



MIDDLE MARKET UPDATE

Q3 2021

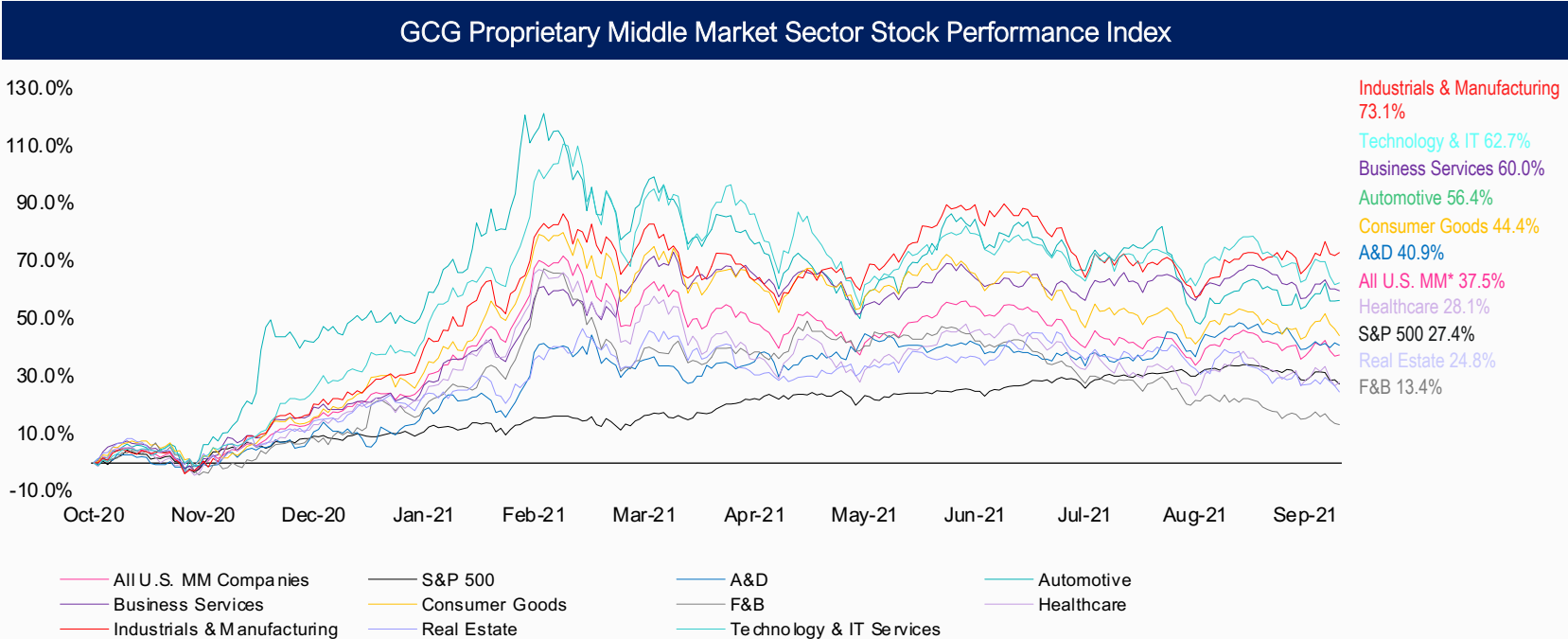


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CAPITAL GROUP

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GCG Public Company Index Market Performance

GCG's proprietary middle market industry sector performance index has continued to show positive results in all industries as the market continues to recover from the pandemic. All middle market sectors, except for Real Estate and F&B, outperformed the large cap stocks as measured by the S&P 500 index. The S&P 500 index had a total annual return of positive 27.4% as of September 2021. The relative overall return for the middle market based on our index was a solid 37.5% for the 12-month period. While still positive, this represents a continuation of the slight decline in performance since Q1. Industrials and Manufacturing led the middle market over the past 12 months with a 73.1% return while the F&B sector was the worst performing sector with a 13.4% return in the same 12-month period. For the third quarter in a row, the overall small cap stock sector outperformed the large cap stock sector.



