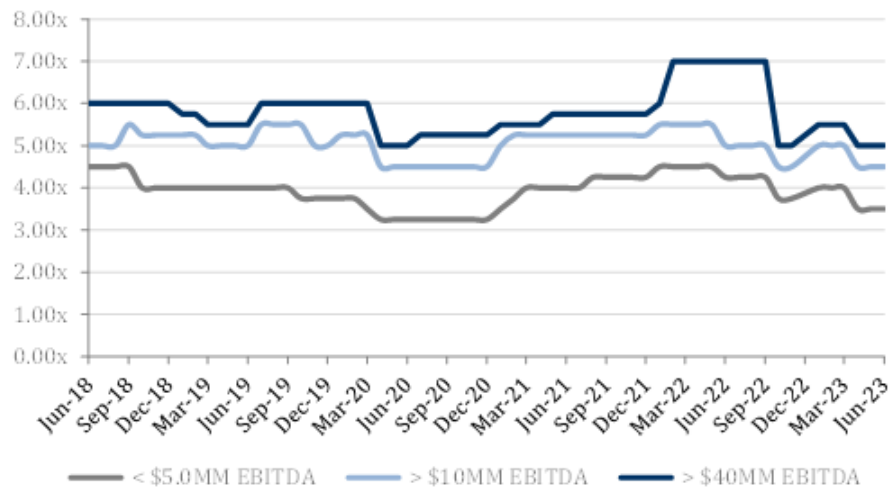


## Mergers & Acquisitions Update: The Middle Market Q2 2023

Size Range	U.S. Announced M&A Transactions					
	2020	2021	2022	2023	YTD Jun-22	YTD Jun-23
\$0-25mm	7.5x	7.1x	6.2x	7.7x	6.0x	7.7x
\$25-50mm	8.8x	9.2x	11.1x	8.4x	6.0x	8.4x
\$50-100mm	9.4x	8.6x	7.1x	8.0x	7.9x	8.0x
\$100-250mm	9.4x	8.8x	8.4x	9.3x	9.0x	9.3x
\$250-500mm	8.9x	10.0x	8.7x	9.4x	8.2x	9.4x
\$500mm - \$1B	9.8x	9.3x	10.1x	9.1x	10.9x	9.1x

Source: Capital IQ, Mufson Howe Hunter

### Historical Total Debt Limit (x EBITDA)



Source: SPP's "MIDDLE MARKET LEVERAGE CASH FLOW MARKET AT A GLANCE" (see page 8)

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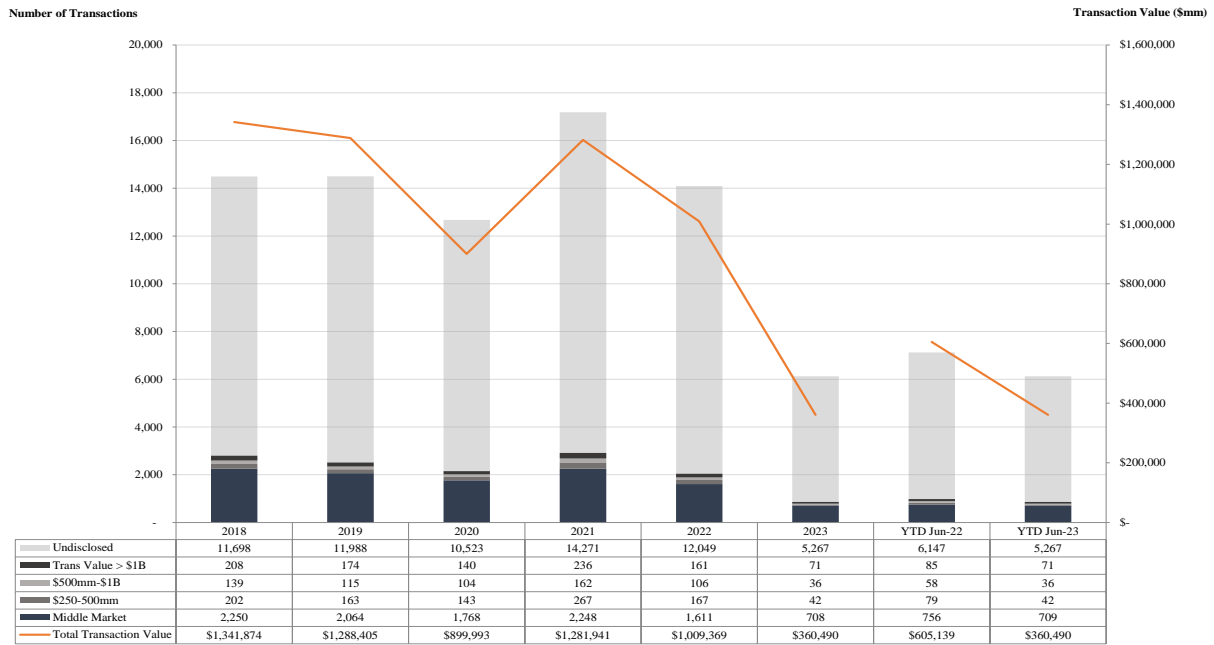
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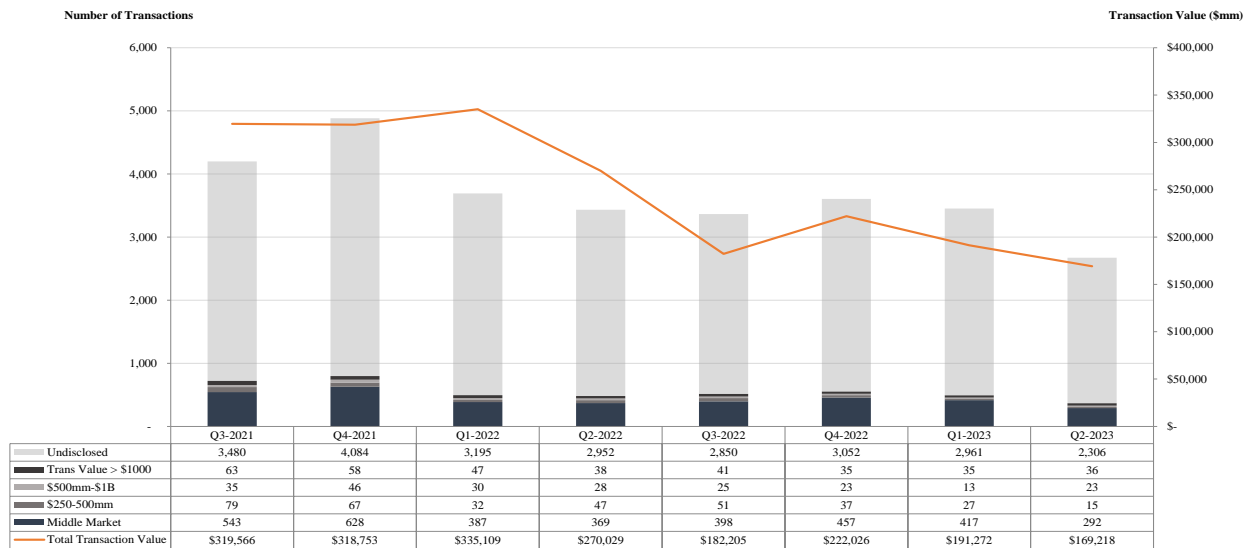
# Mergers & Acquisitions Update

