

A nighttime cityscape featuring a prominent Ferris wheel in the foreground, illuminated with pink and white lights. The background is filled with various skyscrapers and buildings, some with lights on, under a dark blue sky with wispy clouds. The overall scene is a vibrant urban night view.

Quarterly Market Insights 2021: Second Quarter

GENESIS CAPITAL

Inside This Report

Introduction:

- Genesis Capital is pleased to present our Quarterly Market Insights Report for the Second Quarter of 2021.
- We hope you find this report helpful and encourage you to contact us directly if you would like to discuss our perspective on current industry trends and M&A opportunities.

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Overview of Genesis Capital

Independent Investment and Merchant Bank

An Independent Firm Focused On Families & Companies in Growth Sectors of the Economy

Providing a Full Suite of Investment Banking Services

- Focused on “Need” not Size
- Expertise with Public Corporations
- Deep Experience with Family Businesses
- Solution Focused vs Product Oriented
- Extensive Sell-Side and Buy-Side M&A Experience
- National Client Base
- Active Cross Border Practice with International Operations and Buyers
- Proven Track Record and Strong References

Mergers, Acquisitions & Sales

- Sell-Side
- Buy-Side Acquisition Programs
- Management Buyouts
- Restructurings
- Corporate Divestitures

Financial Advisory Services











- Strategic Alternatives Review
- Capital and Strategic Planning
- Strategic Investments & Joint Ventures
- Fairness and Valuation Opinions
- Committee Representation

Capitalizations

- Recapitalizations
- Private Placements
- Private Investment in Public Equity (PIPE)
- Employee Stock Ownership Plans (ESOP)

Genesis Capital Track Record

Deep Expertise Across Several Industries

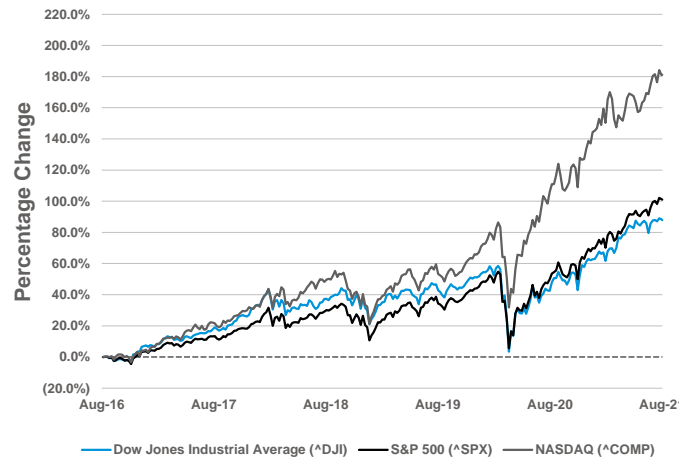
Business Services	Consumer	Healthcare	Industrial	Leisure & Entertainment	Technology, Media, Telecom
 <p>DUNCAN-WILLIAMS, INC.</p> <p>has been acquired by</p>  <p>SOUTH STATE CORPORATION (NASDAQ: SSB)</p>	 <p>Spectrum Brands (NYSE: SPB)</p> <p>has acquired</p>  <p>Rejuvenate Make It NEW Again!</p>	 <p>SOUTHEAST PRIMARY CARE PARTNERS</p> <p>has partnered with</p>  <p>BPOC</p>	 <p>iDeal aluminum</p> <p>has received an investment from</p>  <p>MPE PARTNERS</p>	 <p>HERSCHEND FAMILY ENTERTAINMENT</p> <p>has acquired</p>  <p>HARLEM GLOBETROTTERS</p>	 <p>RUBICON has acquired</p>  <p>RiverRoad A new future for waste.</p> <p>and the waste services division of</p>  <p>WestRock (NYSE: WRK)</p>
 <p>PlaneTechs AVIATION WORKFORCE SOLUTIONS</p> <p>a wholly-owned subsidiary of</p>  <p>trueblue THE PEOPLE COMPANY (NYSE: TBI)</p> <p>has been acquired by</p>  <p>LAUNCH</p>	 <p>Patten Seed Company SUPERIOR TURFGRASSES EST. 1954 60 YEARS</p> <p>has received a majority investment from</p>  <p>HEARTWOOD PARTNERS</p>	 <p>TRM ONCOLOGY</p> <p>and</p>  <p>axess ONCOLOGY</p> <p>have been restructured and rebranded as</p>  <p>APTITUDE HEALTH</p>	 <p>Cox INDUSTRIES, INC. Better Ideas. Better Wood.</p> <p>has been acquired by</p>  <p>KOPPERS (NYSE: KOP)</p>	 <p>v-moda</p> <p>has formed a partnership with and received a majority investment from</p>  <p>Roland</p>	 <p>FIVE POINT</p> <p>has been acquired by</p>  <p>EY Building a better working world</p>
 <p>SIMOS Business. Re-engineered.</p> <p>has been acquired by</p>  <p>TRUEBLUE (NYSE: TBI)</p>	 <p>POPEYES (Nasdaq: PLKI)</p> <p>has been acquired by</p>  <p>Restaurant Brands International (NYSE/TSX: QSR)</p>	 <p>optimhealthcare</p> <p>has been acquired by</p>  <p>National Medical Holdings</p> <p>a portfolio company of</p>  <p>IRVING PLACE CAPITAL</p>	 <p>Polytek Development Corp.</p> <p>has acquired</p>  <p>bee</p>  <p>ProMarine supplies</p>  <p>STONE COAT</p>  <p>INCREDIBLE Solutions</p>  <p>endurance TECHNOLOGIES</p>	 <p>THE WOODRUFF ARTS CENTER</p> <p>has entered into a long term agreement with</p>  <p>LIVE NATION ENTERTAINMENT (NYSE: LYV)</p> <p>to operate</p>  <p>verizon wireless AMPHITHEATRE</p>  <p>DELTA CLASSIC CHASTAIN PARK AMPHITHEATRE</p>	 <p>prIME ONCOLOGY</p> <p>has been acquired by</p>  <p>WebMD</p> <p>a subsidiary of</p>  <p>Internet Brands</p> <p>a portfolio company of</p>  <p>KKR</p>