Source: S&P Capital IQ and GCG Proprietary Research, all values based on publicly available data as of 9/30/2021
 Note: Benchmark index for comparison is All U.S. MM Companies, MM defined as average enterprise value in 2020 between \$10M and \$500M

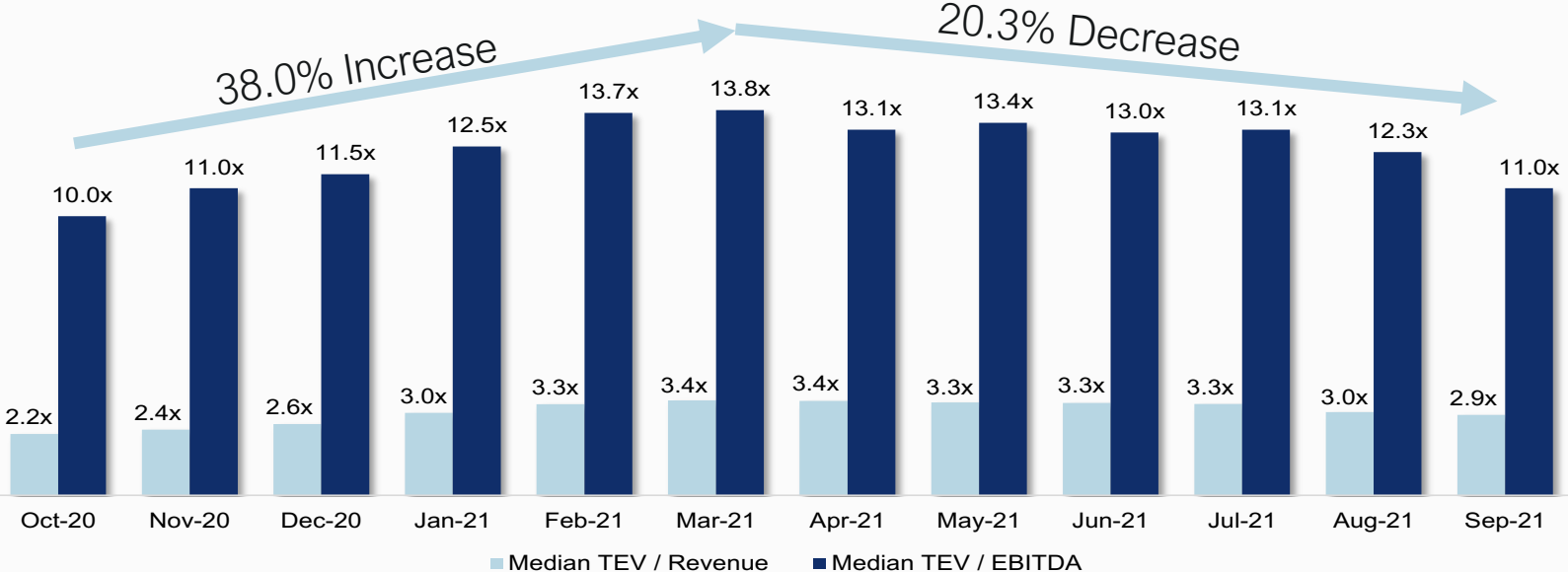


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GCG Public Company Index Trading Multiples

The median quarterly middle market public company revenue and EBITDA multiples significantly increased between October 2020 to its peak in March 2021. This increase saw multiples increase by 38.0% over that 6 month period. The median revenue and EBITDA multiples have since been declining, giving back most of the earlier increases. As a result, EBITDA multiples have grown at 10% over the last 12 months. At its 2020 low in April 2020, EBITDA multiples decreased to 7.3x. Current multiples reflect strongly improving earnings as the economy continues to recover from the pandemic. As earning continue to escalate, we anticipate that multiples will continue to level out at a slightly lower level than the most recent 6 months.

