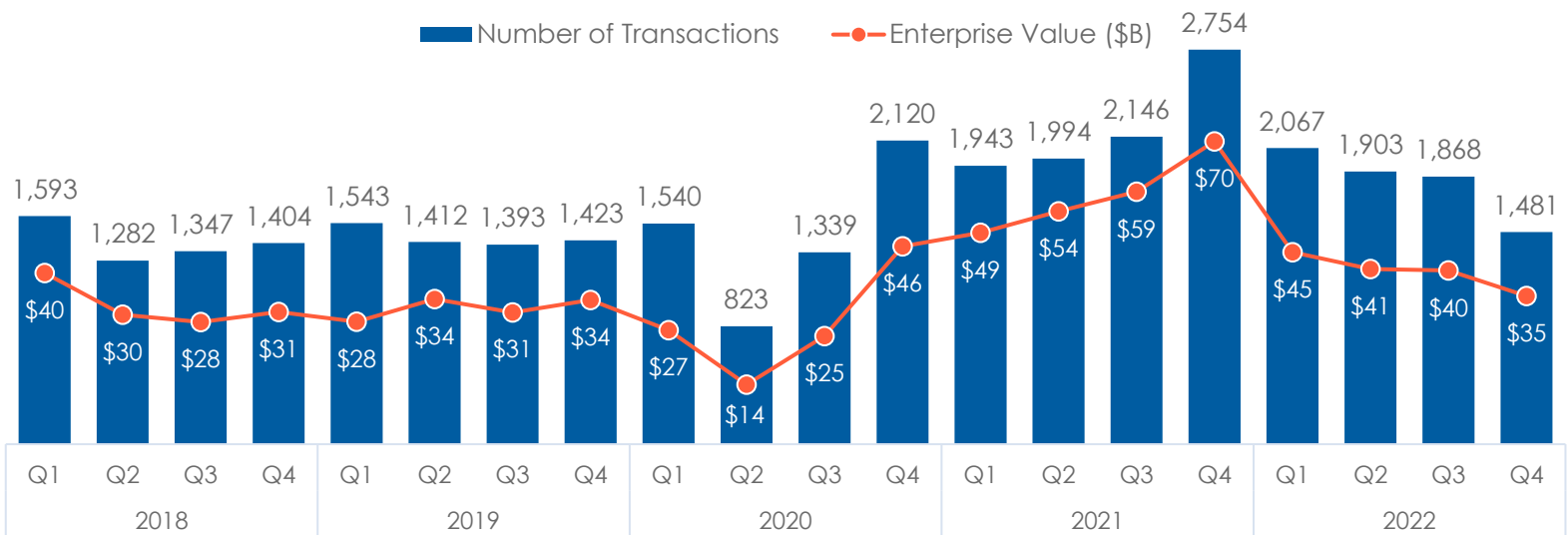
Private Equity Capital
Raised YTD

Deal Flow and Valuation Multiples

During Q4 '22, the number of Middle Market transactions declined but remained at normal pre-COVID levels (average of 1,421 per quarter during '19 vs. 1,481 for Q4 '22). While volume has hopefully stabilized at a “normal” level, 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 declined to a median EBITDA multiple of 8.8x.

