



CROFT & BENDER

Q3 2022 Market Report



Mergers & Acquisitions



Private Equity



Financial Advisory



CONTACT US

OVERVIEW

Since 1996, Croft & Bender has provided superior M&A, private capital raising, and financial advisory services to middle-market and emerging growth companies. The senior professionals have completed more than 1,000 corporate finance engagements, resulting in deep experience across a broad set of industries and types of transactions. In addition, the firm manages C&B Capital, three growth equity funds with over \$82 million under management.

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BROAD INDUSTRY EXPERTISE

BUSINESS SERVICES
 Information Services
 Marketing Services
 Financial Services
 Outsourced Services
 A/R Management
 Staffing
 Consulting

TECHNOLOGY
 Software/SaaS
 Financial Technology
 Human Capital Management
 Internet Marketing
 E-Commerce
 Security/Compliance
 Business Intelligence
 Telecommunications

INDUSTRIAL
 General Manufacturing
 Building Products
 Logistics
 Specialty Contracting
 Distribution
 Industrial Services
 Chemicals

HEALTHCARE
 Healthcare IT
 Clinical Services
 Outsourced Services
 Alternate Site Care
 Medical Products/Distribution

CONSUMER
 Products/Services
 Franchising
 Restaurants
 Retail
 Entertainment/Leisure

DEAL CRITERIA

MERGERS & ACQUISITIONS

- Buy side/sell side
- Enterprise Values up to \$500 million
- EBITDA greater than \$5 million
- Exceptions to typical EBITDA criteria:
 - Technology/High growth companies
 - Special situations

EQUITY & DEBT CAPITAL RAISES

- Middle-market companies
- Emerging growth businesses
- Large market opportunity
- Experienced management team
- Differentiated product or service
- Greater than \$20 million capital need

REPRESENTATIVE TRANSACTIONS

BUSINESS SERVICES



has been recapitalized by



Enviro-Master is a leading franchise provider of hygiene, sanitation and disinfection services to commercial businesses across North America.



TECHNOLOGY



has completed a majority recapitalization of



Grayshift is a leading and trusted provider of digital forensics solutions.



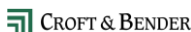
INDUSTRIAL



has partnered with



Rasa Floors is a leading provider of replacement flooring solutions to the multi-family industry.



HEALTHCARE



has completed a growth recapitalization led by



InductiveHealth is a leading provider of public health disease surveillance solutions.



CONSUMER



has been acquired by



Potters Home Center is a leading hardware and building materials retailer operating 21 Home Centers across Tennessee and Kentucky.



has received an investment from



engage fi is a leading provider of technology-enabled consulting services to Community Financial Institutions.



has been acquired by



a portfolio company of



Vision is a leading provider of end-to-end Managed Mobility Services and Mobile Telecom Expense Management.



has been acquired by



SPECIALTY BUILDING PRODUCTS

Millwork Sales is a leading two-step distributor of millwork, hardware and related parts in the Southeastern U.S.



Undisclosed

has completed a debt recapitalization with a syndicate led by



The client is a leading provider of innovative prescription drug management solutions.



Tech-Enabled Real Estate Brokerage Company

has been acquired by

An Undisclosed Buyer

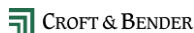
The client is a leading technology-driven residential real estate lead generation and brokerage platform.



has completed a buyout

Led by Existing Management

Cumberland Group is one of the Southeast's largest privately held IT Solutions Providers.



has issued \$47 million of Series A Preferred Stock to an investor group led by



Grayshift is a leading and trusted provider of digital forensics solutions.



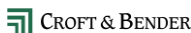
a portfolio company of

NARROW GAUGE CAPITAL

has been acquired by



SEI is a leading installer of insulation and other specialty building products.



has been recapitalized by



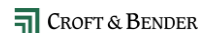
MediStreams is a leading provider of healthcare remittance, reconciliation and payment automation solutions.



has been acquired by



Drive operates 22 automotive service and repair shops across five sunbelt states.



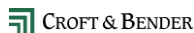
has been acquired by



a portfolio company of



Abacus Solutions is a world-class IBM i solutions provider.



has acquired



IDology is a leading provider of identity verification and fraud prevention services.



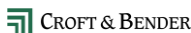
has been acquired by



a portfolio company of



TriLink Saw Chain is a leading provider of chainsaw replacement parts.



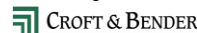
has been acquired by



a portfolio company of



Medport is a leading, tech-enabled provider of healthcare financing solutions.



has been acquired by



a portfolio company of



ASP is the leading swimming pool cleaning franchisor in the U.S.