Capital Markets Overview

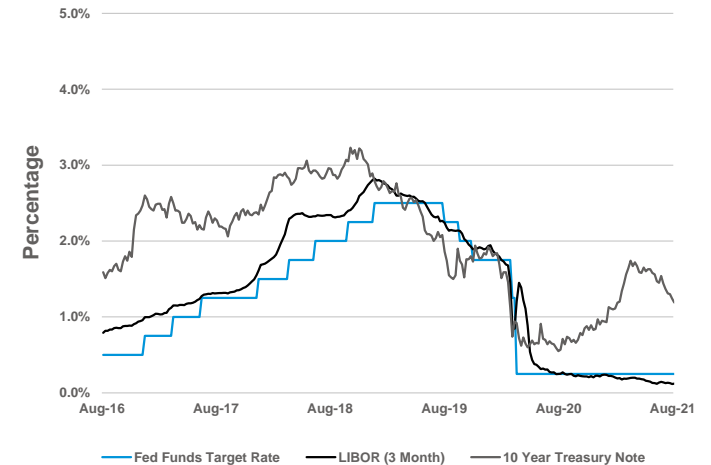
Commentary

- On August 2, 2021 the S&P 500 Index closed at 4,387.16, 16.8% higher than the beginning of the year, and 36.3% higher than its average closing price throughout 2020.
- The 10-year Treasury Note yield was 1.20% on August 2, 2021, 27 basis points higher than its yield of 0.93% at the beginning of the year, and 31 basis points above its average closing yield of 0.89% in 2020.
- The value of special purpose acquisition company (SPAC) gross proceeds in the year to date (YTD) period ended June 30, 2021 was \$110.1 billion. Gross SPAC proceeds totaled \$75.8 billion in full year 2020.
- The value of initial public offerings (IPO) gross proceeds in the YTD period ended June 30, 2021 was \$47.8 billion, across 151 offerings.