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



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



Source: Capital IQ, PitchBook
Note: Data as of 12/31/2022

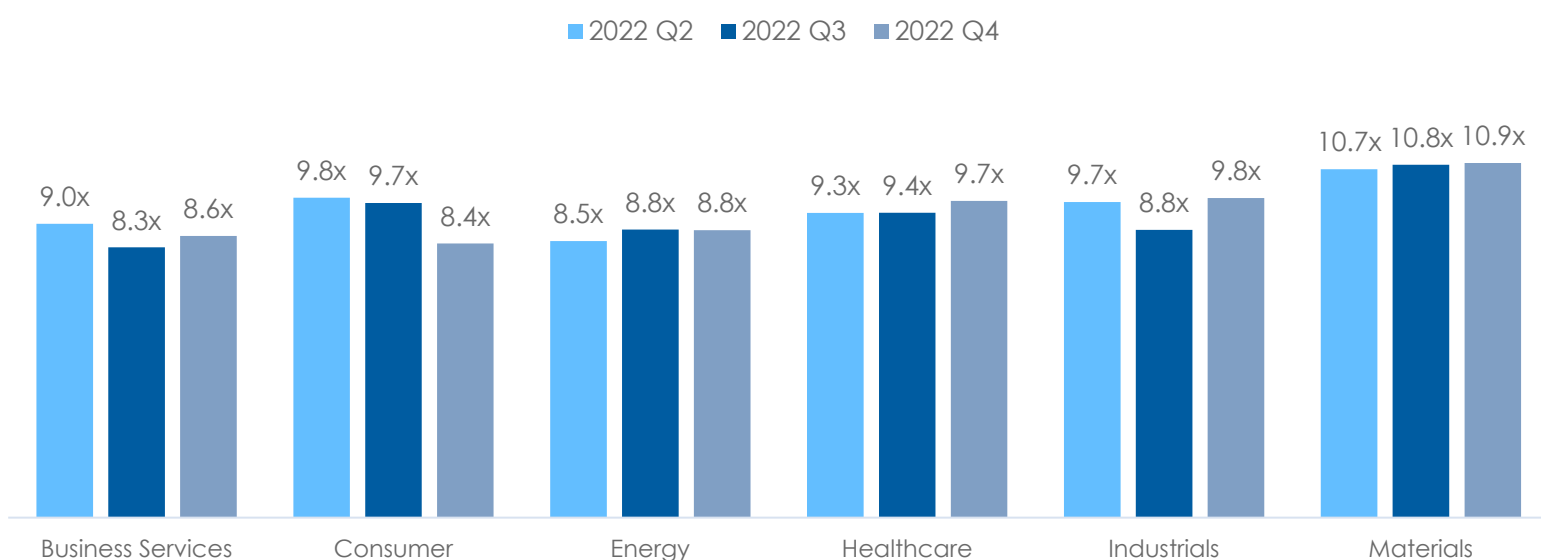
(1) Middle Market defined as <\$500M in Enterprise Value; (2) Excludes multiples <2.0x and >20.0x as well as Financial & Technology sectors

