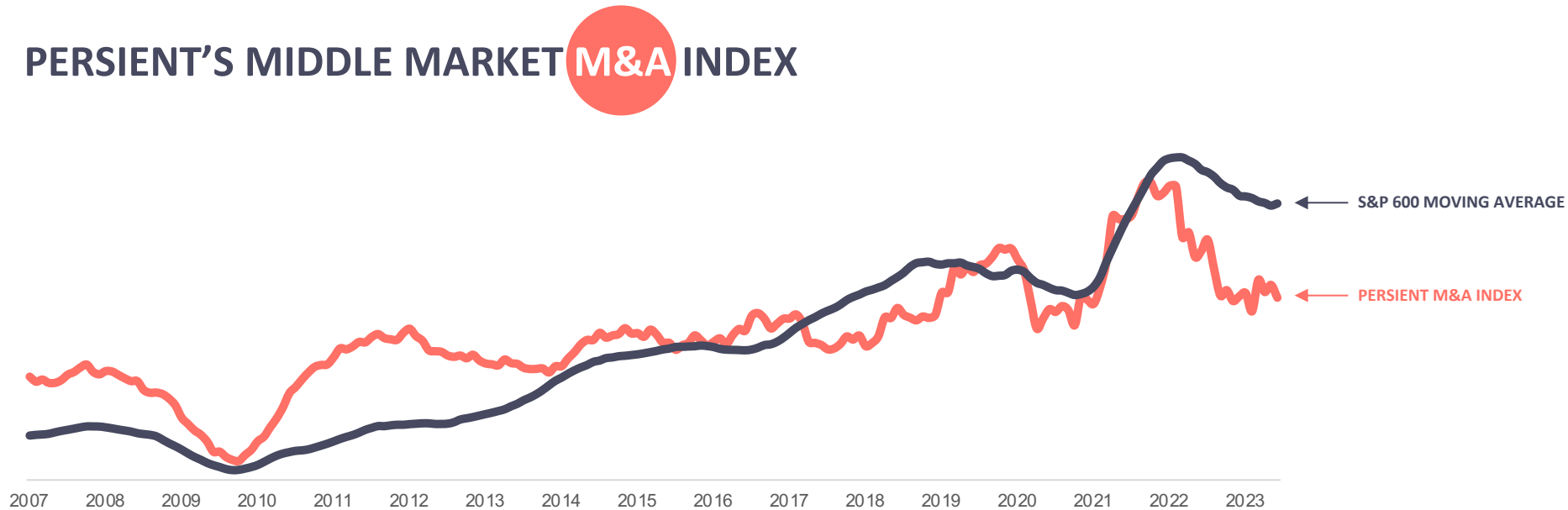


M&A MIDDLE MARKET INSIGHTS – Q2 2023

PERSIENT'S MIDDLE MARKET **M&A** INDEX

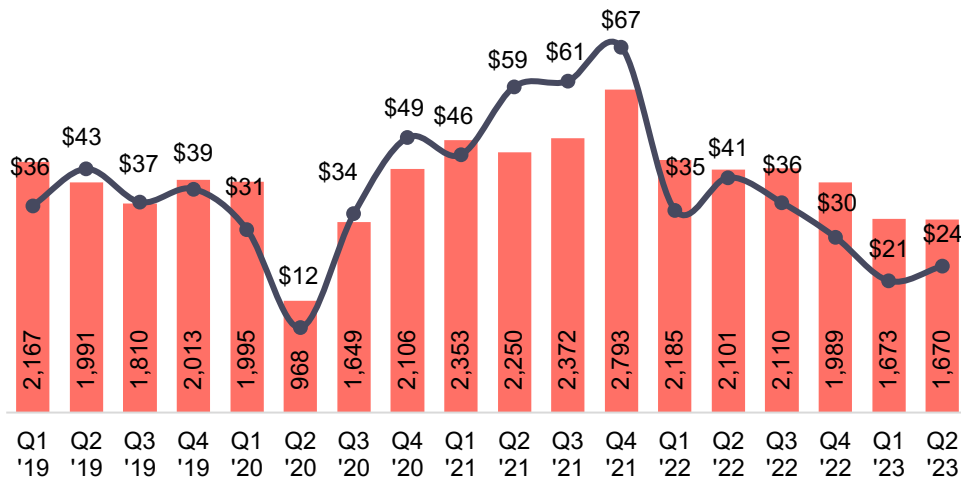


INSIGHTS

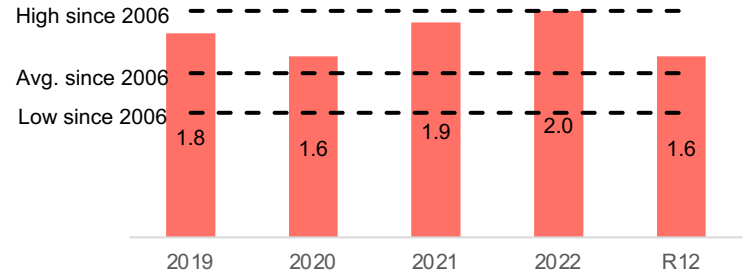
Despite high inflation, high interest rates, and some bank failures, equities had a positive first half of 2023 amid an increasingly optimistic economic climate, with a potential “soft landing” in the cards. M&A took another step down from the already soft 2H of 2022, as buyers navigated the more challenging financing conditions.

M&A ACTIVITY AND VALUATIONS

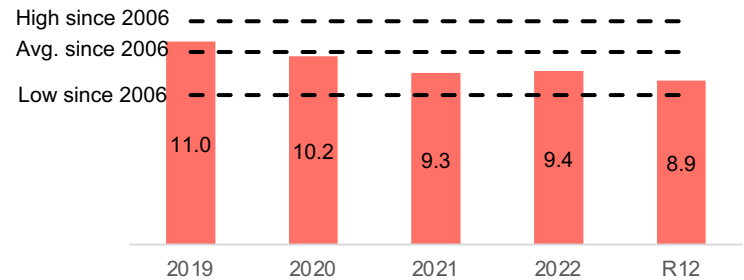
Total Middle Market M&A Volume and Value (\$b)