FEATURED TRANSACTIONS

COMPANY OVERVIEW

- Potters Home Center is comprised of 21 home center retail locations offering hardware, building materials and other related products to consumers and professional contractors
- The Company's locations, which are franchisees of Ace Hardware, are clustered in rural towns with limited competition from big-box hardware retailers
- The Company, which employs more than 225 individuals in its stores and corporate office, had been family owned for 75 years and was being run by the fourth generation

DEAL OVERVIEW

- Croft & Bender was engaged to help the Company evaluate strategic alternatives, including a majority recapitalization or strategic sale
- Croft & Bender worked with the Company to develop marketing materials, facilitate management meetings, manage the due diligence process and negotiate with prospective buyers
- Croft & Bender successfully negotiated a sale to CMG Companies, a large multi-unit operator of restaurants, retail establishments, and hotels



has been acquired by



Potters Home Center is a leading hardware and building materials retailer operating 21 Home Centers across Tennessee and Kentucky



COMPANY OVERVIEW

- Grayshift is a leading provider of mobile device digital forensics, specializing in lawful access and extraction
- Grayshift solutions are purpose-built to help law enforcement and government investigative agencies swiftly resolve critical investigations and ensure public safety
- The Company's innovative GrayKey technology provides same-day access, complete control, and comprehensive data extraction from mobile devices
- Designed and assembled in the United States, GrayKey is trusted by over 1,200 agencies across 35 countries worldwide

DEAL OVERVIEW

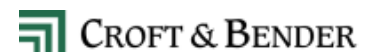
- Croft & Bender recognized that Grayshift's market leadership position in a rapidly growing and unique industry would make it an attractive investment opportunity for a growth-oriented, software-focused investment firm
- Croft & Bender, which had an established relationship with both the management team at Grayshift and with Thoma Bravo, introduced the parties and helped facilitate the transaction
- Croft & Bender helped its client, Thoma Bravo, successfully consummate a strategic growth investment in Grayshift



has received a strategic growth investment from

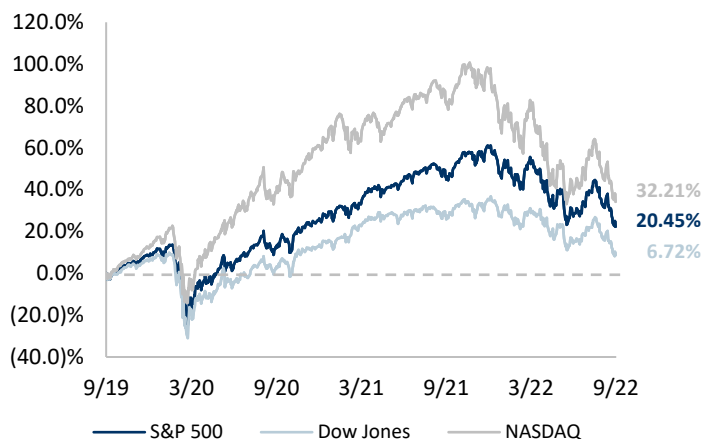


Grayshift is a leading and trusted provider of digital forensics solutions



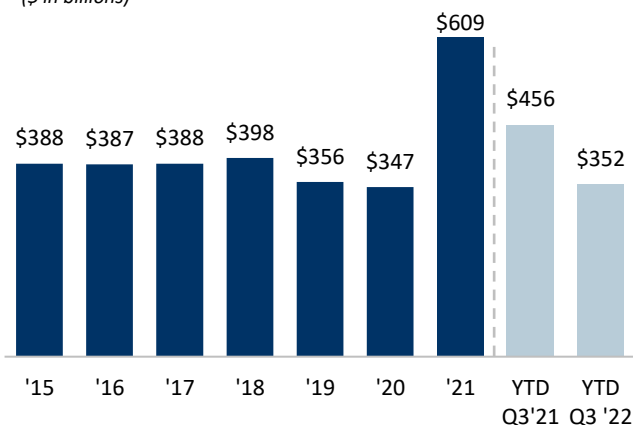
KEY CAPITAL MARKETS DATA

Public Equity Markets



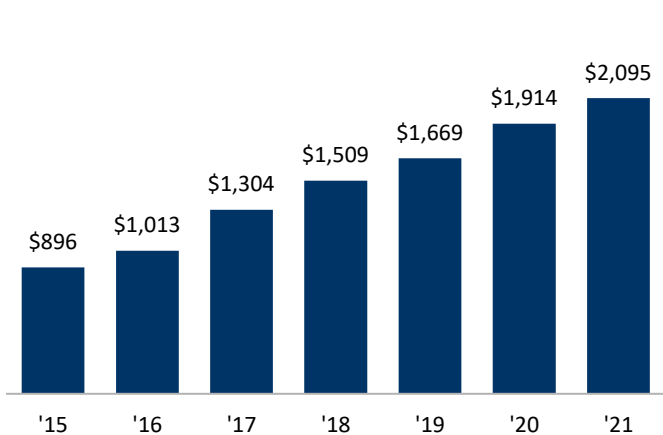
Middle Market Deal Volume

(\$ in billions)