Deal Flow and Valuation Multiples

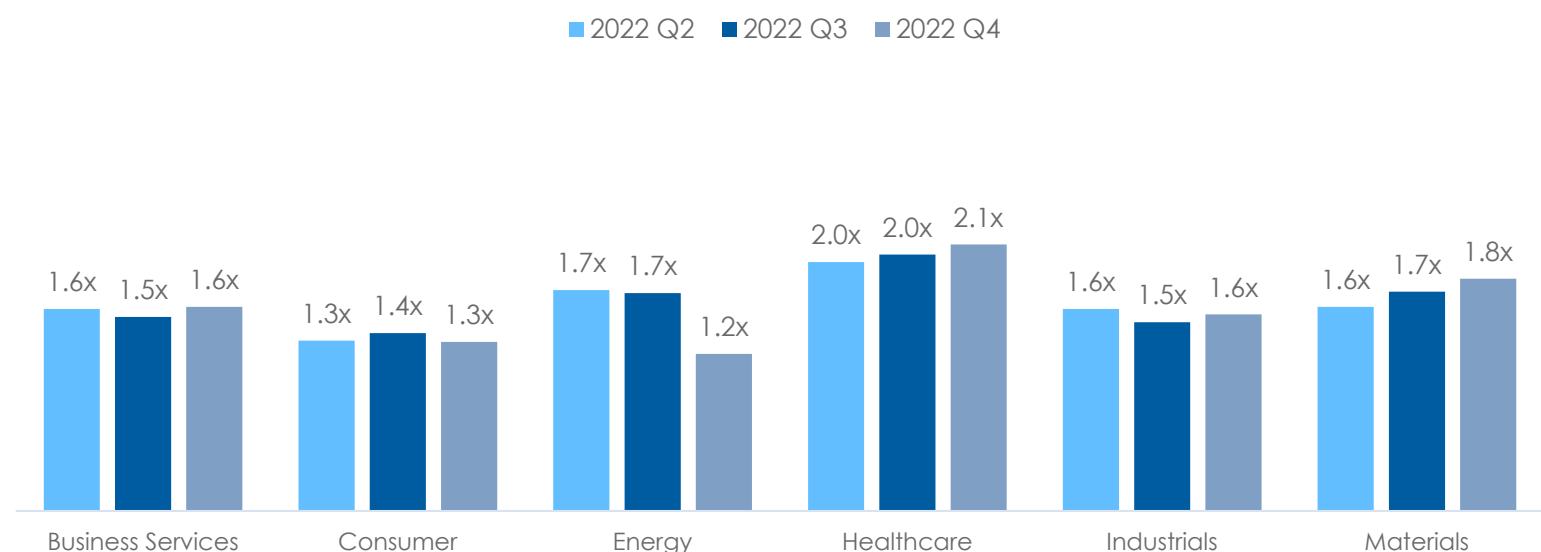
When examining each industry sector in more detail, valuation multiples reveal a varied environment for Middle Market M&A as specific industries (such as Consumer) are experiencing a sharper valuation decline. However, as we see in GLC's current M&A mandates, strong, profitable companies that can demonstrate