Middle Market M&A Revenue Multiples



Middle Market M&A EBITDA Multiples

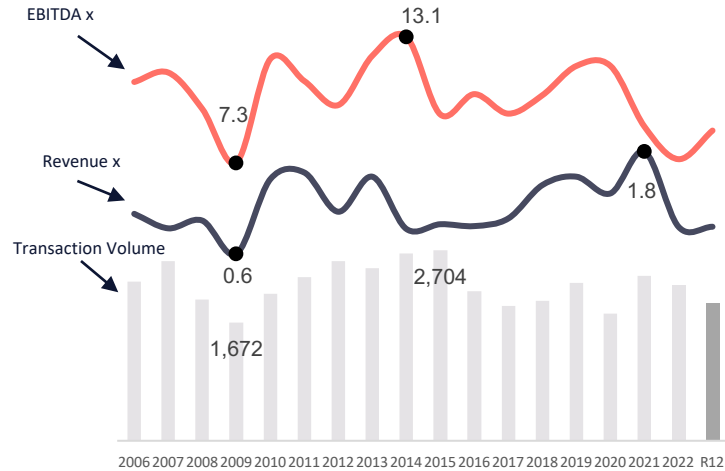


INSIGHTS

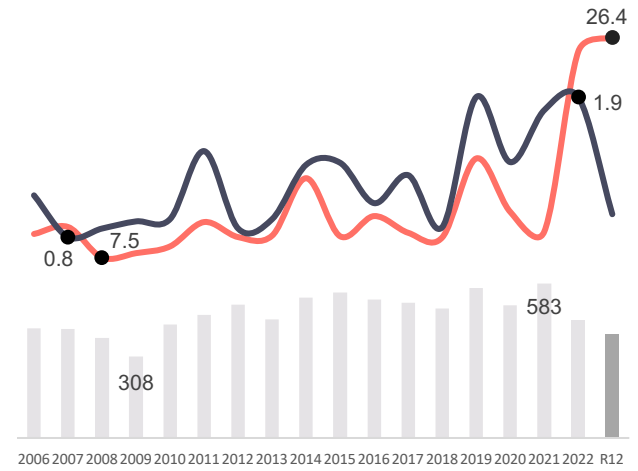
Both M&A volume and value declined further in the 1H of 2023 from the 2H of 2022. With the 1H of the year in the rear view and better certainty around peaking inflation and the Fed's rate plans, there are signs emerging that the 2H of the year will be a busier dealmaking environment.