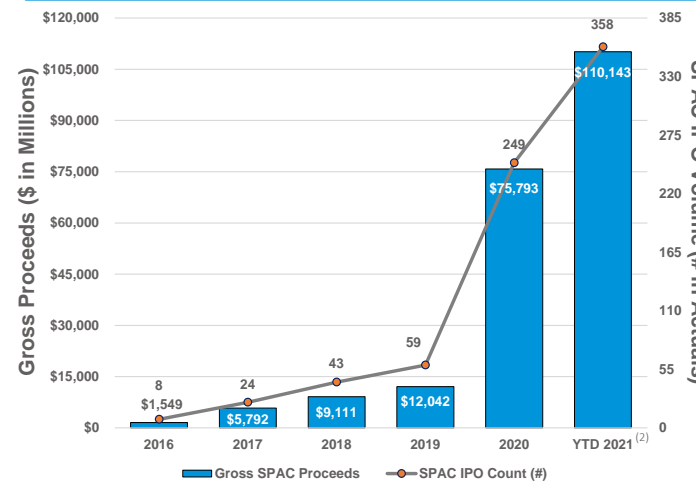
Public Equity Market Indices (1)



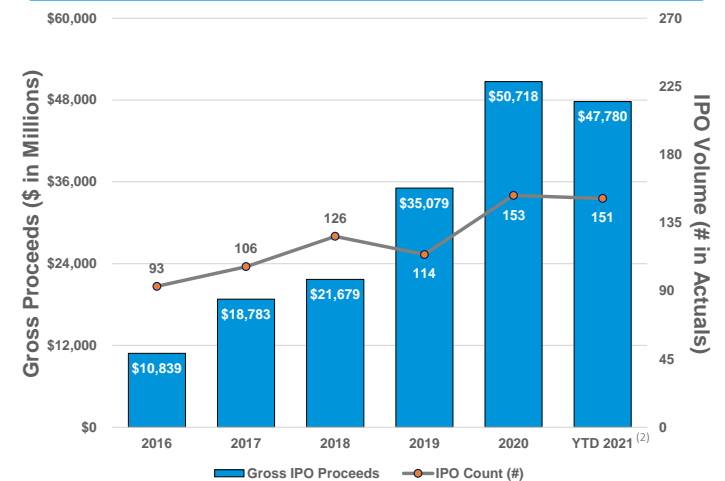
Interest Rates (1)



SPAC Activity



IPO Activity



Notes:

- Indexed relative to August 2, 2016.
- YTD as of June 30, 2021.

Source: S&P Capital IQ, Mergermarket, Preqin, Pitchbook, SPAC Research.