stability in a recessionary environment are highly sought-after by both private equity and strategic acquirers. At the end of Q4 '22, 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 12/31/2022

(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

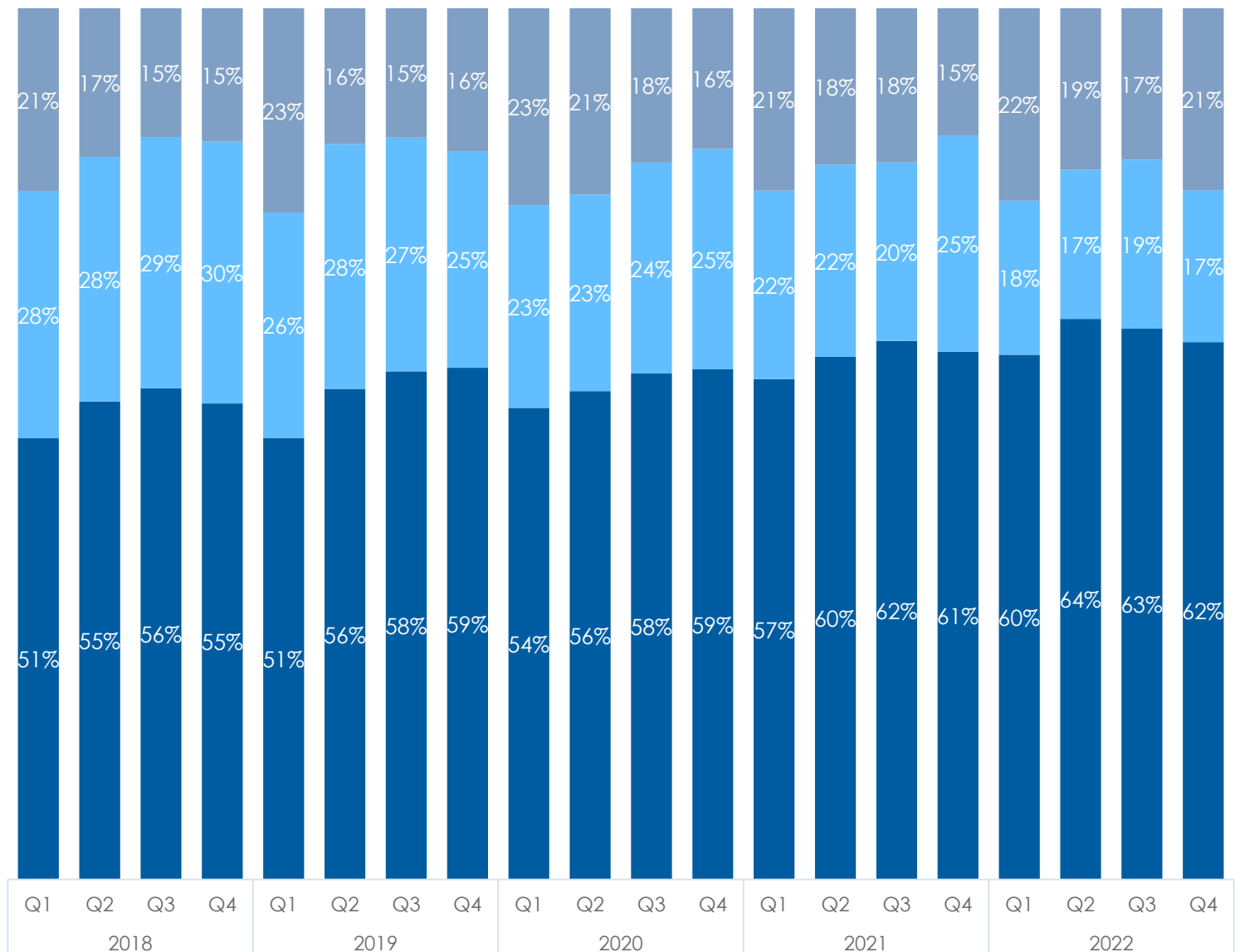
Acquirer Trends

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 Q4 '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 Q4 '22.

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

■ PE Add-on ■ PE Platform ■ Strategic



Source: Capital IQ, PitchBook
Note: Data as of 12/31/2022

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 over \$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.

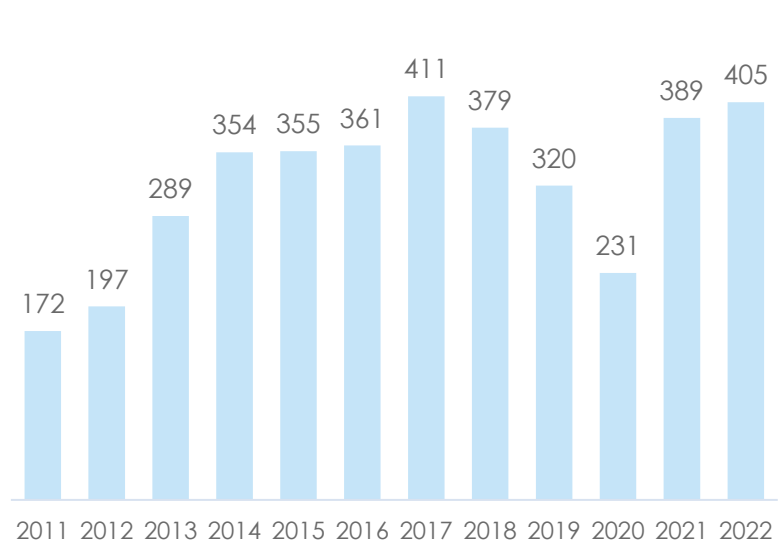
In Q4 ‘22, 100+ new funds were formed totaling \$80B+ in new capital. Private equity fundraising remains strong when measured in new capital raised (\$343B ‘22 vs \$301B in ‘21) and if measured by the number of new funds formed (near multi-year highs at 400+).

U.S. Private Equity Fundraising

PE CAPITAL RAISED (\$B)