M&A BY SECTOR

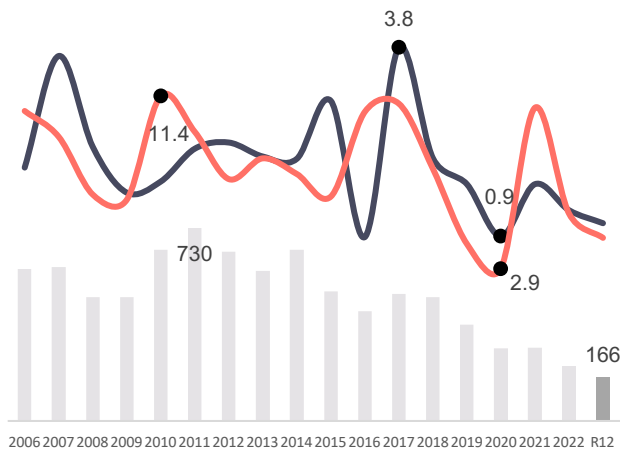
Consumer Discretionary



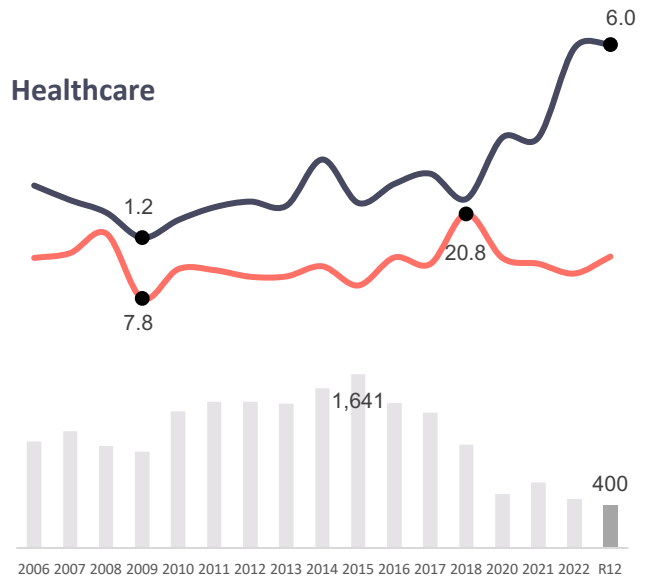
Consumer Staples



Energy

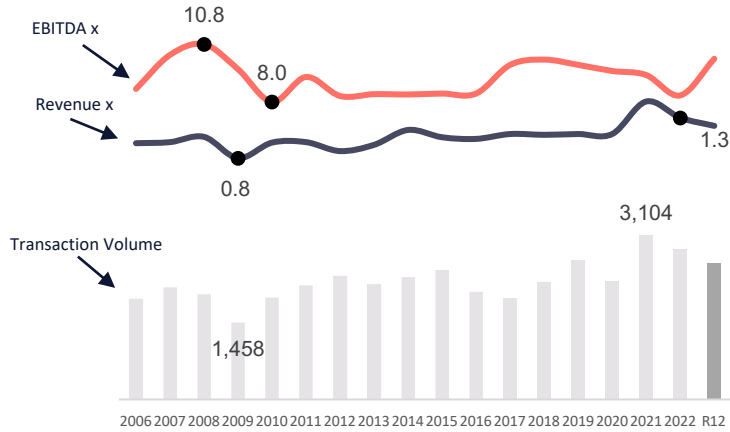


Healthcare

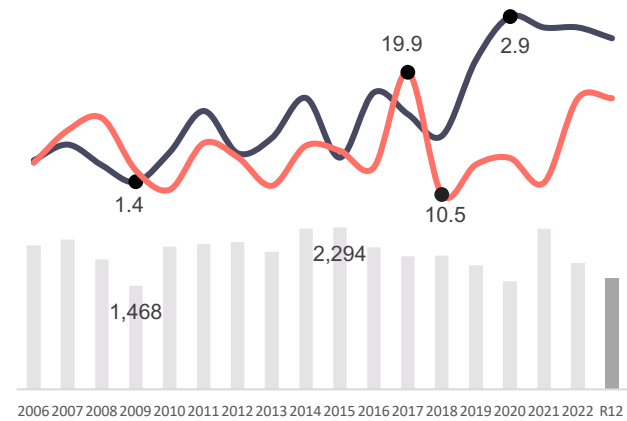


M&A BY SECTOR

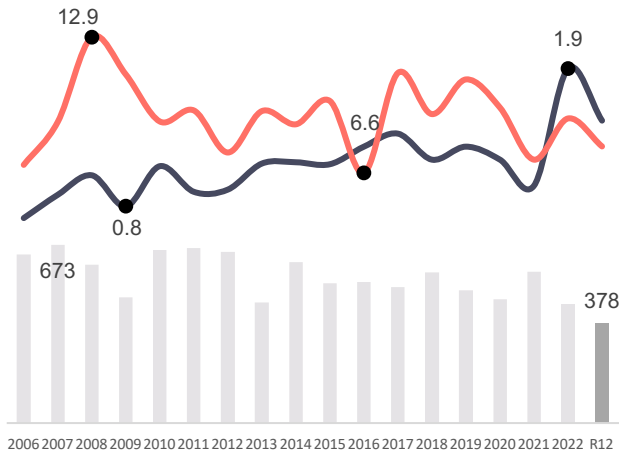
Industrials



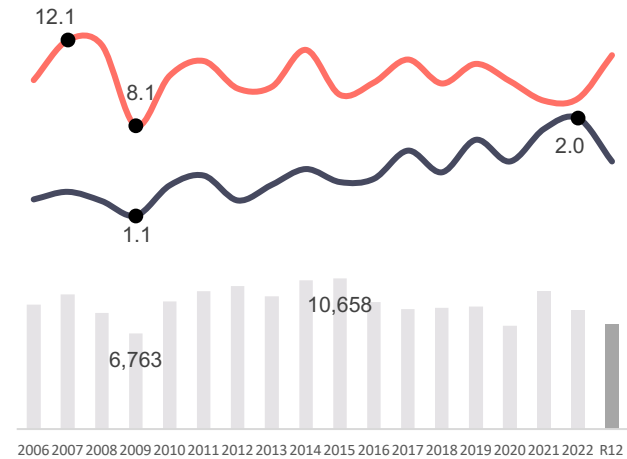
Technology



Materials



Overall



NOTEWORTHY M&A

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
Apr-23	Transcend Solutions, LLC	CECO Environmental Corp. (NasdaqGS:CECO)	Industrial Machinery and Supplies	\$22	-	-
Apr-23	Fox Pest Control, Inc.	Rollins, Inc. (NYSE:ROL)	Environmental and Facilities Services	\$350	2.92	-
Apr-23	LookingGlass Cyber Solutions, Inc.	ZeroFox Holdings, Inc. (NasdaqGM:ZFOX)	Systems Software	\$26	-	-
Apr-23	Home Medical Products, Inc.	Viemed, Inc.	Health Care Equipment	\$28	1.0	4.12
Apr-23	Schiefer Chopshop	PopReach Corporation (TSXV:POPR)	Advertising	\$15	0.835	8.83
Apr-23	Compressor Controls Corporation	Honeywell International Inc. (NasdaqGS:HON)	Electrical Components and Equipment	\$670	-	15.0
Apr-23	Lookout Life	F-Secure Oyj (HLSE:FSECURE)	Application Software	\$224	5.64	14.99
Apr-23	Lew Thompson & Son Trucking, Inc.	Covenant Logistics Group, Inc. (NasdaqGS:CVLG)	Cargo Ground Transportation	\$130	2.03	5.2
Apr-23	Haystack Oncology, Inc.	Quest Diagnostics Incorporated (NYSE:DGX)	Biotechnology	\$450	-	-
May-23	Hardie's Fruit and Vegetable Company, LP	The Chefs' Warehouse, Inc. (NasdaqGS:CHEF)	Agricultural Products and Services	\$48	-	-