Public Market Valuation

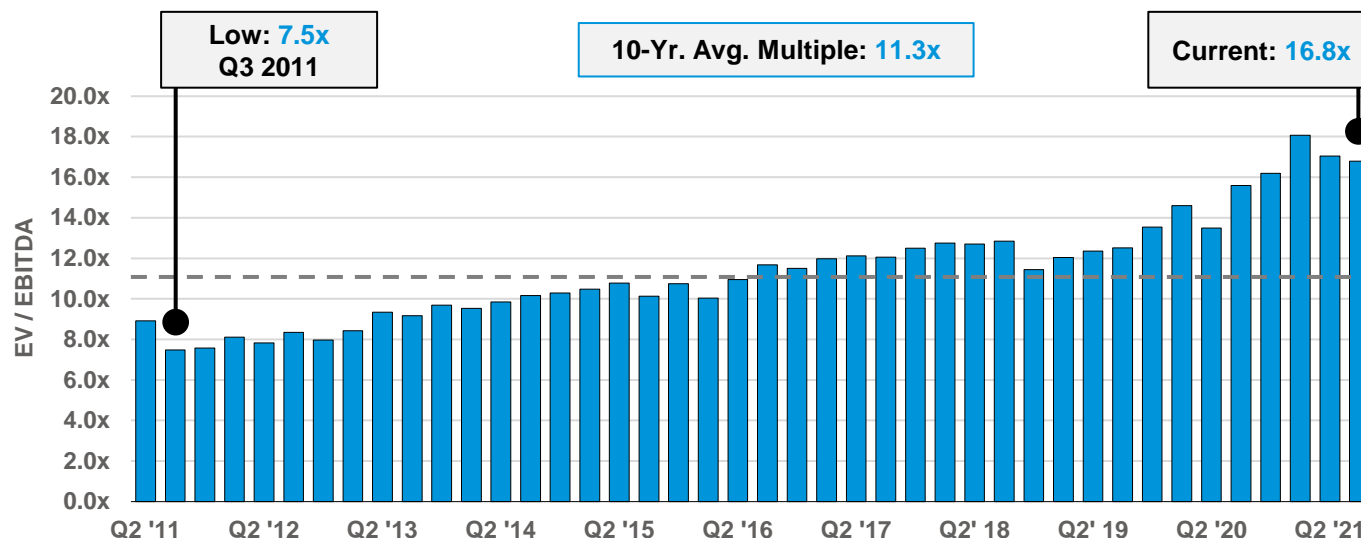
Commentary

- Since Q3 2011, EBITDA multiples have increased, experiencing record highs through the end of 2017 and into 2018, 2019, 2020 and 2021.

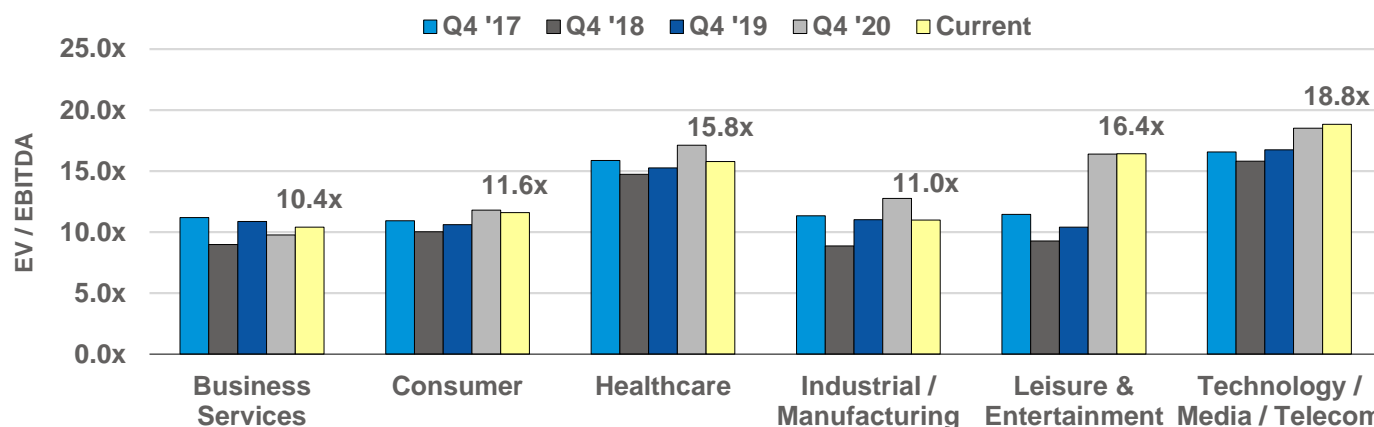
Commentary

- Top sectors by EV / EBITDA valuation:
 - Technology / Media / Telecom: 18.8x
 - Leisure & Entertainment: 16.4x
 - Healthcare: 15.8x
 - Consumer: 11.6x
 - Industrial / Manufacturing: 11.0x
 - Business Services: 10.4x

Mid-Quarter Public Trading EBITDA Multiples (S&P 500)



Public Trading EBITDA Multiples by Select Sector



Note: Current as of August 2, 2021.