## U.S. - All Reported M&A Activity



Note: Publicly disclosed M&A transactions  
Source: CapitalIQ, Mufson Howe Hunter

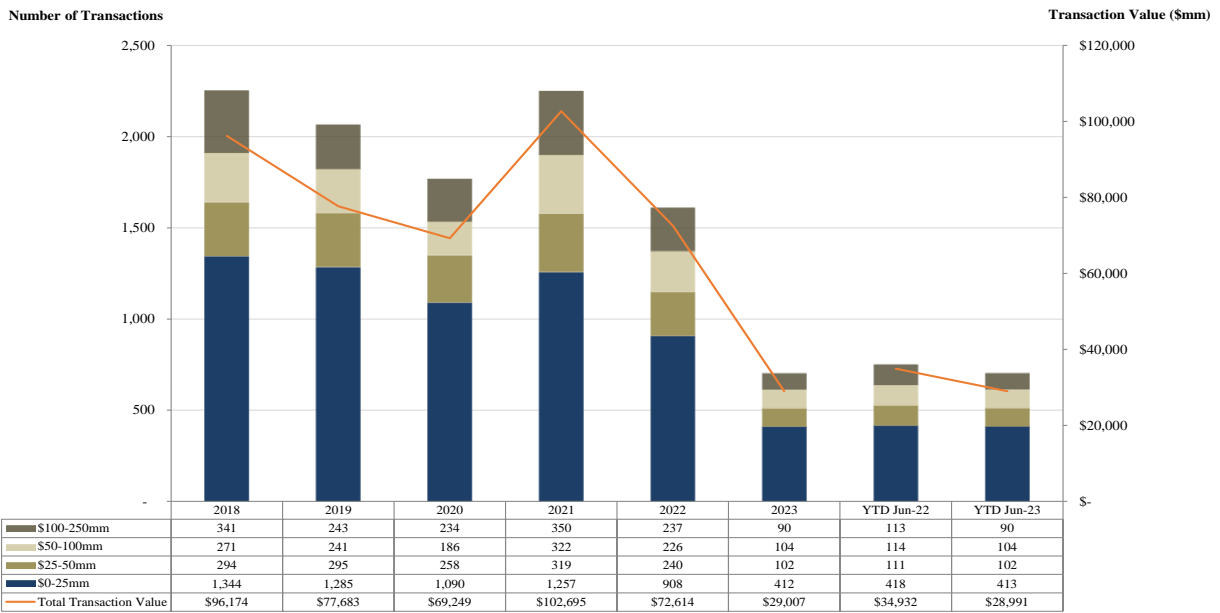
## U.S. - All Reported M&A Activity



Note: Publicly disclosed M&A transactions  
Source: CapitalIQ, Mufson Howe Hunter

