



MIDDLE MARKET UPDATE

Q4 2022



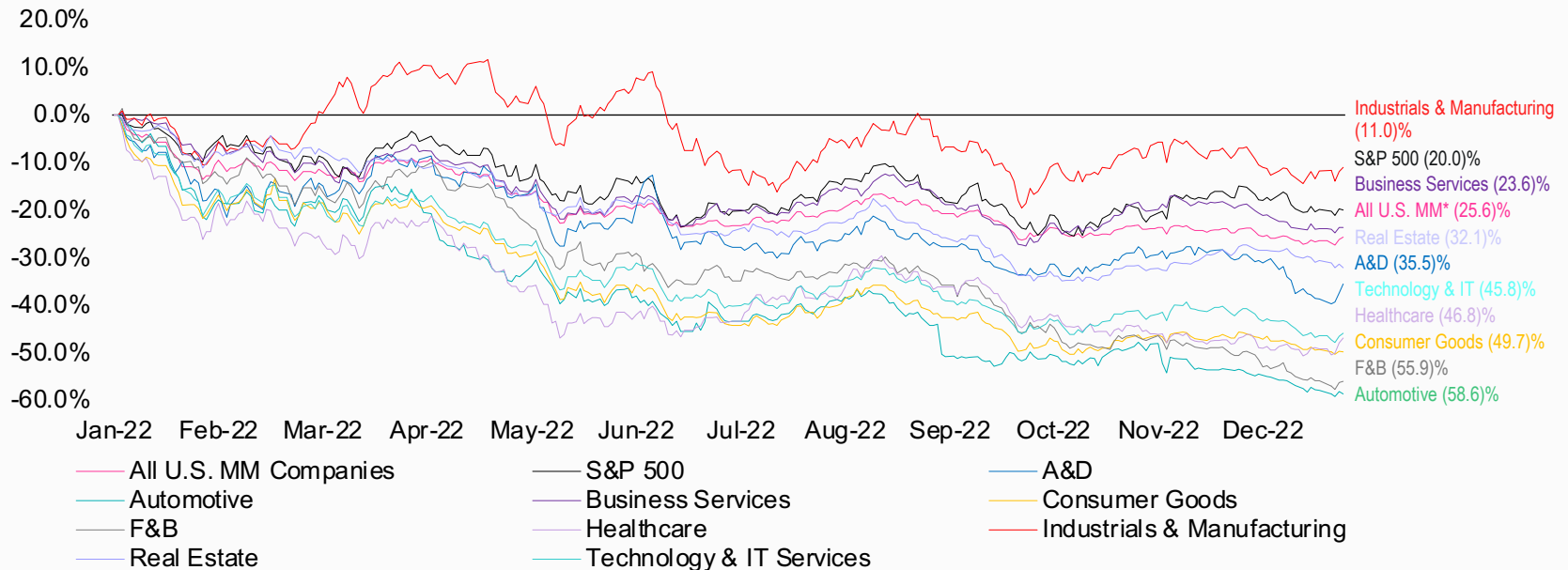
GREENWICH
CAPITAL GROUP

GCG Middle Market Update | Q4 2022

GCG Public Company Index Market Performance

GCG's proprietary middle market industry sector performance index has continued its journey into negative territory in Q4 2022. Contrary to the previous quarter, only one middle market sector outperformed the large cap stocks over the prior 12 months, as measured by the S&P 500 index. The S&P 500 index had a total 12-month return of negative 20.0% as of December 2022. This slightly outgained the middle market index which returned (25.6)% for the 12-month period. Industrials and Manufacturing led the middle market over the past 12 months with a (11.0)% return. While Industrials and Manufacturing outperformed the S&P, most other sectors have significantly underperformed the S&P 500. Technology & IT, Healthcare, Consumer Goods, F&B and Automotive all dropped between 45 and 60 percent over the last 12 months. The ongoing economic tightening has clearly impacted the middle market more than the large cap businesses and is now leading many experts to forecast a looming recession in the next 12-36 months.