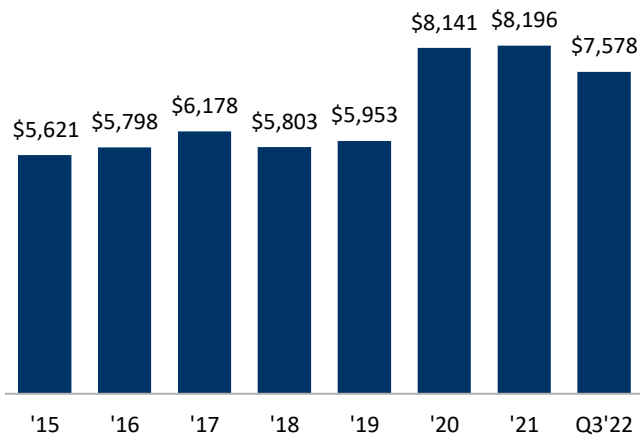
Private Equity Dry Powder

(\$ in billions)

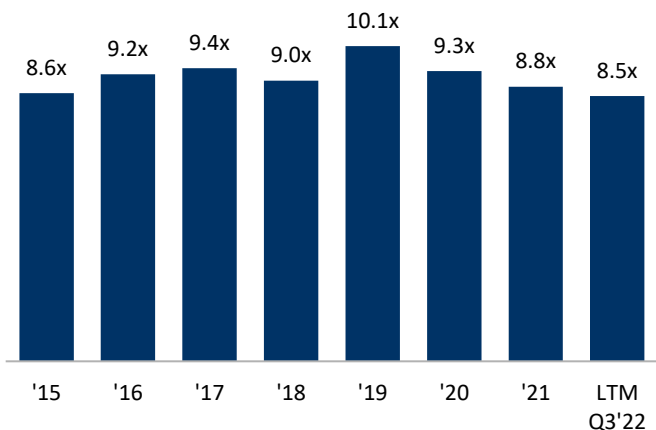


Cash on Corporate Balance Sheets⁽¹⁾

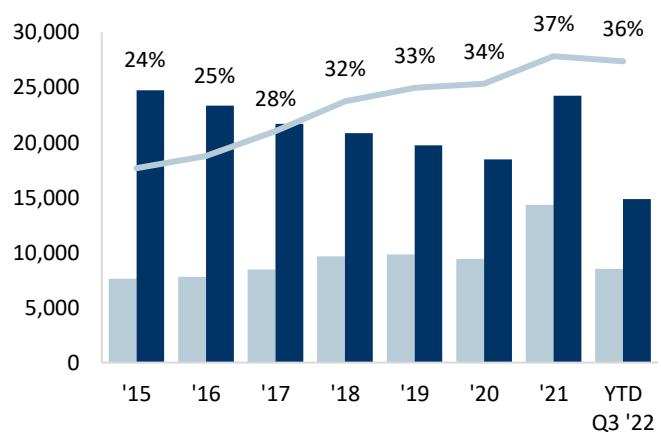
(\$ in billions)



US Middle Market EV / EBITDA Multiples



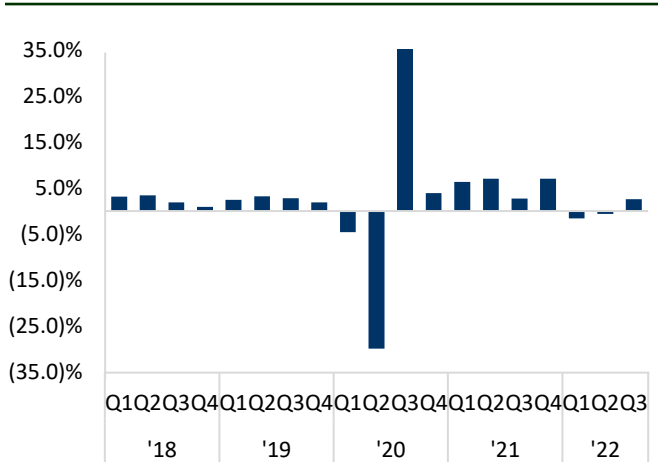
Transactions by Investor Type



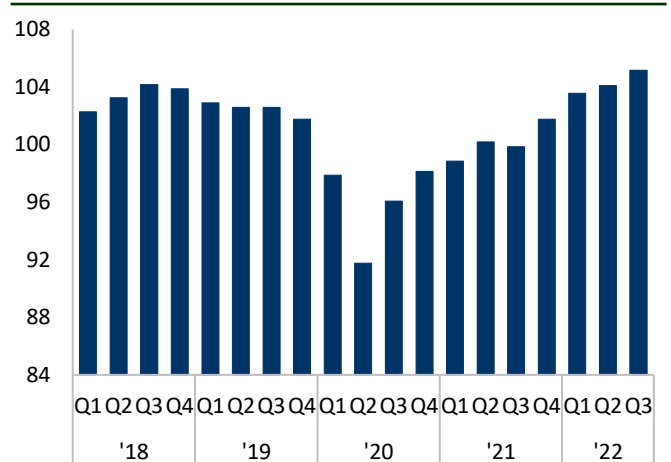
Note: Middle-market transactions have a disclosed enterprise value of less than \$1 billion.
 (1) Reflects current S&P 500 constituents.