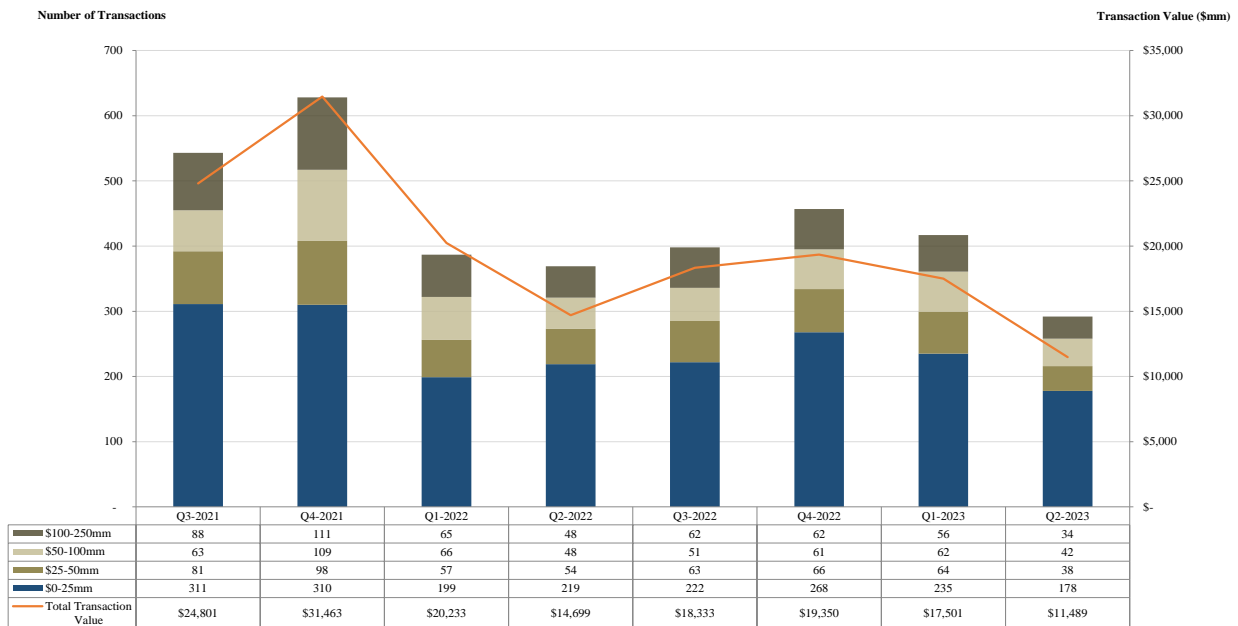
# Mergers & Acquisitions Update

## U.S. Lower Middle Market M&A Activity - Transactions Below \$250 million



Note: Publicly disclosed M&A transactions  
Source: CapitalIQ, Mufson Howe Hunter

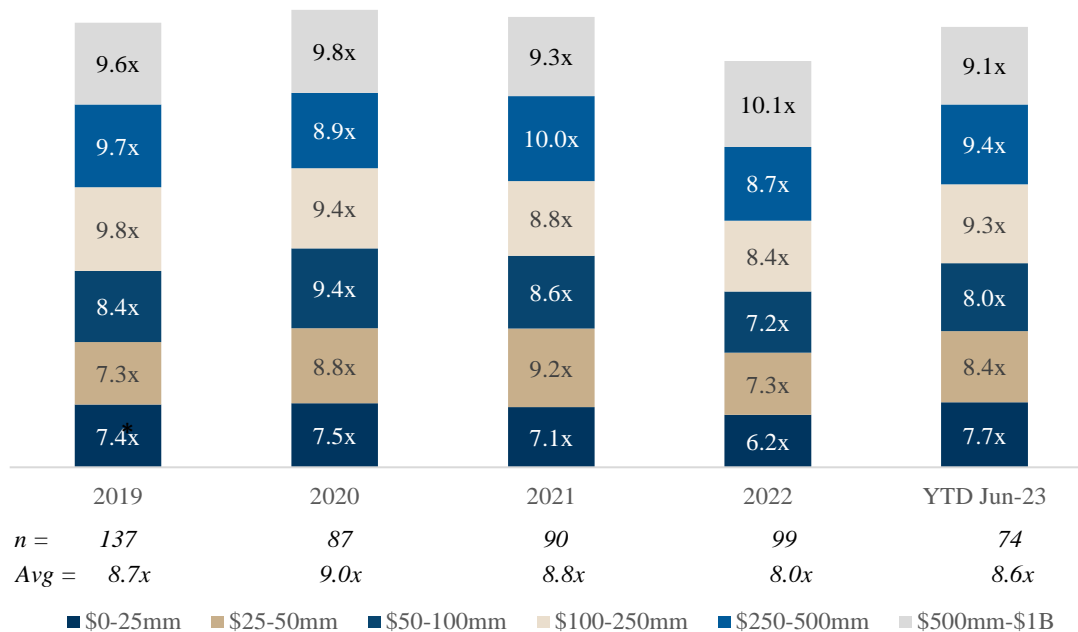
## U.S. Lower Middle Market M&A Activity - Transactions Below \$250 million



Note: Publicly disclosed M&A transactions  
Source: CapitalIQ, Mufson Howe Hunter