GCG Proprietary Middle Market Sector Stock Performance Index



Source: S&P Capital IQ and GCG Proprietary Research, all values based on publicly available data as of 12/31/2022

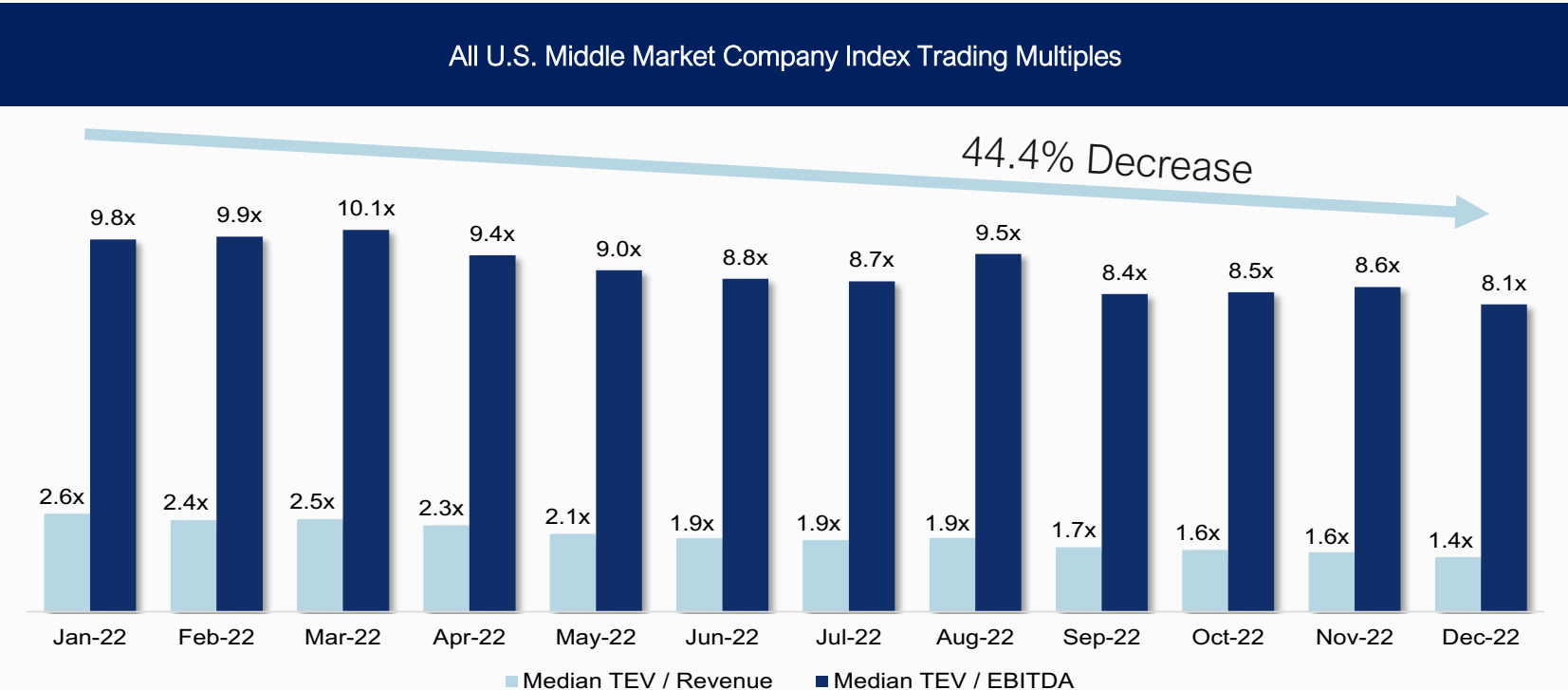
Note: Benchmark index for comparison is All U.S. MM Companies, MM defined as average enterprise value in 2021 between \$10M and \$500M