May-23	ASPEQ Heating Group LLC	SPX Technologies, Inc. (NYSE:SPXC)	Industrial Machinery and Supplies	\$418	3.48	-
May-23	Paragon Data Labs, Inc.	Intapp, Inc. (NasdaqGS:INTA)	Application Software	\$20	-	-
May-23	Micro-Mode Products, Inc.	ITT Inc. (NYSE:ITT)	Electronic Components	\$80	3.08	-
May-23	Focus POS Systems, Inc.	Shift4 Payments, Inc. (NYSE:FOUR)	Application Software	\$45	-	-
May-23	i3 Product Development, Inc.	Helios Technologies, Inc. (NYSE:HLIO)	Construction and Engineering	\$45	-	-
May-23	Benefits Science LLC	MultiPlan Corporation (NYSE:MPLN)	Application Software	\$157	-	-
May-23	Hardsuit Labs, Inc.	Keywords Studios plc (AIM:KWS)	Interactive Home Entertainment	\$15	1.36	-
May-23	Honest Day's Work, Inc.	Latch, Inc. (NasdaqGS:LTCH)	Interactive Media and Services	\$45	-	-
May-23	Winsight, LLC	Informa plc (LSE:INF)	Publishing	\$380	-	-
May-23	Suntuity Renewables LLC	Beard Energy Transition Acquisition (NYSE:BRD)	Construction and Engineering	\$190	-	-
May-23	Indoff Incorporated	Global Industrial Company (NYSE:GIC)	Trading Companies and Distributors	\$69	0.384	-
May-23	FPM Business of Schenck Process LLC	Milacron Holdings Corp.	Industrial Machinery and Supplies	\$730	1.46	-
May-23	Neeva, Inc.	Snowflake Inc. (NYSE:SNOW)	Application Software	\$150	-	-
May-23	YouAppi Inc.	Affle International Pte. Ltd.	Application Software	\$45	1.37	-
May-23	High Purity New England, Inc.	Getinge AB (publ) (OM:GETI B)	Health Care Equipment	\$290	-	-