KEY ECONOMIC DATA

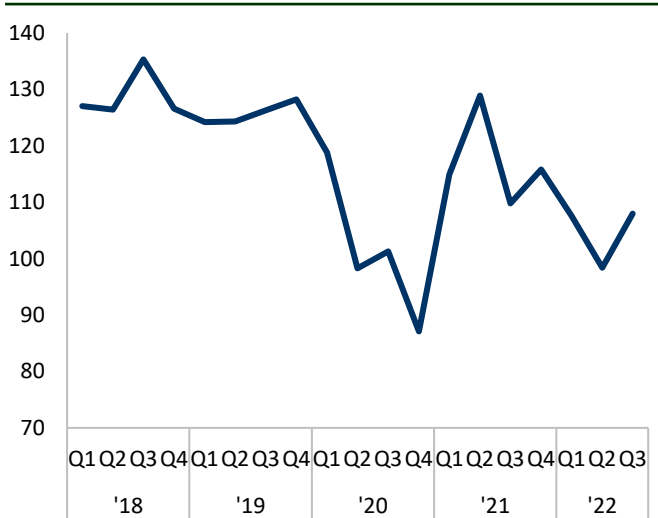
Real GDP Growth



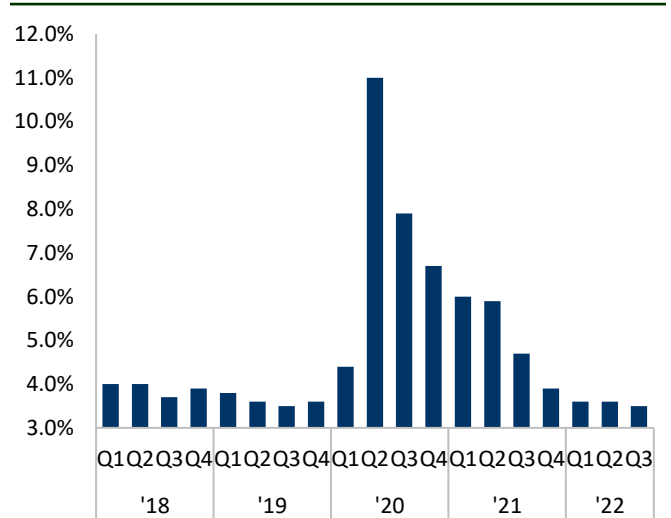
Industrial Production⁽¹⁾



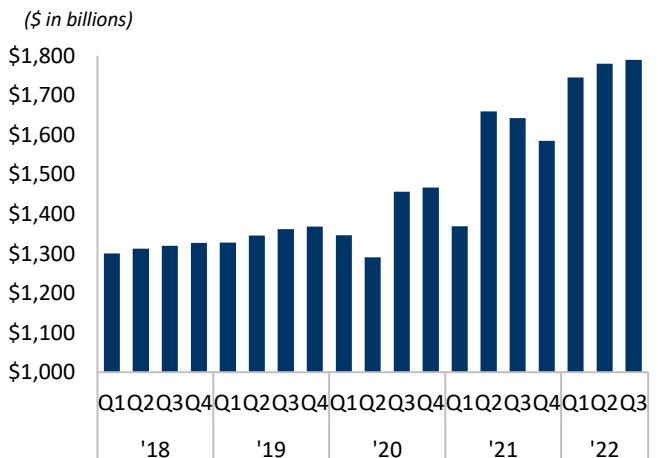
Consumer Confidence⁽²⁾



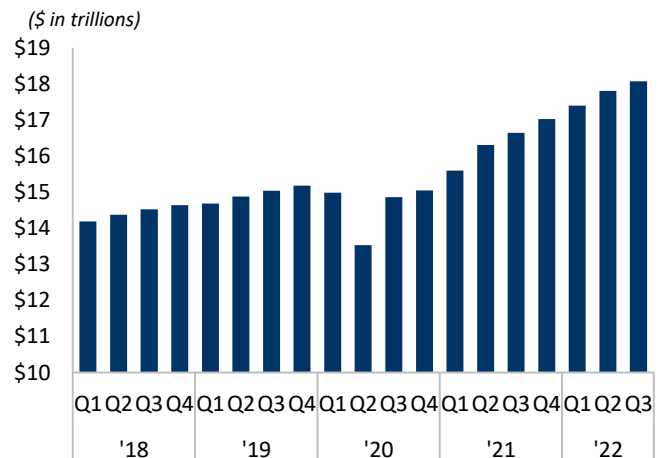
Unemployment Rate



Retail Sales



Consumer Spending



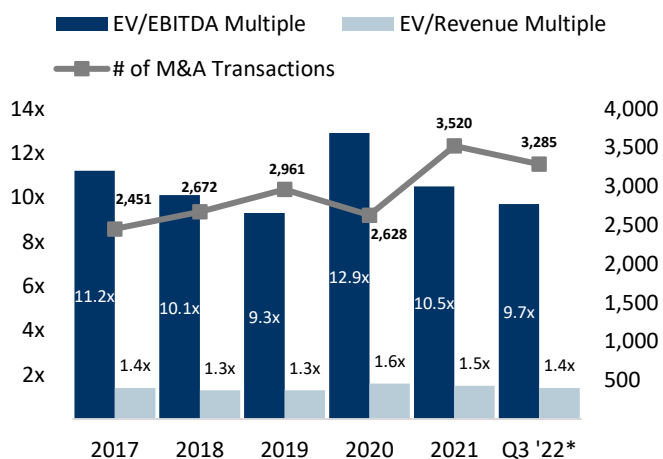
(1) Indexed relative to 2012.

(2) Indexed relative to 1985.