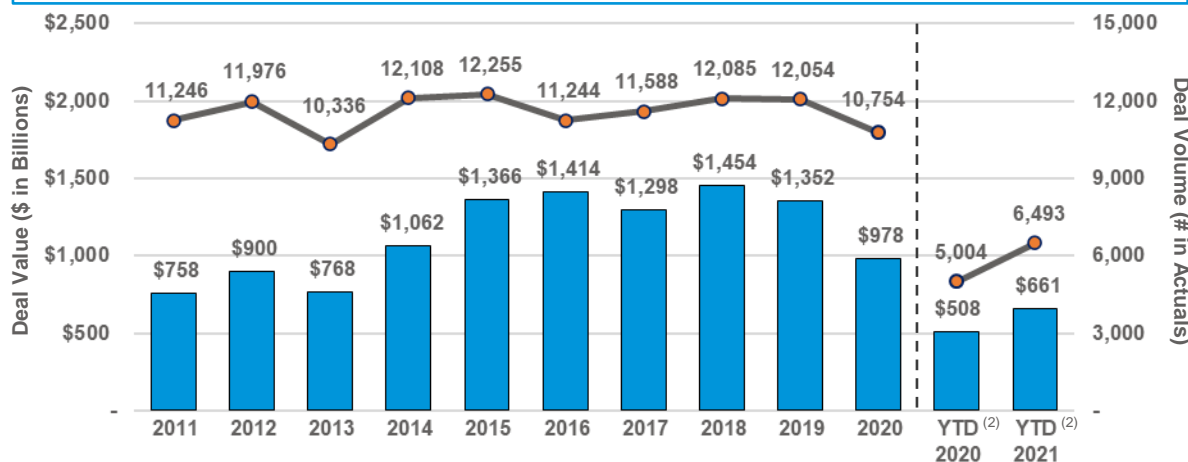
Source: S&P Capital IQ.

U.S. M&A Market Overview

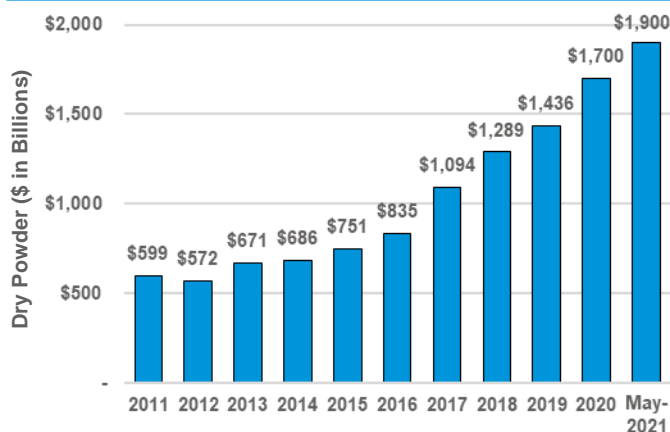
Commentary

- The value of M&A transactions completed in the U.S.⁽¹⁾ in the YTD period ended June 30, 2021 was \$661.4 billion, an increase of 30.2% from the comparable period in 2020. Further, the number of M&A transactions completed in the U.S. in YTD through June 30, 2021 increased by 29.8% from the comparable period in 2020.
- The median TEV / EBITDA multiple for U.S. M&A transactions for LTM ended June 30, 2021 increased to 13.0x.
- The median Total Debt / EBITDA multiple for U.S. M&A transactions for LTM ended June 30, 2021 increased to 6.6x.