All U.S. Middle Market Company Index Trading Multiples



Source: S&P Capital IQ and GCG Proprietary Research
Note: All values based on publicly available data as of 9/30/2021

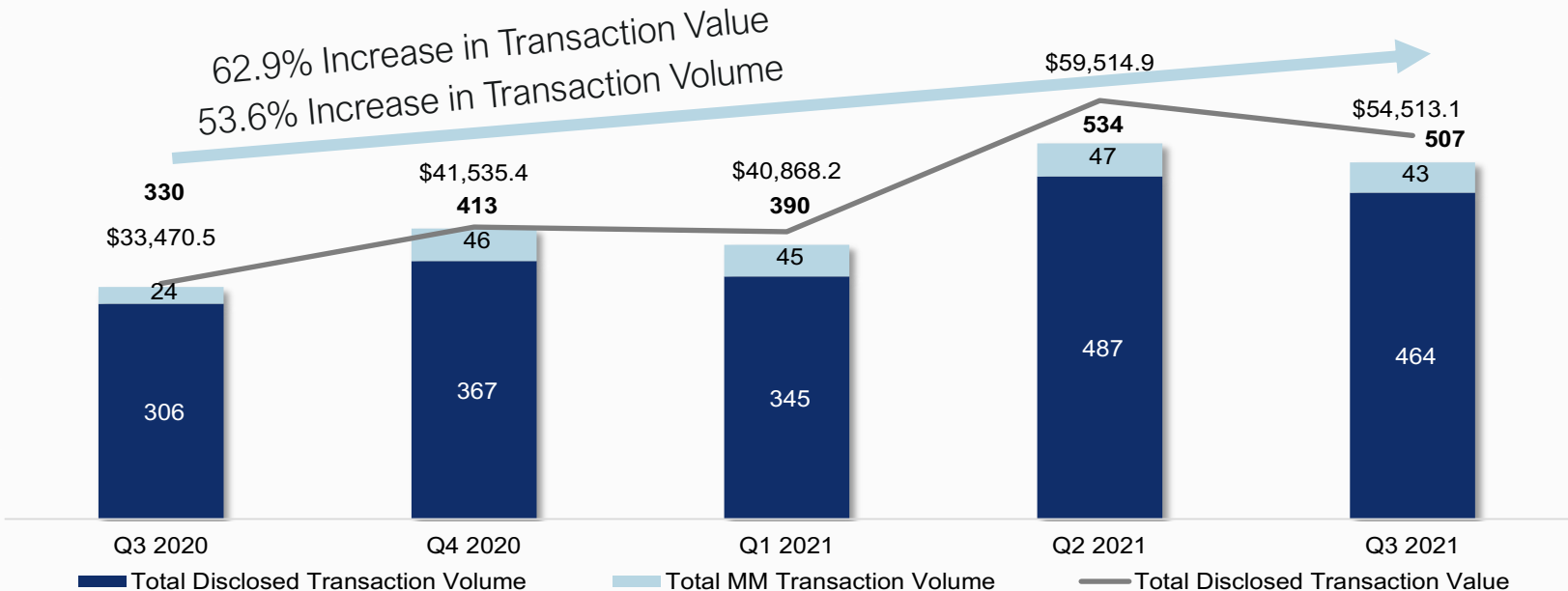


GCG Middle Market Update | Q3 2021

Middle Market M&A Activity

Middle market public and private company transaction deal value and volume for Q3 2021 took a slight decline from Q2 which was the highest of the past 11 quarters. Compared to Q2, values and volume declined 8.4% and 5.1%, respectively. On a year-over-year basis, Q3 2021 value and volume grew 62.9% and 53.6%, respectively. The large decline in 2020 was due to the uncertainty of the COVID-19 virus and the economic impact on target companies and acquirers alike. By Q4 2020 the pandemic impact lessened and the M&A market started a strong growth run. Q2 and Q3 activity are significantly higher than prior quarters. The 4th quarter of 2021 should eclipse both of these quarters as year end deal closings will be significant due to anticipated tax changes. 2022 should also be strong as interest rates remain low, the amount of uninvested capital stands at an all-time high, and business owners continue to seek capital.