May-23	Lucky Strike Entertainment, LLC	Bowlero Corp. (NYSE:BOWL)	Leisure Facilities	\$90	1.03	8.18
Jun-23	Penelope Bourbon LLC	Luxco, Inc.	Distillers and Vintners	\$216	-	-
Jun-23	Single Vision Solution, Inc.	Fielmann Aktiengesellschaft (XTRA:FIE)	Managed Health Care	\$112	1.12	-
Jun-23	Natech Plastics, Inc.	Stratec SE (XTRA:SBS)	Commodity Chemicals	\$30	1.84	-
Jun-23	Dialysis/BioSentry Product of AngioDynamics	Merit Medical Systems, Inc. (NasdaqGS:MMSI)	Health Care Equipment	\$100	3.03	-
Jun-23	Consolidated Waste Services, LLC	Casella Waste Systems, Inc. (NasdaqGS:CWST)	Environmental and Facilities Services	\$219	-	-
Jun-23	Innovative Endoscopy Components	ADDvise Group AB (publ) (OM:ADDV A)	Health Care Distributors	\$12	1.25	6.91
Jun-23	L&M Radiator, Inc.	Westinghouse Air Brake Tech. Corp. (NYSE:WAB)	Industrial Machinery and Supplies	\$230	-	-
Jun-23	MicroStrain, Inc.	Spectris plc (LSE:SXS)	Electronic Equipment and Instruments	\$38	2.44	-
Jun-23	Recycle Waste Services Inc	Titan Trucking, LLC	Environmental and Facilities Services	\$27	1.21	-
Jun-23	Mid-States Aluminum Corp.	Mayville Engineering Company, Inc. (NYSE:MEC)	Aluminum	\$96	1.12	6.0
Jun-23	Adhezion Biomedical, LLC	H.B. Fuller Company (NYSE:FUL)	Health Care Supplies	\$95	-	-
Jun-23	Mode Analytics, Inc.	ThoughtSpot, Inc.	Interactive Media and Services	\$200	-	-
Jun-23	Casetext, Inc.	Thomson Reuters Corporation (TSX:TRI)	Application Software	\$650	-	-
Jun-23	Berbig Inc.	Socure Inc.	Application Software	\$70	-	-