GCG Middle Market Update | Q4 2022

GCG Public Company Index Trading Multiples

The median quarterly middle market public company revenue and EBITDA multiples peaked in March 2021. Since then, the revenue and EBITDA multiples have been declining. As a result, EBITDA multiples have declined 44% over the last 12 months. With rising rates and inflation, it is not surprising that there is a contraction in multiples. We also believe that multiples are projecting lower earnings going forward. If earnings continue to remain strong, we would anticipate a reversal of this decline. That said, if the economy does fall into a recession and earnings suffer, then this trend could continue.



Source: S&P Capital IQ and GCG Proprietary Research
Note: All values based on publicly available data as of 12/31/2022

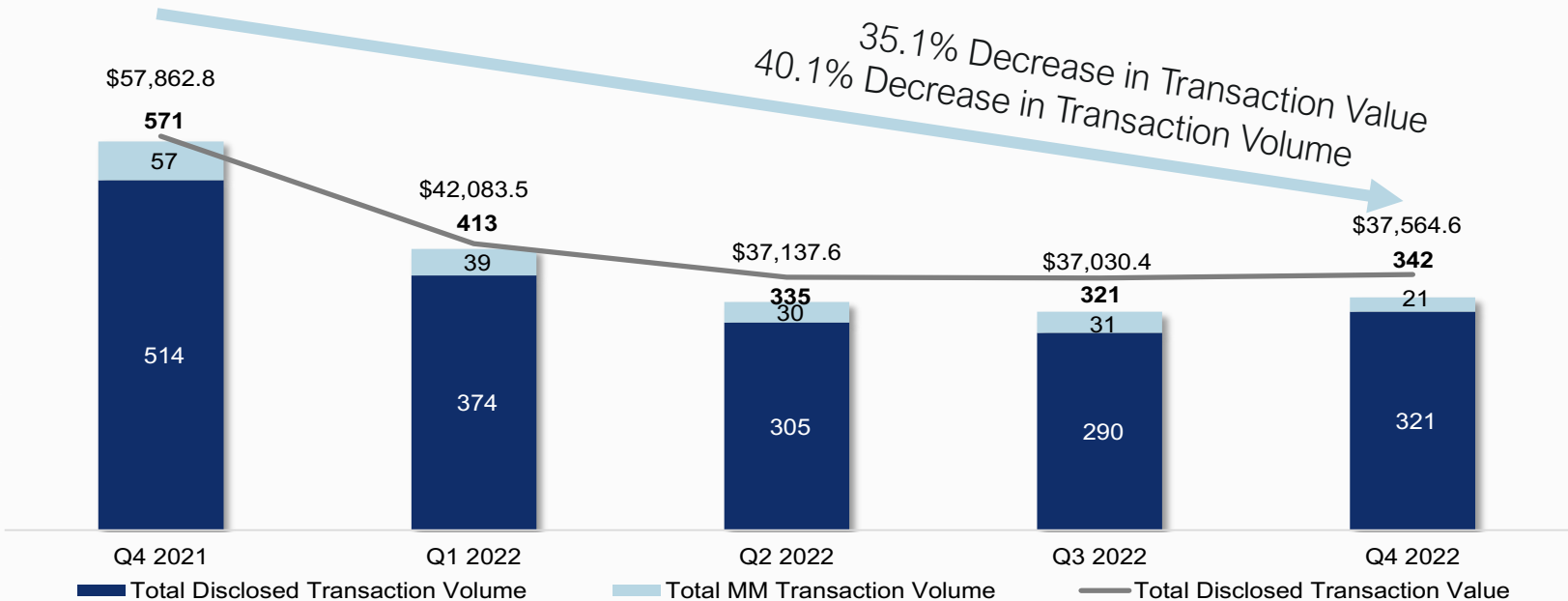


GCG Middle Market Update | Q4 2022

Middle Market M&A Activity

Middle market public and private company transaction deal value and volume for Q4 2022 increased from Q3 of 2022 to reverse an ongoing decline. Compared to Q3, values and volume increased 1.4% and 6.5%, respectively. Q4 2022 value and volume fell 35.1% and 40.1%, respectively over Q4 2021. 