U.S. Middle Market Transaction Values and Volume



Source: S&P Capital IQ, all values based on publicly available data as of 9/30/2021

Note: M&A excludes private placements, MM defined as transactions with either value or revenue between \$10 and \$500M and therefore does not include transactions excluding this information. All deal-related figures exclude real estate deals.



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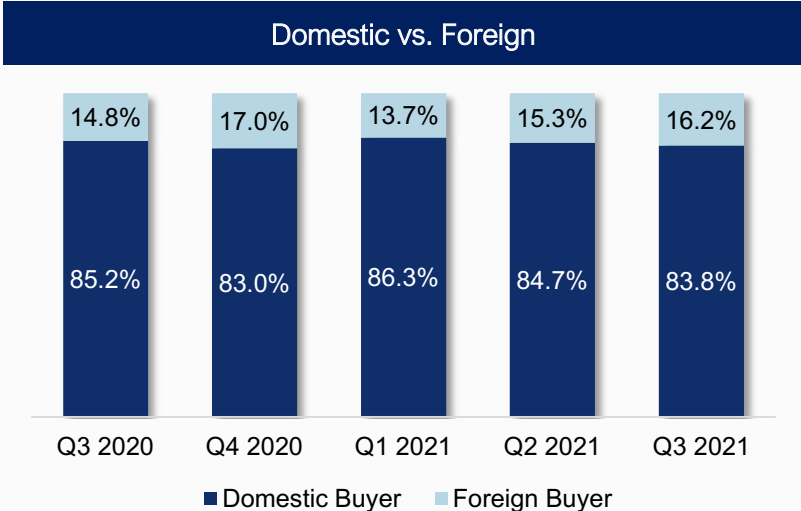
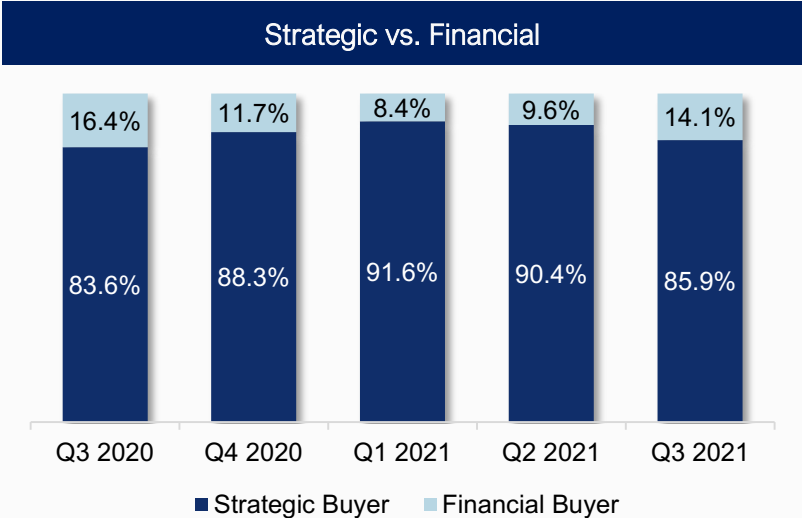
Middle Market M&A Buyer Analysis

Strategic acquirers continue to dominate middle market M&A activity, accounting for 85.9% of Q3 2021 deal flow, with financial buyers representing 14.1%. This is the second lowest quarter of the past five (since Q3 2020) for strategic activity and the second highest for financial. This has been a trend for the last three quarters as financial buyers increase their share of deals.

Domestic buyers in Q3 represented 83.8% of middle market M&A activity, a decrease from Q2 2021. It is the second lowest month for middle market domestic buyers' activity over the past five quarters and second highest for foreign. This has also been a trend for the last three quarters as foreign buyers have increased their share of deals. As uncertainty around global trade and the pandemic continues, domestic buyers are expected to continue their dominant position. However, the uncertainty and slowing of the global economies also makes the U.S. an attractive investment location.