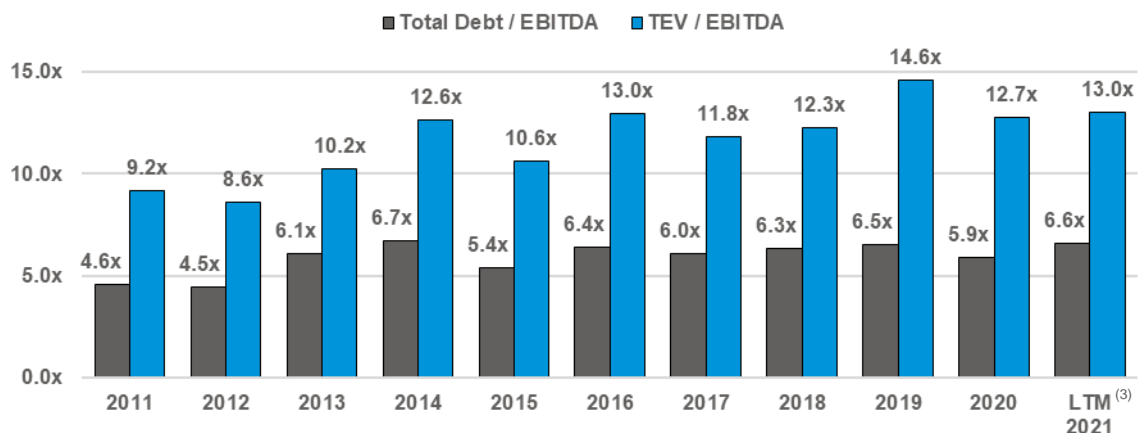
U.S. M&A Activity ⁽¹⁾



Private Equity Dry Powder



U.S. M&A Multiples

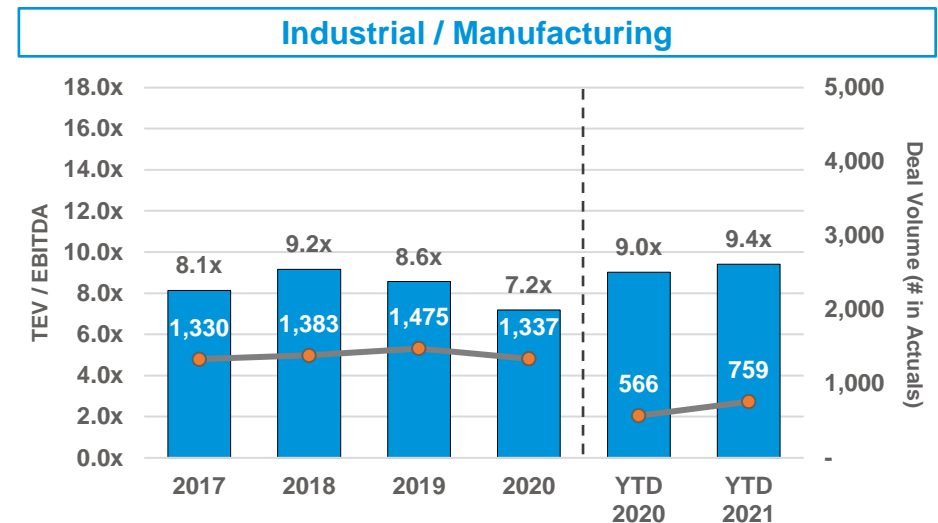