2021 Q2 through Q4 activity was significantly higher than prior quarters and broke M&A deal volume records for a given year. The 4th quarter 2021 eclipsed the rest of 2021 as year end deal closings surged. It was to be expected that 2022 would decline off of this torrid pace. During Q4 2022, the M&A environment was still very strong but rising interest rates gave pause to some buyers but were not prohibitive. Capital availability was still quite high and the economy was strong. All of this continues to fuel a strong M&A market even with lower volumes. 2022 overall declined 27.8% and 29.5% in value and volume respectively over 2021.

U.S. Middle Market Transaction Values and Volume



Source: S&P Capital IQ, all values based on publicly available data as of 12/31/2022

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.



GCG Middle Market Update | Q4 2022

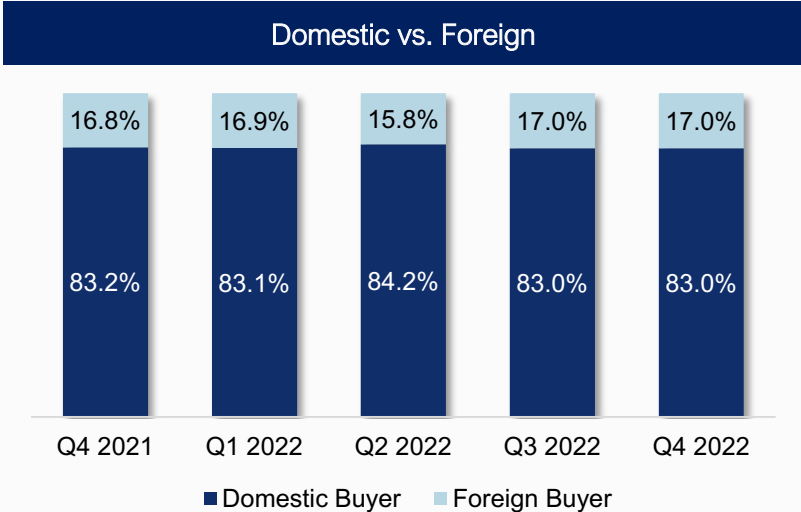
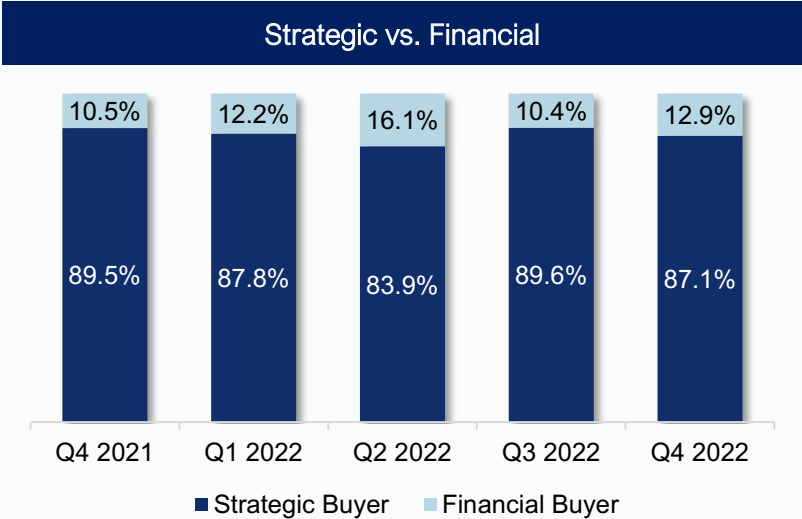
Middle Market M&A Buyer Analysis

Strategic acquirers continue to dominate middle market M&A activity, accounting for 87.1% of Q4 2022 deal flow, with financial buyers representing 12.9%. This is the second lowest quarter of the past five (since Q4 2021) for strategic activity and the second highest for financial. 2021 resulted in the highest share of strategic buyers of the past five years (since 2017) and 2022 the second highest. With rising interest rates, strategic acquirers are becoming more competitive against private equity.