U.S. Middle Market Valuation Multiples

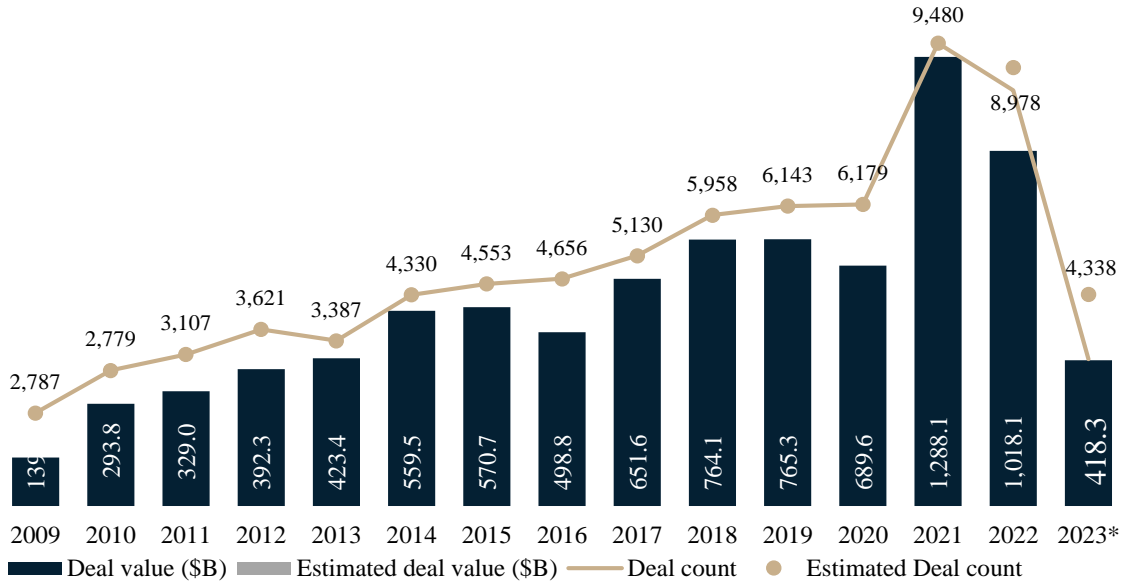
All U.S. Middle Market M&A Transactions Valuation Multiples



\* Average weighted by number of transactions  
 Source: Capital IQ  
 As of 06/30/2023

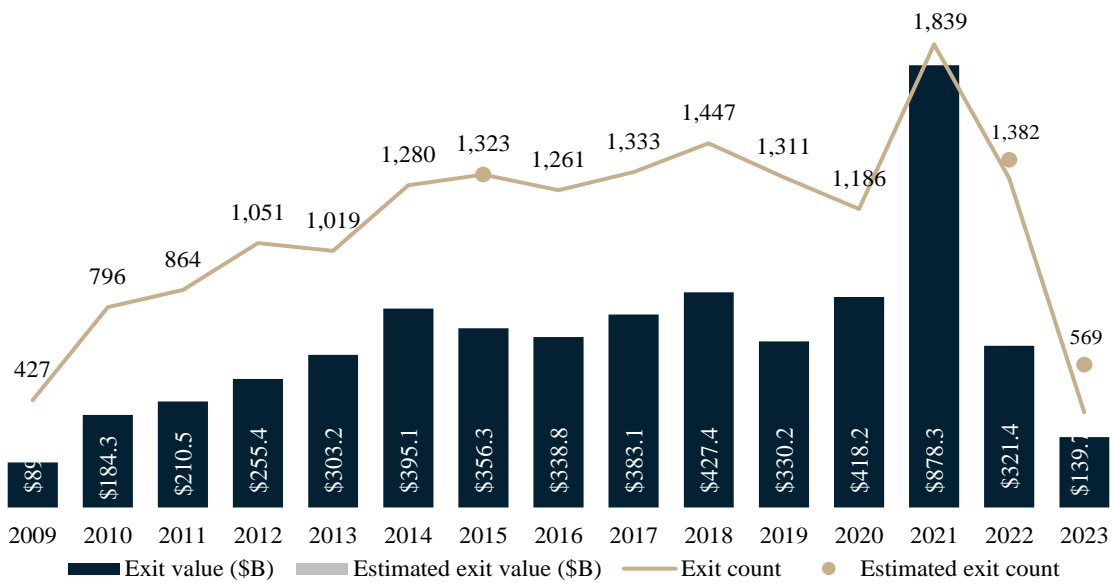
## U.S. Middle Market Private Equity Sponsor Activity