SELECT M&A INSIGHT

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
4/5/23	Fox Pest Control, Inc.	Rollins, Inc. (NYSE:ROL)	Environmental and Facilities Services	\$350	2.92	-
<p>Buyer, a global provider of pest and wildlife control services, entered into an agreement to acquire Target for up to \$350 million. Target is a pest control provider with more than 30 branches across the U.S. The transaction consideration consists of all-cash, both upfront and contingent. At closing, Target receives \$318 million, with up to an additional \$32 million paid if future growth and profitability levels are achieved.</p>						
4/27/23	Lew Thompson & Son Trucking, Inc.	Covenant Logistics Group, Inc. (NasdaqGS:CVLG)	Cargo Ground Transportation	\$130	2.03	5.2
<p>Buyer, a provider of transportation and logistics services in the U.S., entered into an agreement to acquire Target for up to \$130 million. Target is an Arkansas-based provider of poultry feed and live haul freight transportation services. The transaction is all-cash, with \$100 million paid upfront and up to an additional \$30 million in earnout paid if certain financial results are achieved by Target over the three following calendar years. The transaction is funded through a combination of cash on-hand and Buyer's credit facility.</p>						
5/3/23	Paragon Data Labs, Inc.	Intapp, Inc. (NasdaqGS:INTA)	Application Software	\$20	-	-
<p>Buyer, a provider of cloud-based software solutions for professional and financial services firms, entered into an agreement to acquire Target for up to \$20 million. Target is a cloud-based enterprise software company streamlining employee compliance for financial services firms. The transaction consideration consists of cash, stock, deferred, and contingent consideration. At close, Target will receive a combination of cash and stock totaling \$7.6 million. A total of \$2.2 million will be deferred and Target can earn up to an additional \$10.2 million contingent on certain performance measures being achieved (payable in cash and stock).</p>						
5/11/23	Hardsuit Labs, Inc.	Keywords Studios plc (AIM:KWS)	Interactive Home Entertainment	\$15	1.36	-
<p>Buyer, a creative and technical services provider to the worldwide video game industry, entered into an agreement to acquire Target for up to \$15 million. Target is a Seattle-based game development studio, with a track record of assisting some of the world's largest game franchises. The transaction consideration consists of cash and stock, both upfront and contingent. At closing, Target receives \$6.6 million in cash and \$1.65 million in new ordinary shares. Target can receive up to an additional \$6.75 million in consideration (payable as a mix of cash and stock) if growth targets are achieved in the two years following completion.</p>						
6/15/23	Innovative Endoscopy Components	ADDvise Group AB (publ) (OM:ADDV A)	Health Care Distributors	\$12	1.25	6.91
<p>Buyer, a Sweden-based supplier of equipment to healthcare and research facilities, entered into an agreement to acquire Target for up to \$12 million. Target is a Florida-based distributor of new and used endoscope OEM and non-OEM replacement parts. The transaction consideration consists of all-cash, with both upfront and earnout components. At closing, Target receives \$8.25 million. Target has the potential to earn up to an additional \$1.75 million total across two earnout payments.</p>						