Domestic buyers in Q4 represented 83.0% of middle market M&A activity, the same as Q3 2022. 2022 was the strongest year for foreign buyer activity since at least 2015. As uncertainty around global trade and the pandemic continues, domestic buyers are expected to continue their dominant position. The strong dollar is making foreign investment in the US more expensive and is having some impact on the investment into the U.S. However, the uncertainty and slowing of the global economies also makes the U.S. an attractive investment location.

Q4 2022
Transaction Volume:
342

Q4 2022
Monthly Average Volume:
114



Source: Capital IQ and GCG Proprietary Research



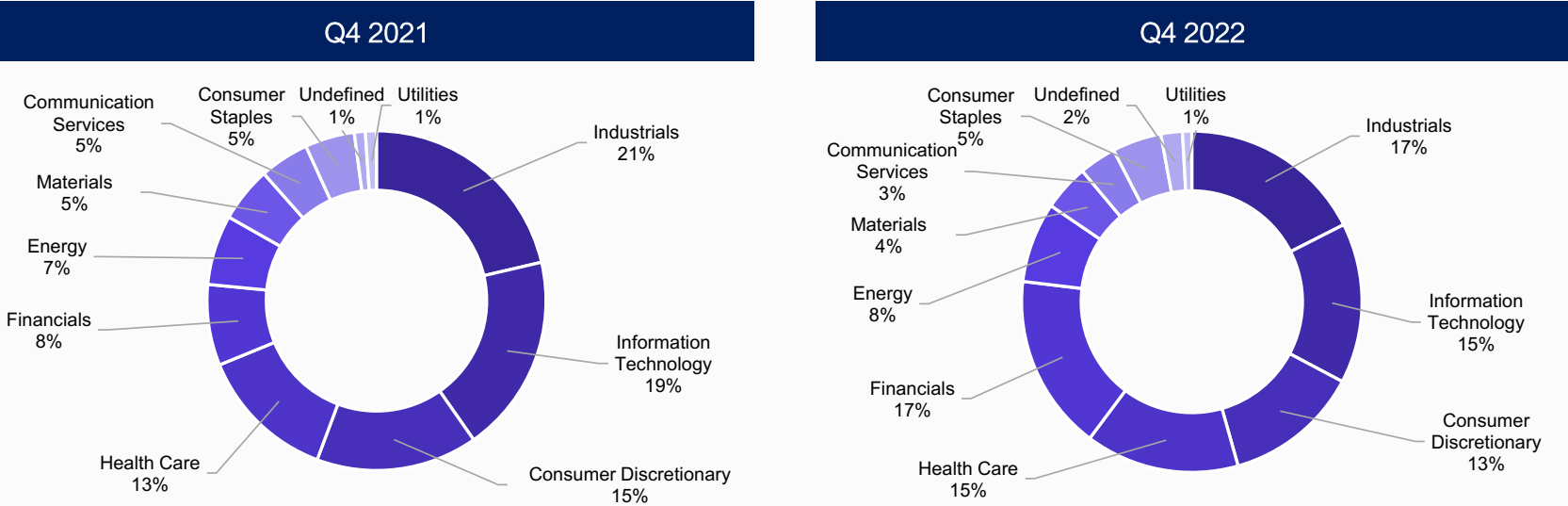
GCG Middle Market Update | Q4 2022

Middle Market M&A Sector Activity

Q4 deal activity by sector was similar to Q4 2021 in terms of the sectors with the most market share. Industrials was the dominant sector in middle market transactions announced and closed in Q4 2021. It declined to 17% in Q4 2022 and shared the spot for the highest percentage of deals with Financials. Health Care and Information Technology deals made up 15% of the activity in the 4th quarter followed by Consumer Discretionary deals at 13%.