### U.S. PE Deal Activity



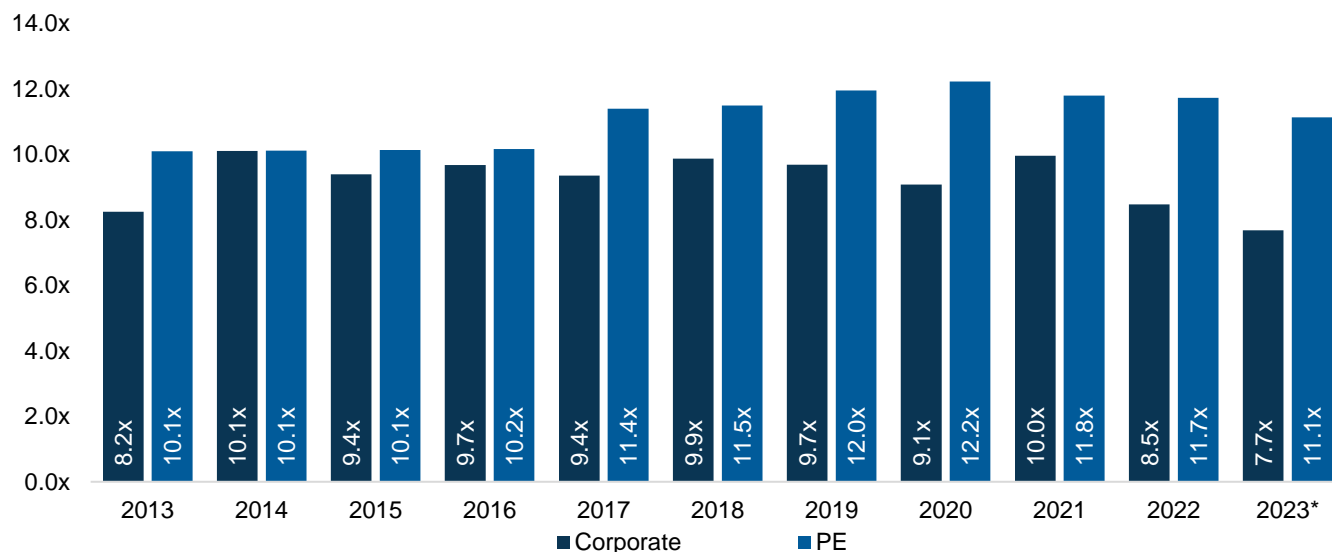
Source: PitchBook  
\*As of 06/30/2023

### U.S. PE Exit Activity



Source: PitchBook  
\*As of 06/30/2023

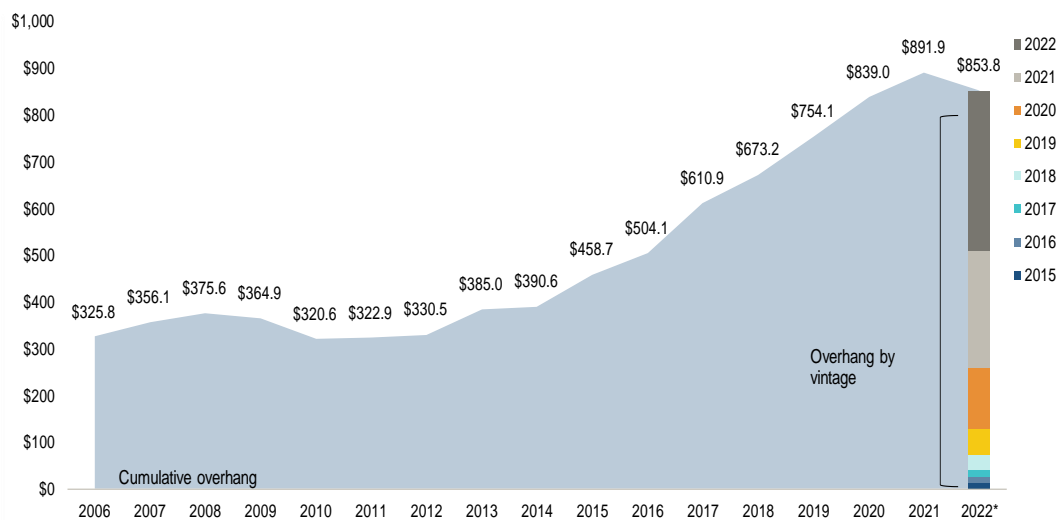
## PE Purchase Price Multiples Paid versus Corporate



Source: PitchBook

\*As of 06/30/2023

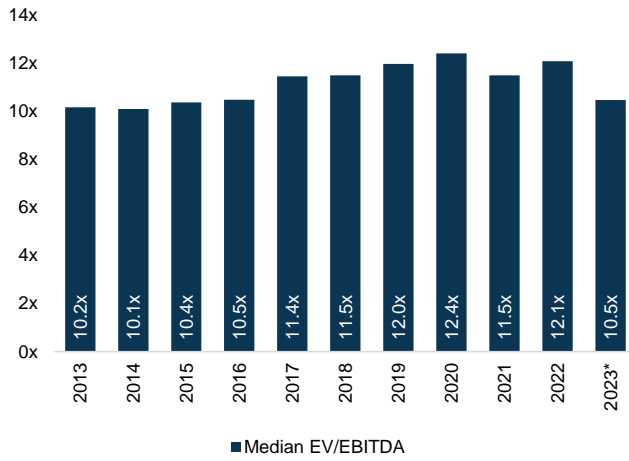
## US PE middle-market and overall PE dry powder (\$B)