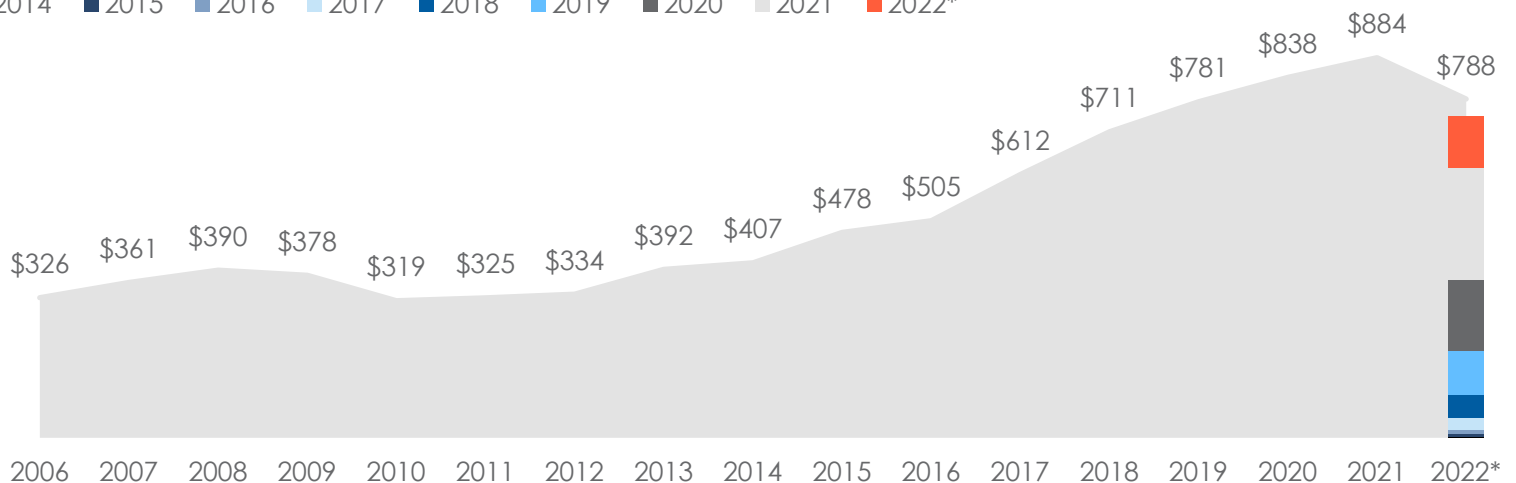


NUMBER OF NEW FUNDS



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

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



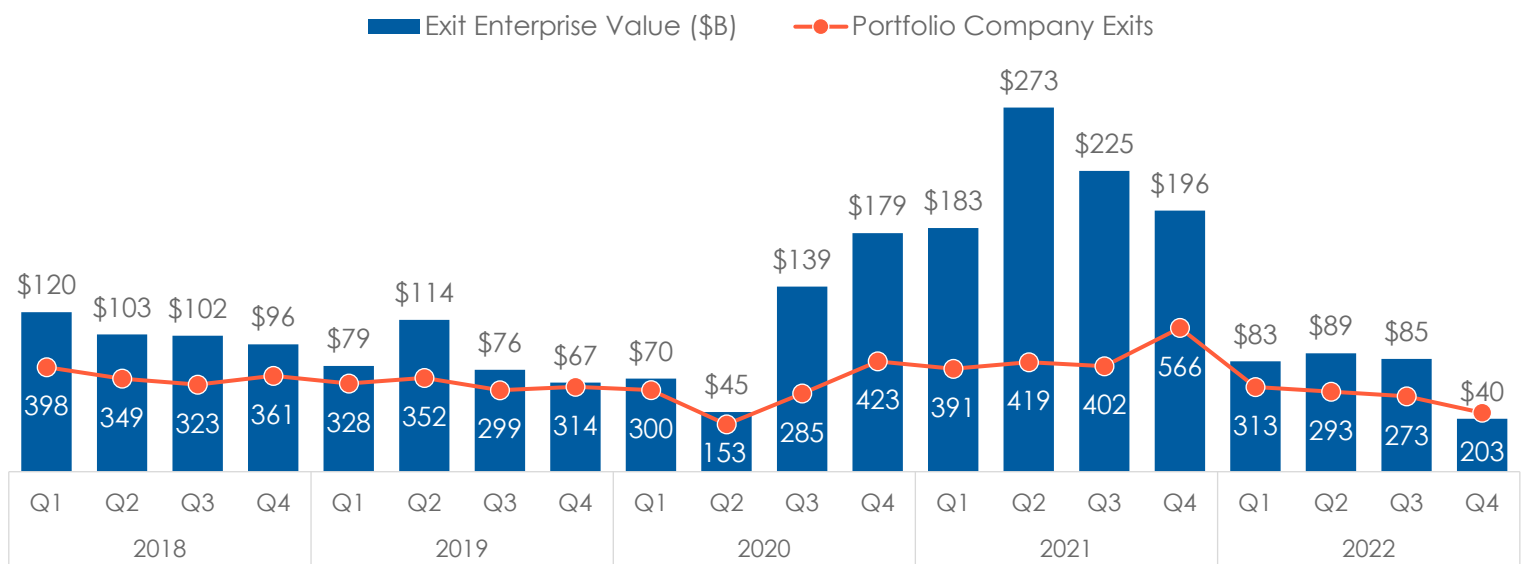
Source: Capital IQ, PitchBook
Note: U.S. PE Fundraising & U.S. PE Capital Overhang data as of 12/31/2022; Excludes venture capital & real estate funds