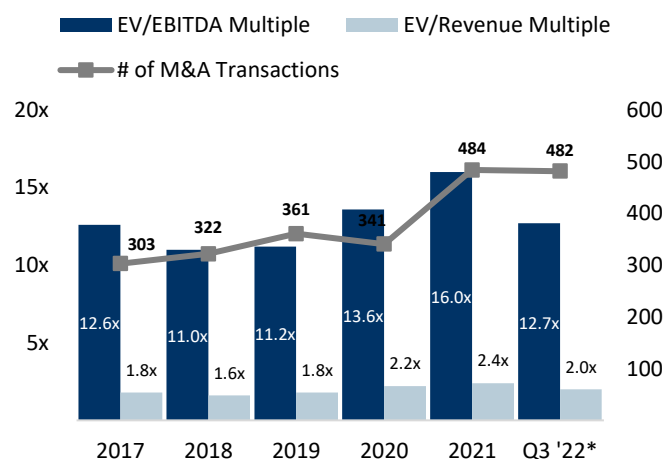


AVERAGE PUBLIC MULTIPLES & U.S. DEAL ACTIVITY BY SELECT INDUSTRY GROUPS

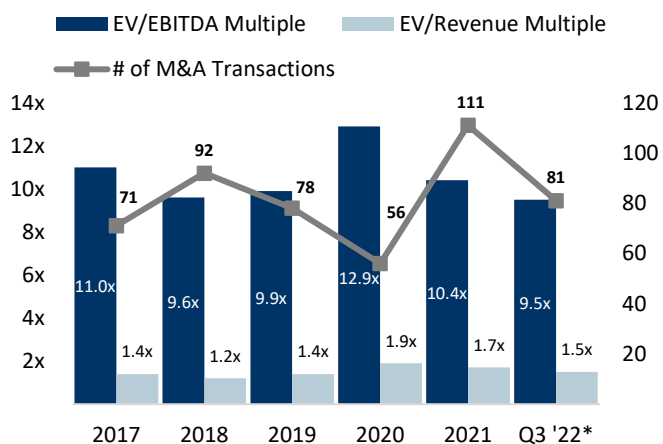
General Industrial



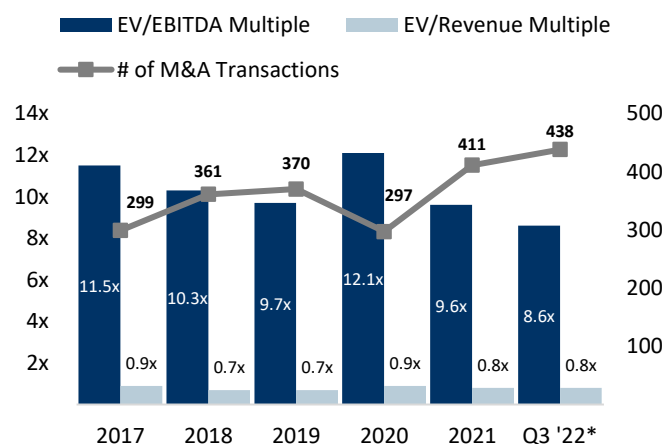
IT Consulting & Other Services



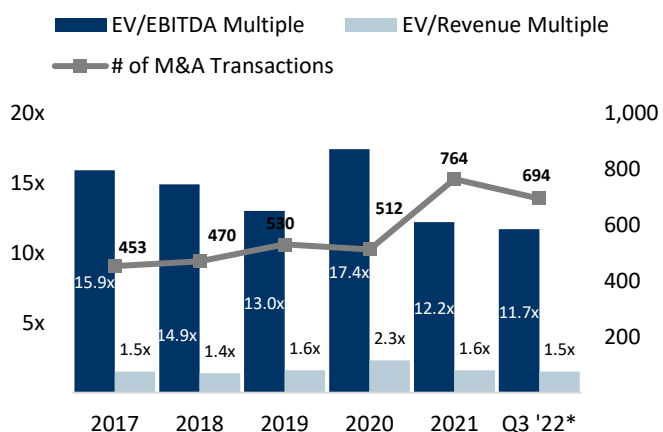
Building Products



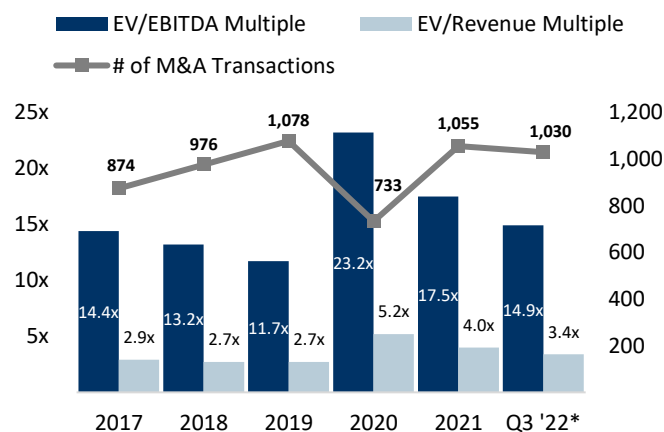
Trading Companies & Distributors



Retailing



Consumer Services



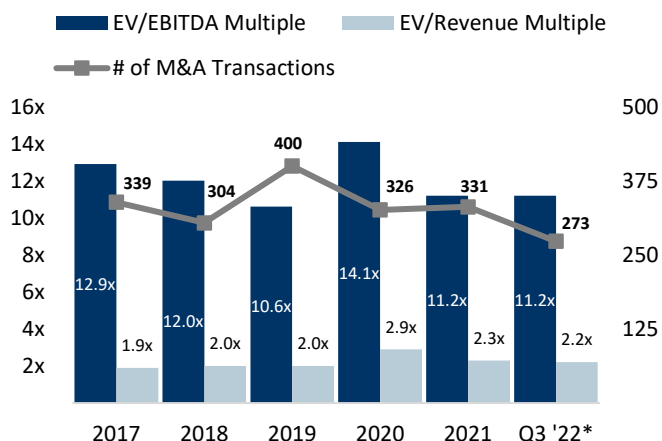
*Latest twelve months as of September 30, 2022.

Note: EV = Enterprise Value.