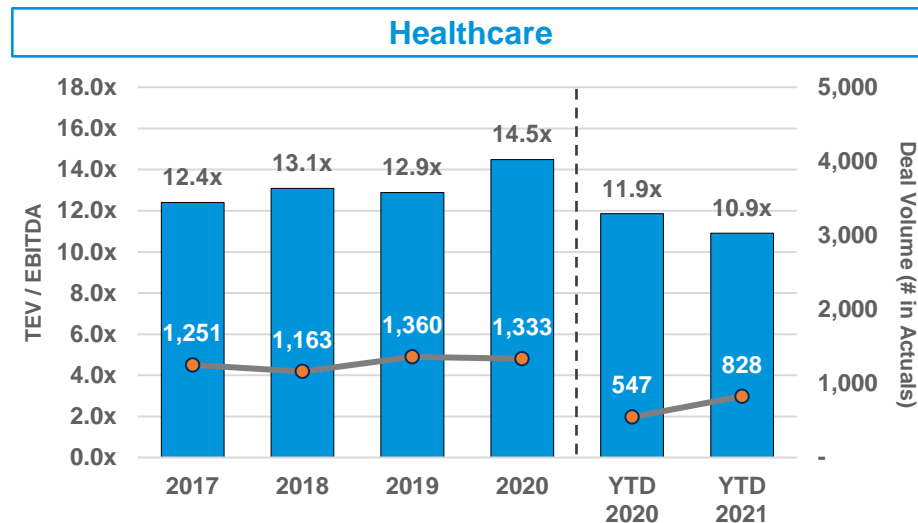
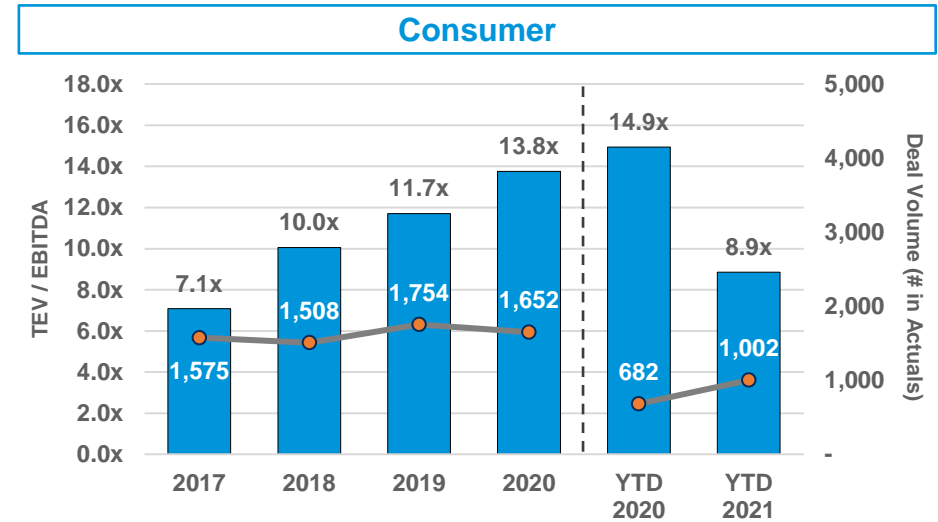
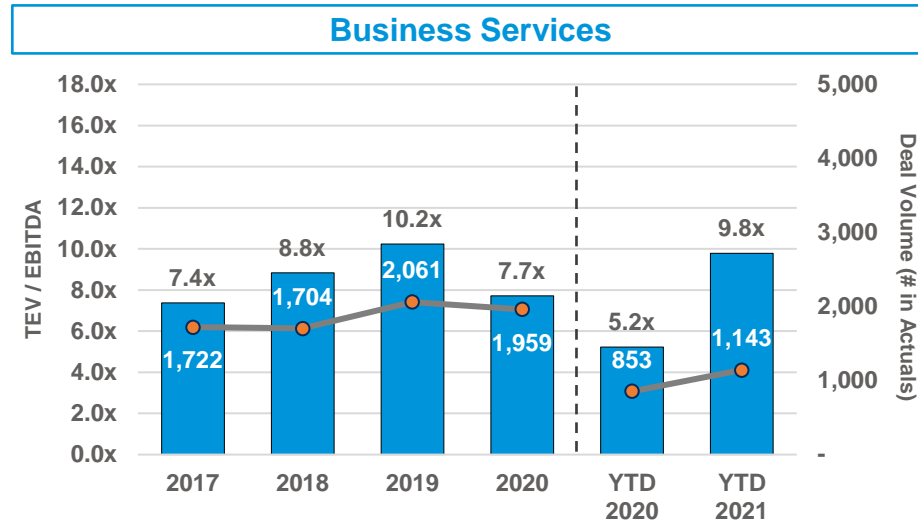