Some significant trends have emerged over the past 12 months. Industrials and Information Technology deal activity has declined significantly both dropping 4 percent. Financials made significant upticks in overall deal percentages to gain share with a 9 percent increase.

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 Q4 2021 was 190 and in Q4 2022 was 114.



GCG Middle Market Update | Q4 2022

Public Comparable Companies

The top three companies as measured by average enterprise value in 2022 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								
Radiant Logistics, Inc.	\$309.57	\$5.09	(10.5%)	(30.2%)	16.2%	5.0%	0.2x	4.6x
Satellogic Inc.	156.27	3.05	(33.4%)	(68.6%)	60.4%	(1461%)	31.7x	NM
Byrna Technologies Inc.	152.40	7.84	66.8%	(41.3%)	54.0%	(17.3%)	3.5x	NM
Mean	\$206.08	\$5.33	7.6%	(46.7%)	43.5%	(491.2%)	11.8x	4.6x
Median	\$156.27	\$5.09	(10.5%)	(41.3%)	54.0%	(17.3%)	3.5x	4.6x
Automotive								
Covenant Logistics Group, Inc.	\$542.20	\$34.57	20.5%	30.8%	19.5%	11.8%	0.4x	3.8x
Horizon Global Corporation	362.89	0.39	(68.4%)	(95.1%)	13.3%	(4.4%)	0.5x	NM
Arcimoto, Inc.	22.07	3.30	(88.0%)	(97.9%)	NA	(1208%)	4.5x	NM
Mean	\$309.05	\$12.75	(45.3%)	(54.1%)	16.4%	(400.4%)	1.8x	3.8x
Median	\$362.89	\$3.30	(68.4%)	(95.1%)	16.4%	(4.4%)	0.5x	3.8x
Business Services								
Franklin Covey Co.	\$614.80	\$46.77	3.0%	0.9%	76.4%	12.7%	2.3x	17.9x
Resources Connection, Inc.	590.53	18.38	1.7%	3.0%	40.2%	12.5%	0.7x	5.7x
Cardiff Lexington Corp.	80.97	0.00	57.1%	(21.4%)	61.2%	29.8%	6.2x	20.9x
Mean	\$428.77	\$21.72	20.6%	(5.8%)	59.3%	18.3%	3.1x	14.8x
Median	\$590.53	\$18.38	3.0%	0.9%	61.2%	12.7%	2.3x	17.9x

Note: MM public companies are defined as having enterprise value between \$10 and \$500M. Companies as measured by average enterprise value between Jan-2021 and Dec-2021