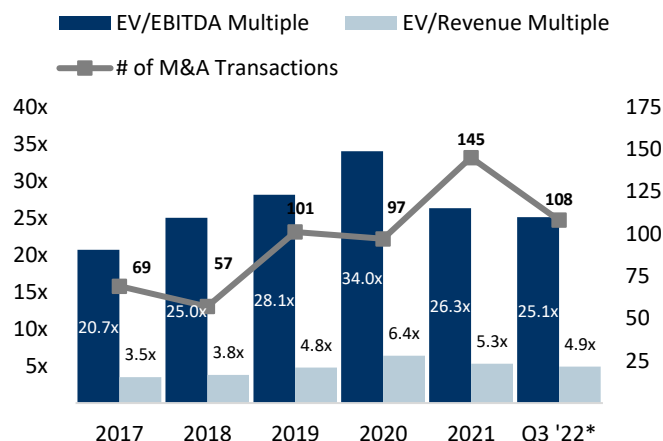


AVERAGE PUBLIC MULTIPLES & U.S. DEAL ACTIVITY BY SELECT INDUSTRY GROUPS

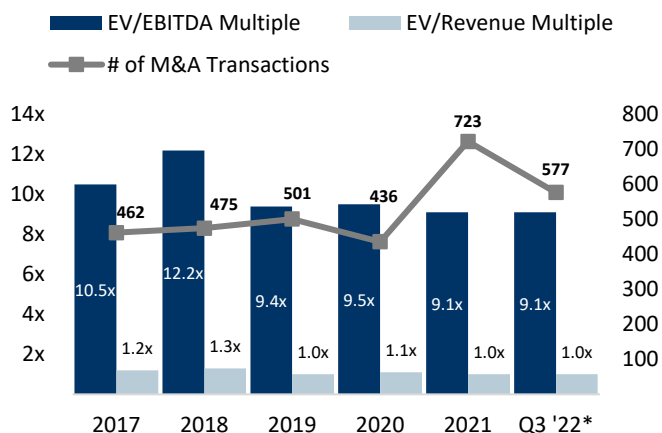
Healthcare Facilities



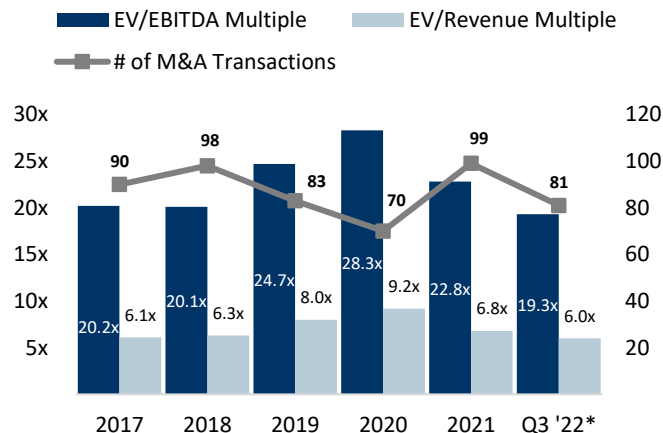
Healthcare Software



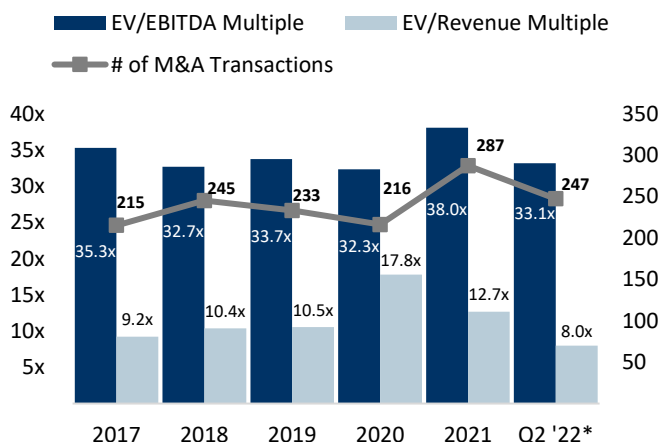
Healthcare Services