Notes:

- U.S. M&A Activity includes closed deals with U.S. targets only; excludes real estate transactions.
- YTD as of June 30 of 2020 and 2021, respectively.
- LTM as of June 30, 2021; four quarter rolling median.

Source: S&P Capital IQ, Mergermarket, Preqin, Pitchbook.

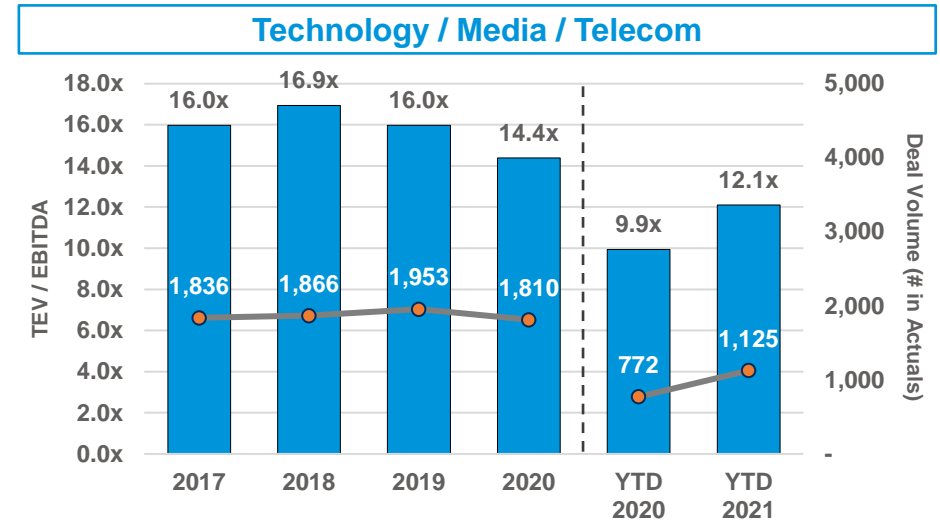
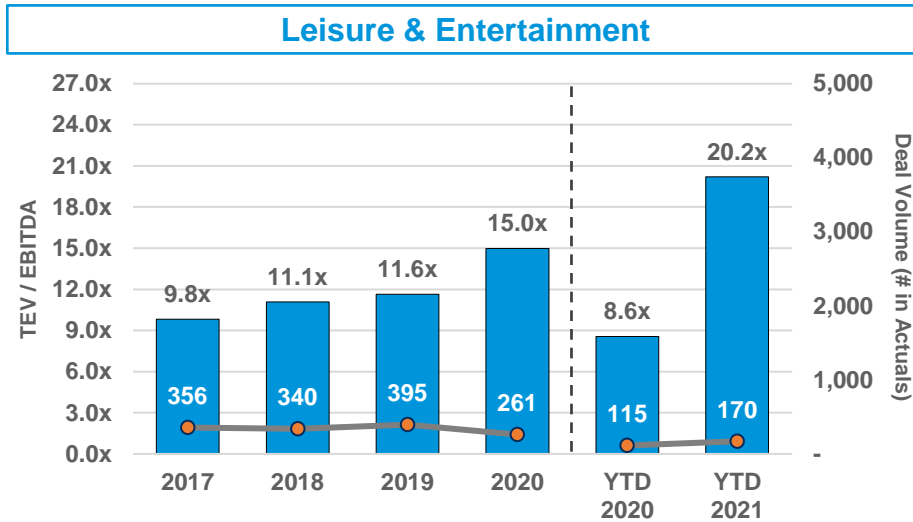
U.S. M&A Trends by Industry



Note: YTD as of June 30 of 2020 & 2021, respectively.

Source: S&P Capital IQ.

U.S. M&A Trends by Industry (Continued)



Note: YTD as of June 30 of 2020 & 2021, respectively.

Source: S&P Capital IQ.

Definitions & Disclosure

Definitions:

- **Last Twelve Months (LTM)** — Timeframe of the immediately preceding 12 months.
- **Year to Date (YTD)** — Period of time beginning the first day of the current calendar year or fiscal year up to the current date.
- **Total Enterprise Value (TEV)** — Equity Value (fully-diluted shares outstanding x current market share price) + market value of debt + minority interest - cash and equivalents.
 - TEV may include payments to seller(s) in cash or stock, the present value of notes or similar instruments, net long-term debt assumed by a buyer, and appropriate adjustments for other assets retained by a seller or liabilities assumed by a buyer.
- **Total Debt** — Short-Term Debt (interest-bearing liabilities due in 12 months or less, including, but not limited to, short-term bank loans and lease payments) + Long-Term Debt (interest-bearing liabilities with a maturity date longer than 12 months, including, but not limited to, bonds, lease payments, term loans, revolving lines of credit, and notes payable).
- **EBITDA** — Earnings Before Interest, Taxes, Depreciation, and Amortization. It is calculated as: Net Income + Interest + Taxes + Depreciation + Amortization.
- **Special Purpose Acquisition Company (SPAC)** — It is formed strictly to raise capital through an initial public offering for the purpose of acquiring an existing company.
- **Dry Powder** — Capital/funds raised by private equity firms that are available to be invested.
- **Middle Market** — Companies having Total Enterprise Values between \$10 and \$250 million.
- **Middle Market Financial Sponsor** — A Private Equity firm which invests in companies with Total Enterprise Values between \$10 and \$250 million.

Disclosure:

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