Private Equity Exit Activity

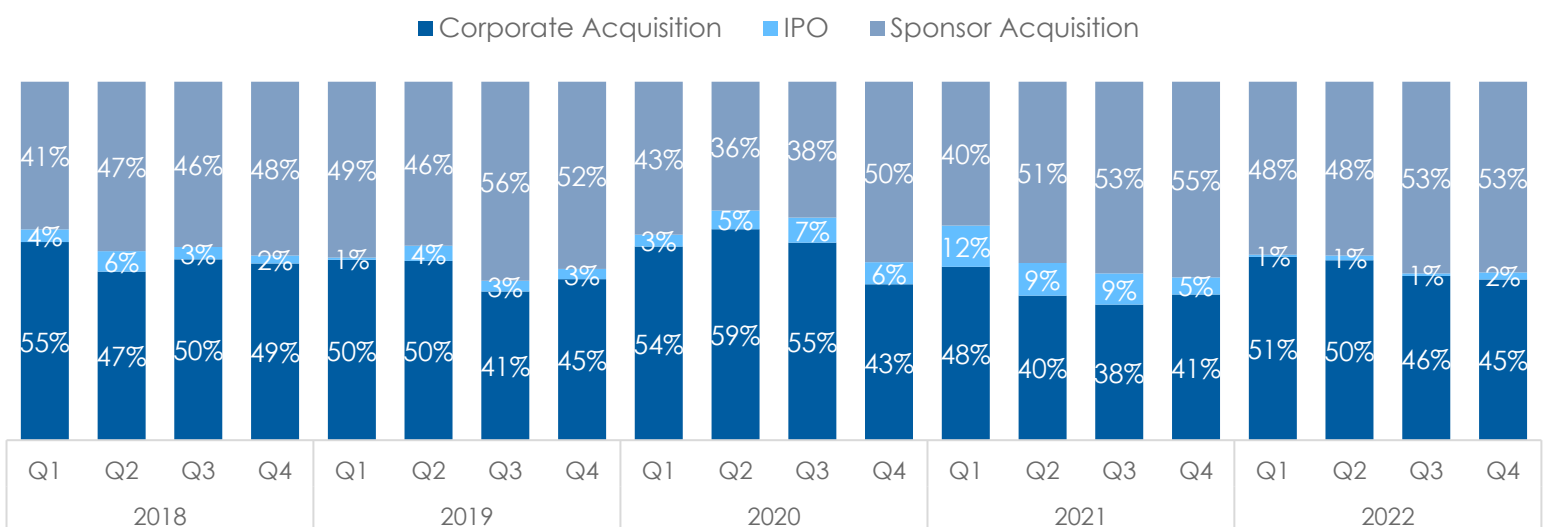
The decrease in private equity exit activity reached a 10-quarter low in Q4 '22 with 203 portfolio company exits totaling \$40B in Enterprise Value. Private equity funds have slowed exit rates after capitalizing on valuation exuberance in '21 and are taking a 'wait and see' approach to current macroeconomic

headwinds. Private equity exits continue to be evenly split between sales to other private equity firms and strategic acquirers. IPO exits rose slightly in Q4 '22 after hitting a multi quarter low point not seen since pre- '18.

U.S. Private Equity Exit Activity



U.S. Private Equity Exit by Type



Source: Capital IQ, PitchBook
Note: Data as of 12/31/2022

In Q4 '22, public company valuations increased. During this period, the S&P 500 Index ("S&P") increased 7.1% and the Russell 2000 Index ("Russell") finished up 5.8%. The EBITDA multiple for the Russell and S&P ended at approximately 10.8x and 12.5x, 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 12/31/2022