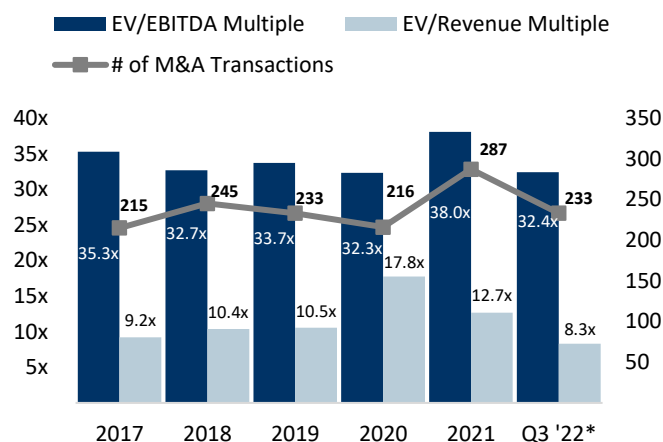
Data Processing & Outsourced Services



Software-as-a-Service



General Software & Services

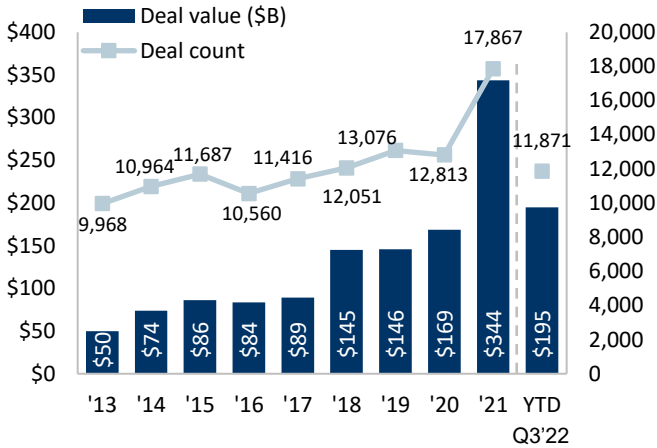


*Latest twelve months as of September 30, 2022.

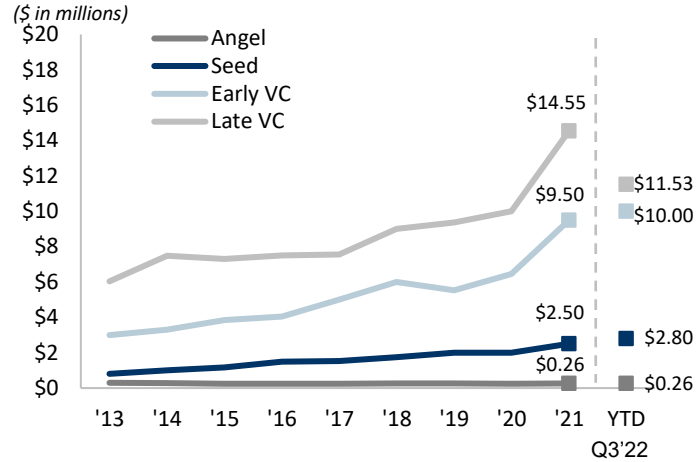
Note: EV = Enterprise Value.