Q3 2021
Transaction Volume:
507

Q3 2021
Monthly Average Volume:
169



Source: Capital IQ and GCG Proprietary Research



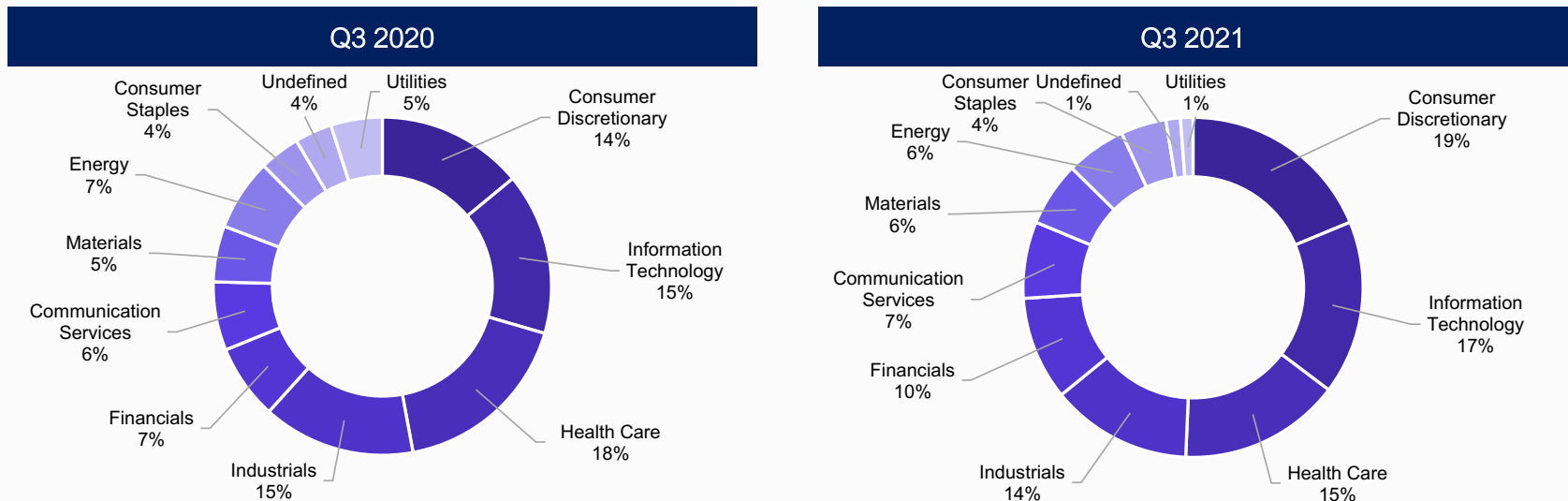
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Middle Market M&A Sector Activity

Q3 deal activity by sector was similar to Q3 2020 in terms of the sectors with the most market share. Healthcare was the dominant sector at 18% of middle market transactions announced and closed in Q3 2020 as it was the dominant sector for much of the pandemic. It decreased to 15% in Q3 2021 and no longer has the highest percentage of deals. Consumer Discretionary deals made up 19 percent of the activity in the 3rd quarter followed by IT deals at 17 percent.

A few other industry sectors became more prominent on the deal front over the past year. Looking at 2021 vs 2020 data shows that the Consumer Discretionary, Information Technology, Financials, Communication Services and Materials sectors increased their share of deal activity as a percentage of the overall market with positive changes between +1% and +5% with the increase in Consumer Discretionary being the largest. The remaining sectors decreased between 1% and 3% with the decline in Healthcare being the largest.

Each sector has been impacted uniquely by external factors including interest rate changes, global economic activity, trade wars, political challenges, supply chain issues as a result of the pandemic and changing governmental policies.



Source: Capital IQ and GCG Proprietary Research

Note: The monthly average number of transactions in Q3 2020 was 110 and in Q3 2021 was 169.



GCG Middle Market Update | Q3 2021

Public Comparable Companies

The top three companies as measured by average enterprise value in 2020 are presented below for each of our proprietary sectors. These tables reflect various performance metrics for the listed companies such as share price movement, LTM margins and total enterprise value to LTM revenue and EBITDA figures.