M&A MOTIVATION – CEO CHATTER

We pursued Lew Thompson & Son because of their proven track record of operating a first-class dedicated contract carrier business in a niche market, which we believe has **less sensitivity to economic cycles and opportunities to grow**. We believe the backing of Covenant will provide **additional resources to expand** Lew Thompson & Son to best meet the needs of their strong customer base.

- [David Parker, Covenant chairman and CEO](#)

The acquisition of Fox Pest Control will **accelerate our long-term growth strategy in new geographies** across the United States. The highly complementary nature of the acquisition will provide both brands with **new avenues of growth** across several regions.

- [Jerry Gahlhoff, Jr., CEO of Rollins](#)

Hardsuit is a high-quality studio that works on some of the world's largest franchises, and we are excited to welcome Andy, Russell and their team to Keywords. The business is a great fit for our Create service line and **strengthens our existing offering** for some of the strongest intellectual properties in digital entertainment. Hardsuit is our first game development studio in Seattle, **growing our presence** in a city home to several existing and potential clients, and gives us **access to a high-quality talent pool from which to drive future growth**. We are looking forward to working with the Hardsuit team and supporting the studio's continuing growth as part of Keywords.

- [Bertrand Bodson, CEO of Keywords Studios](#)

These acquisitions **strengthen our position** in the dialysis and biopsy markets, and **expand the foundation of our growing specialty dialysis device offering**, which includes WRAPSODY Cell-Impermeable Endoprosthesis, HeRO Graft, and the Surfacar System devices. Many dialysis patients rely on these solutions to receive vital therapies. Combining this broad portfolio of interventional solutions within Merit will allow us to **leverage our physician relationships and commercial infrastructure** to serve more patients in the multi-billion dialysis market.

- [Fred Lampropoulos, Merit chairman and CEO](#)

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M&A is our singular focus. We are a middle market investment banking firm delivering creative, global take-to-market strategies for mature, profitable business owners ready to sell.

Our team of investment banking professionals have spent decades preparing business owners for success, helping them realize the full potential value for their companies. We look beyond simple price and terms to skillfully execute deals that fulfill owners' lifestyle, legacy, and monetary goals.

Our clients typically generate sales in the \$10 – \$200 million range OR expect to generate profits/earnings (adjusted for nonrecurring add-backs) in the \$2 – \$20 million range. We have experience with companies in a variety of industry verticals, including:



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Managing Member



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Notes: Middle Market defined as all M&A activity between \$10 million - \$1 billion in transaction value. EBITDA and Revenue multiples are based on median observations and calculated for disclosed transactions only. Our data includes majority sales and excludes Financials, Telecommunication Services and Utilities sectors. Starting September 2016, trailing 12 month data also includes transactions that have been announced but not yet closed. Within the Healthcare sector, 2019 data has been excluded as was determined to not be meaningful. Data Source: Persient, Standard and Poor's, and other public databases and announcements. Disclosure: The M&A Middle Market Insights publication is intended for private use of the recipient, for informational purpose only, and to provide an overview of certain information relating to the Middle Market Mergers & Acquisition market. This is general information only and is not a substitute for any professional advice or services, nor should it be used as a basis for any decision or action that may affect your business, or construed as containing advice or recommendation. The information provided herein is based on data obtained from certain sources we consider accurate and reliable, but we do not represent as to its accuracy or completeness. Information and our opinions are as of date provided herein without any obligation to update the information. No part of this information may be copied, photocopied, or duplicated in any form by any means or redistributed without Persient LLC's express written consent. Investment banking services offered through Independent Investment Bankers Corp., a registered broker-dealer, Member FINRA / SIPC. Persient LLC and Independent Investment Bankers Corp. are not affiliated entities.