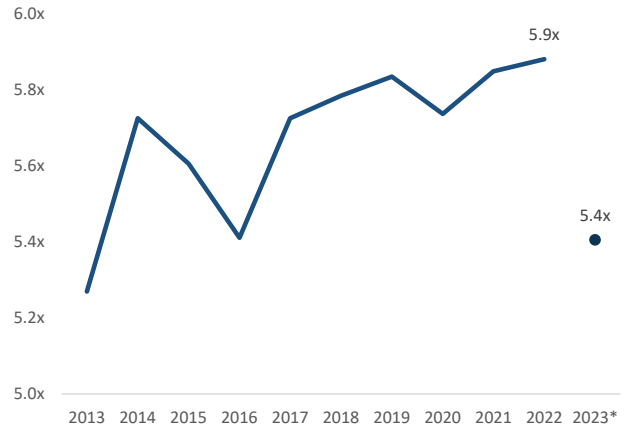
Source: PitchBook

\*As of 12/31/2022

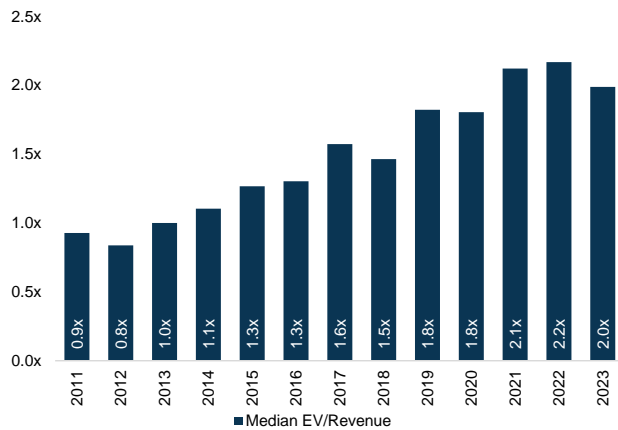
## Median PE EV/EBITDA Multiples



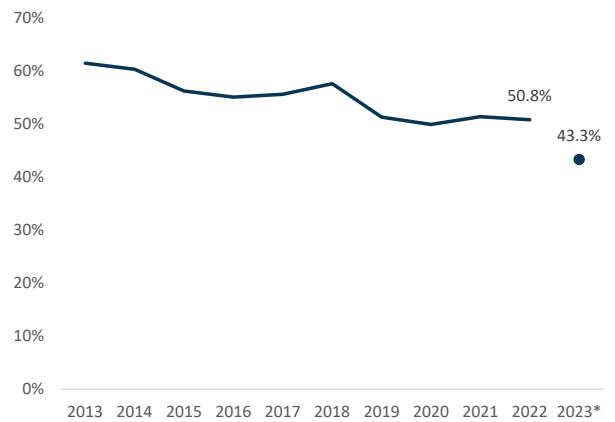
## Median PE Debt/EBITDA Multiples



## Median PE EV/Revenue Multiples



## Share of PE LBO debt to EV



## Leverage Market at a Glance

By SPP Capital Partners  
www.sppcapital.com

### Cash Flow Senior Debt/EBITDA

	< \$5.0MM EBITDA	> \$10MM EBITDA	> \$40MM EBITDA
June 2023	1.50x - 2.00x	2.00x - 3.00x	2.50x - 4.50x
May 2023	1.50x - 2.00x	2.00x - 3.00x	2.50x - 4.50x
June 2022	1.50x - 2.50x	2.75x - 3.25x	3.50x - 5.50x

Commentary: **Market Conditions Stable; Pricing and Leverage Multiples Remain at Current Levels for June**

### Total Debt/EBITDA

	< \$5.0MM EBITDA	> \$10MM EBITDA	> \$40MM EBITDA
June 2023	2.50x - 3.50x	3.50x - 4.50x	3.75x - 4.25x
May 2023	2.50x - 3.50x	3.50x - 4.50x	4.00x - 5.00x
June 2022	3.75x - 4.25x	4.00x - 5.00x	5.00x - 7.00x

Commentary: **Market Conditions Stable; Pricing and Leverage Multiples Remain at Current Levels for June**

### Senior Cash Flow Pricing

	Bank	Non-Bank < \$10MM EBITDA	Non-Bank > \$40MM EBITDA
June 2023	S+ 3.75% - 5.00%	S+ 6.50% - 8.50%	S+ 6.50% - 8.00%
May 2023	S+ 3.75% - 5.00%	S+ 6.50% - 8.50%	S+ 6.00% - 8.00%
June 2022	S+ 3.00% - 4.50%	S+ 6.50% - 8.50%	S+ 5.50% - 6.50%

Commentary: **Market Conditions Stable; Pricing and Leverage Multiples Remain at Current Levels for June**

### Unitranche and Second Lien Pricing

	< \$5.0MM EBITDA	> \$10MM EBITDA	> \$20MM EBITDA
June 2023	S+ 8.50% - 11.00%	S+ 6.75% - 8.50%	S+ 6.50% - 8.00%
May 2023	S+ 8.50% - 11.00%	S+ 6.75% - 8.50%	S+ 6.25% - 8.00%
June 2022	S+ 8.00% - 10.50%	S+ 7.50% - 8.50%	S+ 5.50% - 8.00%

Commentary: **Market Conditions Stable; Pricing and Leverage Multiples Remain at Current Levels for June**