Company Name	Enterprise	Share	Price Change		LTM Margins		TEV / LTM:	
	Value (\$mils)	Stock Price	3 month	12 month	Gross	EBITDA	Revenue	EBITDA
A&D								
National Presto Industries, Inc.	\$481.93	\$83.41	(19.0%)	4.2%	22.6%	15.4%	1.3x	8.5x
Air T, Inc.	179.14	27.19	10.8%	193.8%	16.6%	(3.3%)	1.0x	NM
Park Aerospace Corp.	164.95	13.81	(8.3%)	25.1%	32.2%	22.6%	3.2x	14.1x
Mean	\$275.34	\$41.47	(5.5%)	74.4%	23.8%	11.6%	1.8x	11.3x
Median	\$179.14	\$27.19	(8.3%)	25.1%	22.6%	15.4%	1.3x	11.3x
Automotive								
P.A.M. Transportation Services, Inc.	\$724.37	\$46.19	74.1%	148.9%	24.4%	20.4%	1.3x	6.2x
Horizon Global Corporation	481.48	7.29	(15.2%)	25.0%	20.7%	6.4%	0.6x	9.4x
Miller Industries, Inc.	340.21	34.42	(13.4%)	11.2%	11.3%	6.8%	0.5x	7.2x
Mean	\$515.36	\$29.30	15.2%	61.7%	18.8%	11.2%	0.8x	7.6x
Median	\$481.48	\$34.42	(13.4%)	25.0%	20.7%	6.8%	0.6x	7.2x
Business Services								
StoneMor Inc.	\$601.30	\$2.46	(7.2%)	158.9%	54.6%	8.3%	1.9x	23.6x
Mistras Group, Inc.	554.94	10.32	3.2%	157.4%	33.5%	8.1%	0.9x	10.7x
Willdan Group, Inc.	553.24	34.31	(11.4%)	27.0%	36.2%	0.5%	1.5x	308.9x
Mean	\$569.83	\$15.70	(5.1%)	114.4%	41.4%	5.6%	1.4x	114.4x
Median	\$554.94	\$10.32	(7.2%)	157.4%	36.2%	8.1%	1.5x	23.6x

Note: MM public companies are defined as having enterprise value between \$10 and \$500M. Companies as measured by average enterprise value between Jan-2020 and Dec-2020



GCG Middle Market Update | Q3 2021

Public Comparable Companies

Company Name	Enterprise	Share	Price Change		LTM Margins		TEV / LTM:	
	Value (\$mils)	Stock Price	3 month	12 month	Gross	EBITDA	Revenue	EBITDA
Consumer Goods								
Loral Space & Communications Inc.	\$1,331.62	\$43.79	10.4%	138.0%	0.0%	NA	-	NM
J.Jill, Inc.	587.28	17.79	(14.2%)	493.2%	63.5%	4.9%	1.1x	22.5x
Biglari Holdings Inc.	522.14	828.55	6.2%	67.4%	36.0%	16.5%	1.4x	8.2x
Mean	\$813.68	\$296.71	0.8%	232.9%	33.2%	10.7%	1.2x	15.4x
Median	\$587.28	\$43.79	6.2%	138.0%	36.0%	10.7%	1.2x	15.4x
F&B								
Village Super Market, Inc.	\$616.31	\$22.15	(6.9%)	(9.1%)	27.8%	3.4%	0.3x	9.1x
Limoneira Company	432.82	16.16	(9.8%)	13.9%	7.4%	0.3%	2.7x	930.8x
Alico, Inc.	363.42	34.37	(1.9%)	20.0%	22.1%	27.0%	3.3x	12.3x
Mean	\$470.85	\$24.23	(6.2%)	8.2%	19.1%	10.2%	2.1x	317.4x
Median	\$432.82	\$22.15	(6.9%)	13.9%	22.1%	3.4%	2.7x	12.3x
Healthcare								
Scholar Rock Holding Corporation	\$875.89	\$32.00	8.4%	79.8%	NA	(673.6%)	55.5x	NM
Surmodics, Inc.	720.79	56.58	4.0%	45.4%	35.3%	12.7%	7.0x	54.8x
SI-BONE, Inc.	608.84	22.40	(29.8%)	(4.2%)	88.9%	(46.5%)	7.1x	NM
Mean	\$735.18	\$36.99	(5.8%)	40.4%	62.1%	(235.8%)	23.2x	54.8x
Median	\$720.79	\$32.00	4.0%	45.4%	62.1%	(46.5%)	7.1x	54.8x