GCG Middle Market Update | Q4 2022

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								
Legacy Housing Corporation	\$457.27	\$18.96	10.6%	(28.4%)	43.3%	31.3%	2.0x	6.2x
Tile Shop Holdings, Inc.	341.68	4.38	24.4%	(38.6%)	65.9%	11.8%	0.9x	7.3x
Thorne HealthTech, Inc.	205.39	3.63	(23.3%)	(41.5%)	52.7%	4.0%	0.9x	23.6x
Mean	\$334.78	\$8.99	3.9%	(36.2%)	54.0%	15.7%	1.3x	12.4x
Median	\$341.68	\$4.38	10.6%	(38.6%)	52.7%	11.8%	0.9x	7.3x
F&B								
Limoneira Company	\$350.52	\$12.21	(7.4%)	(18.6%)	10.6%	3.6%	1.9x	53.4x
HF Foods Group Inc.	347.39	4.06	4.9%	(52.0%)	18.5%	5.8%	0.5x	8.4x
22nd Century Group, Inc.	163.03	0.92	(0.7%)	(70.2%)	7.3%	(78.7%)	3.3x	NM
Mean	\$286.98	\$5.73	(1.1%)	(46.9%)	12.1%	(23.1%)	1.9x	30.9x
Median	\$347.39	\$4.06	(0.7%)	(52.0%)	10.6%	3.6%	1.9x	30.9x
Healthcare								
Zynex, Inc.	\$526.63	\$13.91	53.4%	53.5%	80.3%	18.2%	3.5x	19.3x
NantHealth, Inc.	284.83	3.65	(1.2%)	(76.9%)	64.3%	(67.6%)	4.3x	NM
Ontrak, Inc.	13.76	0.37	(21.8%)	(94.2%)	52.6%	(197.3%)	0.6x	NM
Mean	\$275.07	\$5.98	10.1%	(39.2%)	65.7%	(82.2%)	2.8x	19.3x
Median	\$284.83	\$3.65	(1.2%)	(76.9%)	64.3%	(67.6%)	3.5x	19.3x

Note: MM public companies are defined as having enterprise value between \$10 and \$500M. Companies as measured by average enterprise value between Jan-2021 and Dec-2021



GCG Middle Market Update | Q4 2022

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								
Transcat, Inc.	\$598.29	\$70.87	(6.4%)	(23.3%)	29.0%	11.7%	2.7x	23.5x
SEACOR Marine Holdings Inc.	550.36	9.16	63.0%	169.4%	18.7%	(1.0%)	2.7x	NM
Karat Packaging Inc.	331.53	14.37	(10.1%)	(28.9%)	31.0%	10.1%	0.8x	7.8x
Mean	\$493.40	\$31.47	15.5%	39.1%	26.2%	6.9%	2.1x	15.6x
Median	\$550.36	\$14.37	(6.4%)	(23.3%)	29.0%	10.1%	2.7x	15.6x
Real Estate								
New England Realty Associates Limited Partnership	\$533.94	\$71.00	(7.8%)	4.7%	66.6%	48.8%	8.1x	16.6x
Tejon Ranch Co.	503.44	18.84	30.8%	(1.3%)	30.5%	25.4%	6.7x	26.5x
RE/MAX Holdings, Inc.	271.58	18.64	(1.4%)	(38.9%)	74.7%	25.4%	0.8x	3.0x
Mean	\$436.32	\$36.16	7.2%	(11.8%)	57.2%	33.2%	5.2x	15.4x
Median	\$503.44	\$18.84	(1.4%)	(1.3%)	66.6%	25.4%	6.7x	16.6x
Technology & IT Services								
Startek, Inc.	\$379.54	\$3.75	(64.5%)	(76.4%)	13.0%	NA	-	NM
SolarWindow Technologies, Inc.	31.96	0.76	25.0%	(28.2%)	0.0%	8.3%	0.6x	6.7x
Clubhouse Media Group, Inc.	8.24	0.00	(60.0%)	(99.9%)	27.0%	(75.4%)	1.4x	NM
Mean	\$139.91	\$1.50	(33.2%)	(68.1%)	13.3%	(33.5%)	1.0x	6.7x
Median	\$31.96	\$0.76	(60.0%)	(76.4%)	13.0%	(33.5%)	1.0x	6.7x

Note: MM public companies are defined as having enterprise value between \$10 and \$500M. Companies as measured by average enterprise value between Jan-2021 and Dec-2021



GCG Middle Market Update | Q4 2022

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.



Bob Coury

CEO &

Managing Director

rcoury@greenwichgp.com

O: (248) 480-2031

M: (313) 919-3811

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.

Disclaimer: This publication contains general information only and Greenwich Capital Group, LLC is not, by means of this publication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. Greenwich Capital Group, LLC shall not be responsible for any loss whatsoever sustained by any person who relies on this publication.