### Sub Debt Pricing (Total Coupon: Cash + PIK)

	< \$5.0MM EBITDA	> \$10MM EBITDA	> \$20MM EBITDA
June 2023	13.00% - 16.00%	12.50% - 14.00%	11.00% - 14.00%
May 2023	13.00% - 16.00%	12.50% - 14.00%	11.00% - 14.00%
June 2022	12.00% - 14.00%	11.00% - 13.00%	9.50% - 11.50%

Commentary: **Market Conditions Stable; Pricing and Leverage Multiples Remain at Current Levels for June**

Source: SPP Capital Partners – “Capital Market Update June 2023”

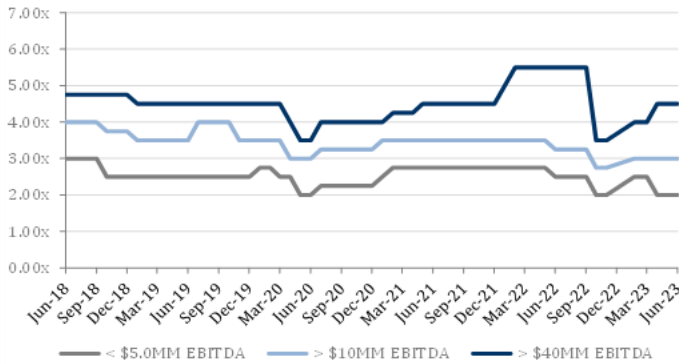
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## Historical Leverage Metrics

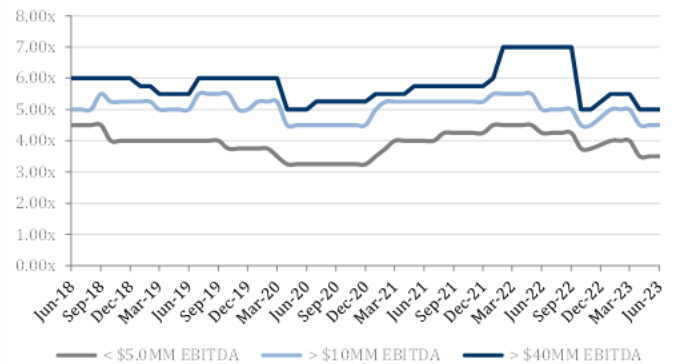
By SPP Capital Partners

### Historical Senior Debt Cash Flow Limit (x EBITDA)



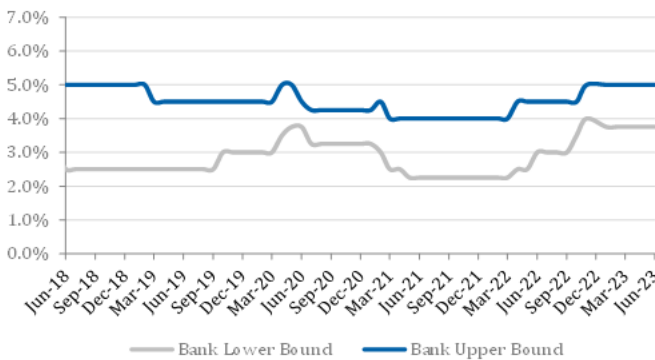
Source: SPP's "MIDDLE MARKET LEVERAGE CASH FLOW MARKET AT A GLANCE"

### Historical Total Debt Limit (x EBITDA)



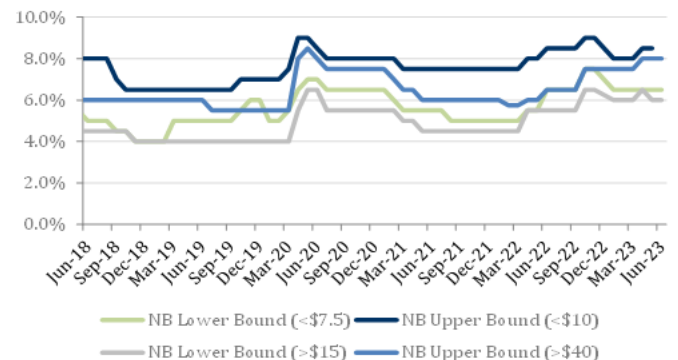
Source: SPP's "MIDDLE MARKET LEVERAGE CASH FLOW MARKET AT A GLANCE"

### Historical Senior Cash Flow Pricing (Bank)



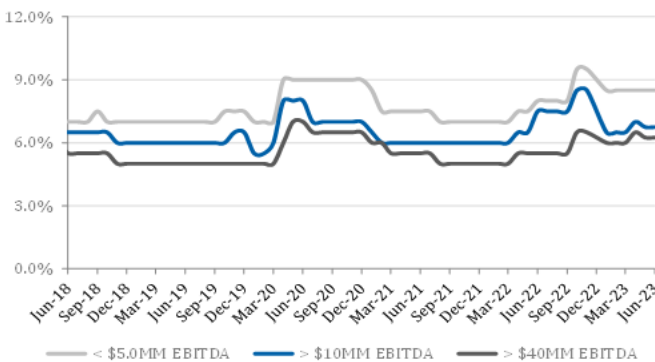
Source: SPP's "MIDDLE MARKET LEVERAGE CASH FLOW MARKET AT A GLANCE"