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GCG Middle Market Update | Q3 2021

Public Comparable Companies

Company Name	Enterprise	Share	Price Change		LTM Margins		TEV / LTM:	
	Value (\$mils)	Stock Price	3 month	12 month	Gross	EBITDA	Revenue	EBITDA
Industrials & Manufacturing								
Bonanza Creek Energy, Inc.	\$1,716.28	\$49.04	(1.1%)	168.6%	81.5%	36.0%	4.9x	13.6x
Gatos Silver, Inc.	761.44	11.49	(34.8%)	-	0.0%	NA	-	NM
Forum Energy Technologies, Inc.	334.98	21.89	(9.7%)	96.7%	3.1%	(23.1%)	0.7x	NM
Mean	\$937.57	\$27.47	(15.2%)	132.6%	28.2%	6.4%	2.8x	13.6x
Median	\$761.44	\$21.89	(9.7%)	132.6%	3.1%	6.4%	2.8x	13.6x
Real Estate								
FRP Holdings, Inc.	\$598.92	\$56.00	(0.6%)	34.9%	33.5%	34.7%	30.2x	87.1x
Tejon Ranch Co.	495.70	17.88	16.3%	26.1%	16.5%	8.3%	9.8x	118.6x
The RMR Group Inc.	445.12	34.06	(14.0%)	20.2%	100.0%	48.0%	2.6x	5.5x
Mean	\$513.25	\$35.98	0.5%	27.1%	50.0%	30.3%	14.2x	70.4x
Median	\$495.70	\$34.06	(0.6%)	26.1%	33.5%	34.7%	9.8x	87.1x
Technology & IT Services								
Axway Software SA	\$752.76	\$32.23	(16.3%)	(21.1%)	18.2%	7.6%	0.6x	7.8x
Eastman Kodak Company	656.87	6.96	(3.2%)	44.4%	15.0%	12.9%	2.1x	16.5x
International Money Express, Inc.	595.23	16.84	10.3%	20.8%	22.1%	4.9%	1.7x	34.4x
Mean	\$668.29	\$18.68	(3.1%)	14.7%	18.5%	8.5%	1.5x	19.6x
Median	\$656.87	\$16.84	(3.2%)	20.8%	18.2%	7.6%	1.7x	16.5x

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GCG Middle Market Update | Q3 2021

More about Greenwich Capital Group

Greenwich Capital Group (“GCG”) is a middle market focused advisory firm offering a range of investment banking and consulting services to private companies, public companies and private equity investors. Our senior bankers have held leadership positions at global investment banking firms, bringing a wealth of experience to each of our clients. GCG operates with the highest integrity, providing credibility and an excellent client service experience through our proven transaction process. These core values are the common thread in establishing our extensive relationships with privately held businesses, private equity investors and publicly traded companies. With each engagement, GCG’s senior bankers have a common goal. We strive to build relationships by representing our clients’ long-term interests in order to earn ultimately their trust. It is our privilege to be called trusted advisors in the middle market.

For additional perspective or to discuss M&A related opportunities in the middle market, please reach out to GCG’s CEO and Managing Director, Bob Coury. For more information, please visit www.greenwichgp.com.



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Data Sources: We have based our findings on data provided by industry recognized sources. Data and information for this publication was collated from the S&P Capital IQ database. For more information on this or anything else related to our research, please email info@greenwichgp.com.

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