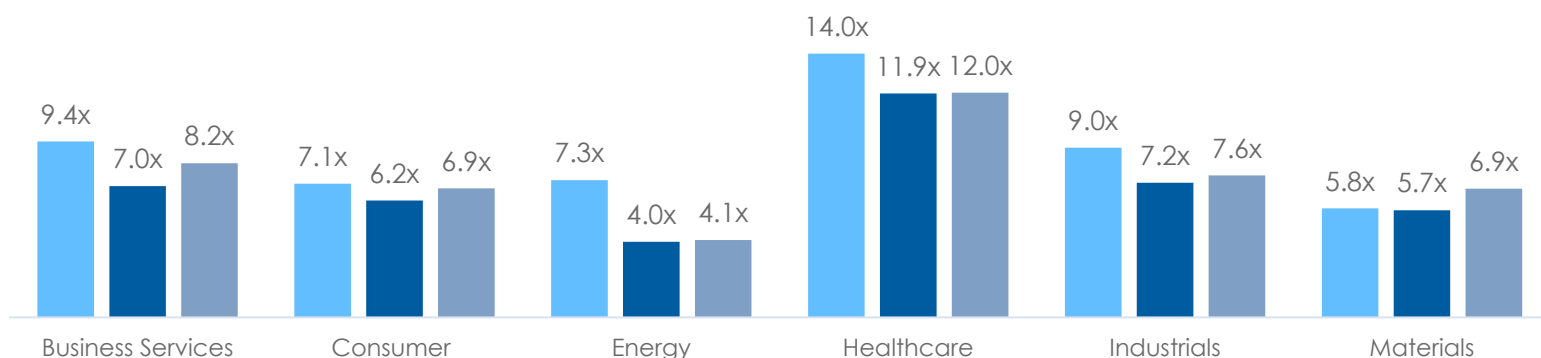
Public Markets' Valuation Multiples by Sector

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 an increase in valuation multiples from Q3 '22 to Q4 '22. Overall, the average EBITDA multiple increase of the Russell's sectors in Q4 '22 was

approximately 4% compared to Q3 '22 and a decrease of 19% compared to Q4 '21 (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.

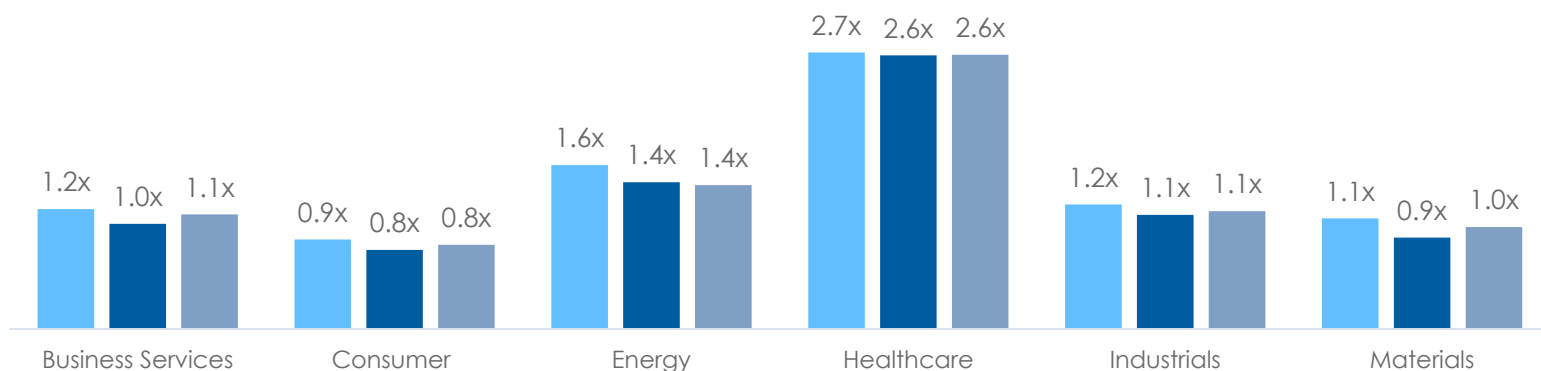
Russell 2000 Median EV/EBITDA Multiples by Sector ⁽¹⁾

| | |
|---------|------|
| Q4 2022 | 8.8x |
| Q3 2022 | 8.5x |
| Q2 2022 | 9.2x |



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

| | |
|---------|------|
| Q4 2022 | 1.4x |
| Q3 2022 | 1.4x |
| Q2 2022 | 1.5x |



Source: Capital IQ, PitchBook
 (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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& COMPANY**

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MIDDLE MARKET M&A UPDATE

Q4

Representative Transactions

2022

Recent M&A Advisory



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



Brian Head

Acquired By
MCP

Advisor to
Brian Head

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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