PRIVATE CAPITAL DATA

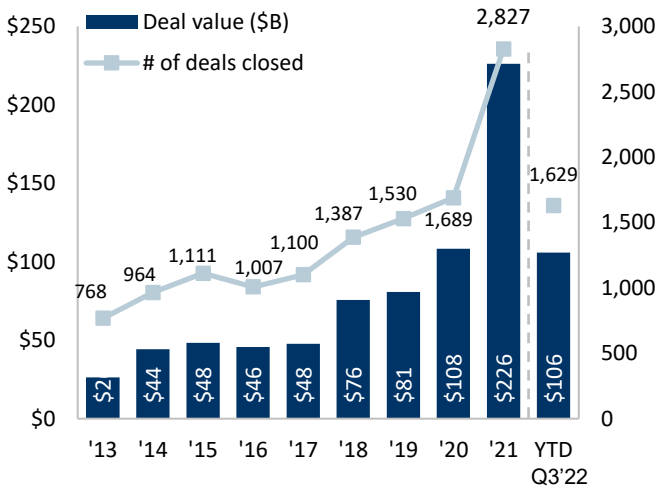
U.S. VC Activity by Year



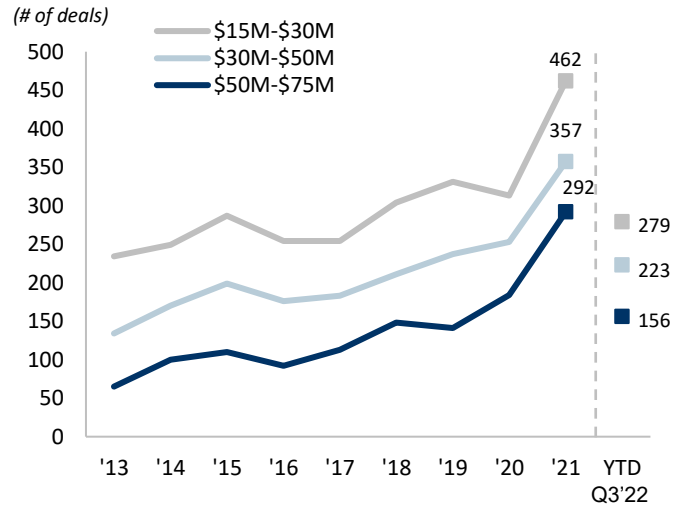
Median VC Round Size by Stage



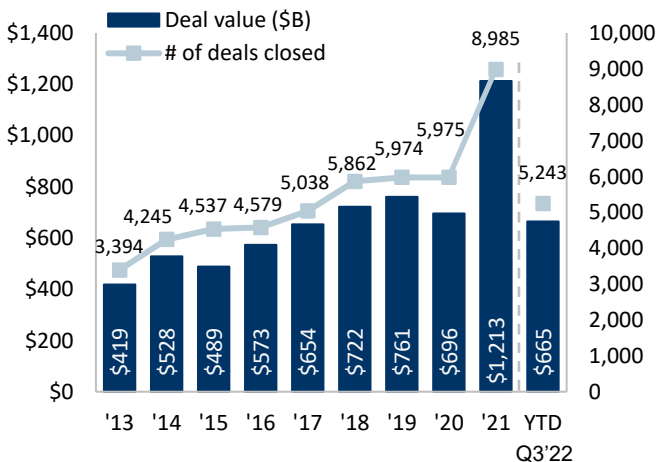
U.S. Growth Equity Activity by Year



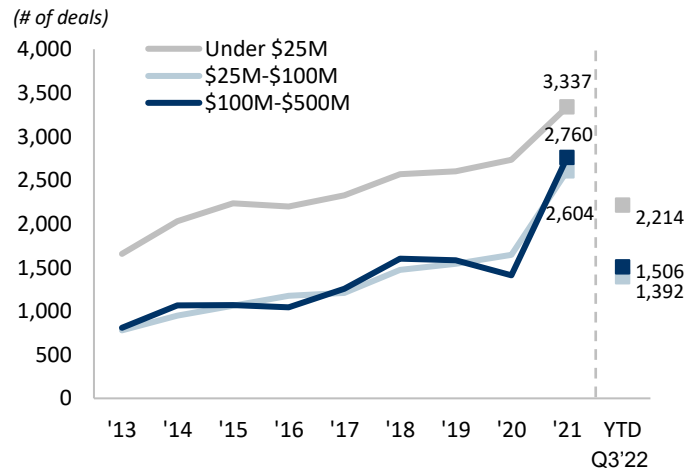
U.S. Growth Equity Deals by Deal Size



U.S. Private Equity Activity by Year



U.S. Private Equity Deals by Deal Size





DISCLOSURES

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