### Historical Senior Cash Flow Pricing (Non-Bank)



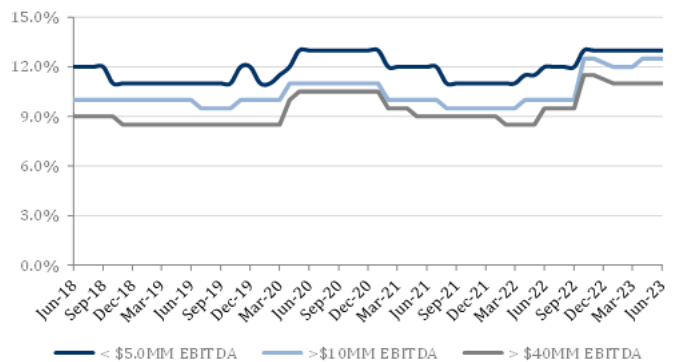
Source: SPP's "MIDDLE MARKET LEVERAGE CASH FLOW MARKET AT A GLANCE"

### Historical Second Lien Pricing



Source: SPP's "MIDDLE MARKET LEVERAGE CASH FLOW MARKET AT A GLANCE"

### Historical Subordinated Debt Pricing

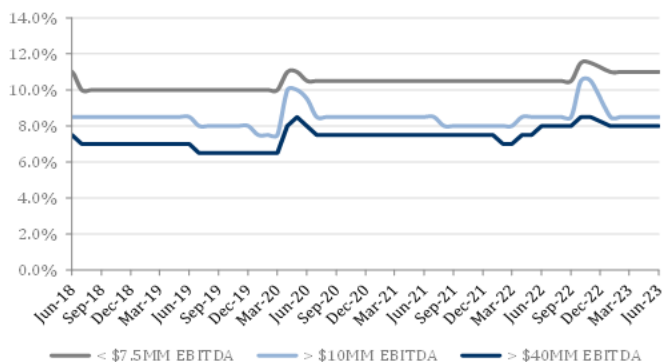


Source: SPP's "MIDDLE MARKET LEVERAGE CASH FLOW MARKET AT A GLANCE"

## Historical Leverage Metrics (cont.)

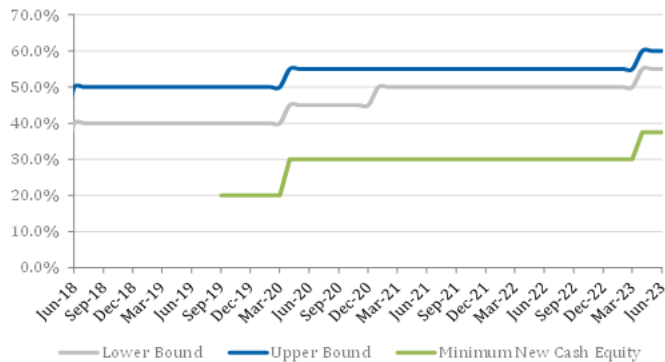
By SPP Capital Partners

### Historical Unitranche Pricing



Source: SPP's "MIDDLE MARKET LEVERAGE CASH FLOW MARKET AT A GLANCE"

### Historical Minimum Equity Contribution



Source: SPP's "MIDDLE MARKET LEVERAGE CASH FLOW MARKET AT A GLANCE"

Source: SPP Capital Partners – "Capital Market Update June 2023"

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Mufson Howe Hunter & Co. M&A Activity  
Selected Recent Transactions



has been acquired by



a portfolio company of



*The undersigned served as the exclusive financial advisor to I&I Sling Max in this transaction*

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INVESTMENT BANKERS FOR GROWTH



has been acquired by




a portfolio company of




*The undersigned served as the exclusive financial advisor to Bluestream Health in this transaction*

Mufson Howe Hunter  
INVESTMENT BANKERS FOR GROWTH




has been acquired by




*The undersigned served as the exclusive financial advisor to Pennsylvania Paper & Supply in this transaction*

Mufson Howe Hunter  
INVESTMENT BANKERS FOR GROWTH



has been acquired by



*The undersigned served as the exclusive financial advisor to Mooney-General Paper Company in this transaction*

Mufson Howe Hunter  
INVESTMENT BANKERS FOR GROWTH

**Mufson Howe Hunter** is an independent investment bank for middle-market companies. We focus on selling businesses, recapitalizations, buy-outs, acquisitions and raising capital. Unique to the middle market, our senior bankers have extensive corporate finance experience and deep knowledge of the capital markets.

## Mergers & Acquisitions

- Advise buyers and sellers (public and private companies)
- Sale of businesses, strategic acquisitions, recapitalizations, management buy-outs and industry build-ups
- Specific background in representing closely-held and family-owned businesses

## Raise Capital

- Equity (control and non-control)
- Mezzanine financing
- Senior and junior debt
- Typically raise debt & equity capital from commercial banks, finance companies, investment funds and private equity sponsors

## Financial Advisory Services

- Analysis of business strategies and options
- Fairness opinions
- Complex Valuations

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