



MCM Capital Markets Group

February 2021



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Executive Overview

Capital Markets Group – Corporate Finance Services

MCM Capital Markets Group (“CMG”) offers comprehensive Corporate Finance advisory services to organizations considering alternative financing solutions

- CMG has worked extensively clients across a wide range of sectors unlocking a unique level of strategic insights into the different financing structures
- Our diverse set of Corporate Finance offerings include:
 - Full lifecycle sell-side M&A services leading companies through the marketing, auction, and negotiation process;
 - Growth equity financing, restructuring, divestitures, and management buy-out services through private placement / minority recapitalizations;
 - Debt raising services with access to lender across the debt capital markets including Mezzanine, Private Debt Funds, and traditional bank lenders
- MCM CMG acts as the front-line for their client through all Corporate Finance services, and will run a tight and efficient process to deliver a successful outcome for the shareholders and management
 - This allows management to do what they do best – run the Company

Contact

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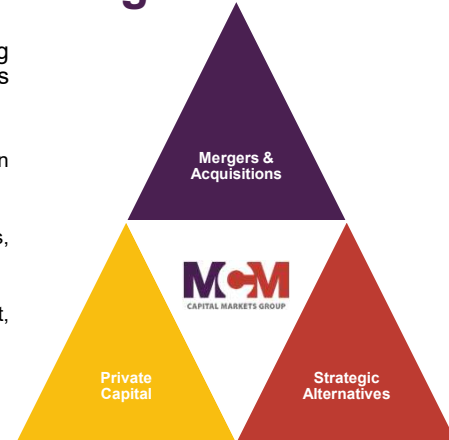
MCM CMG At a Glance

Offices:	6 Locations
Principal Coverage Area:	Louisville, Lexington, Jeffersonville, Indianapolis, Cincinnati
Principal Industry Coverage:	Healthcare, Financial Services, Industrials, Distribution, Software

MCM CMG Corporate Finance Service Offerings

MCM CMG Investment Banking leadership team is experienced in executing transactions and Corporate Finance services for privately-held companies and serves clients facing complex financial and strategic challenges

- Our clients hire us for our breadth of industry experience, sophisticated transaction execution capabilities, and technical expertise
- CMG has advised numerous family-owned and privately-held businesses, private equity firms, boards of directors, special committees, independent trustees, and other fiduciaries
- Transaction Support Services range from sell-side advisory, recapitalization / fund raising support, to transaction financing



Strategic Planning		Transaction Execution			Support
Pre-Transaction Planning	Mergers & Acquisition	Private Capital	Strategic Alternatives	Transaction Support	
<ul style="list-style-type: none"> ▪ Strategic alternatives ▪ Shareholder value analysis ▪ Transaction feasibility ▪ Preliminary valuations ▪ Go-to-market analysis 	<ul style="list-style-type: none"> ▪ Transaction strategy ▪ Sell-side/buy-side advisory ▪ Corporate divestitures 	<ul style="list-style-type: none"> ▪ Senior debt financing ▪ Mezzanine debt financing ▪ Private Equity financing 	<ul style="list-style-type: none"> ▪ Growth capital financing ▪ Leveraged transactions ▪ Management buyouts 	<ul style="list-style-type: none"> ▪ Target assessments ▪ Purchase price allocations ▪ Transaction negotiations 	

Preparation for a Sell-Side Process

Determine Motivation and Goals

- There are a wide variety of reasons for selling a company. It is important that the motivation for selling is well defined as it helps guide the process. Below is a short list of some of the potential motivations for selling a company.
 - Exit / Retirement
 - Reduce or Eliminate Debt
 - Diversification of Assets
 - Growth Capital
 - Additional Talent or Partnership
- Prior to entering a transaction, owners should also consider their desire to continue ownership through a minority position, often in the 10-30% range. This decision is often contingent on the confidence of the Seller in the new owner and their business plan. Further, Sellers should consider the level to which they plan to continue you're their involvement in ongoing operations
- Owners should also consider their desired financial outcome with a sale. Deals consideration, or compensation, may come in the form of upfront cash a deferred consideration through earn-outs or options

Understand the M&A Markets

- There are a wide range of factors that drive the value of a company. While it is not possible to predict exactly what a company will sell for until it has gone to market, it is possible to determine a reasonable range of value for a company prior to entering the process
- Most companies going through a sell-side process will be valued based upon a multiple of their EBITDA results. Certain instances EBITDA is not used as the valuation basis (e.g., high-growth SaaS companies, distressed sales, significant IP assets)
- Valuation multiples vary significantly depending on a handful of company and industry specific factors including:
 - Industry lifecycle;
 - Company size;
 - Consistency of operating and financial results;
 - Company growth prospects;
 - Customer base;
 - Sales capabilities;
 - Intellectual property;
 - Other strategic benefits / advantages

Optimizing Company Position

- Ideally, business owners should begin preparing to sell two-to-five years before the desired date of a completed sales transaction
- Financial statement consistency is essential in supporting an optimized and efficient sale process. Notable position includes:
 - Income Statement should include only core operating revenue and expenses to limit extensive EBITDA add-backs
 - Balance Sheet accounts should also reflect the operating nature of a company. Loans to other companies in which the owner has an interest and similar assets should be removed from the balance sheet prior to sale
- Sellers should meticulously focus on trending operating and financial results leading into a sale. Continued growth bottom and top-line results will drive an increase into the Companies valuation
- Any ongoing legal challenges should be address prior to a sale

Assemble a Transaction Team

- One of the most important things a business owner can do to facilitate a smooth transaction and maximize the benefit they receive is to assemble the right team to sell the company. There are four key functions that need to be filled:
 - Investment banker is involved and leads the sales process from beginning to end. A good investment banker will be able to maximize the sales price and keep the process moving forward.
 - Legal counsel is responsible for all legal aspects of the sale of the company and can have a dramatic effect on a transaction. It is important to note that the lawyer used in the sale of a company may not be the same lawyer used for general corporate purposes.
 - Tax advisor that is well versed in M&A tax law will guide a seller on transaction structures that optimize overall cash flow to the seller
 - Wealth management advisor that works with management to create a plan for the sale proceeds to help various lifestyle goals

Sell-side Process Overview



- Discuss goals and objectives of shareholders and management
- Develop understanding of the Company's business model, competitive position, corporate allocations and labor model
- Begin to compile data room information
- Analyze strategic rationale for various buyer/investor groups
- Identify potential obstacles to sale - deal with issues directly and upfront
- Assist in development and diligence of stand-alone financials (historical and projected) and related valuation vs. status-quo

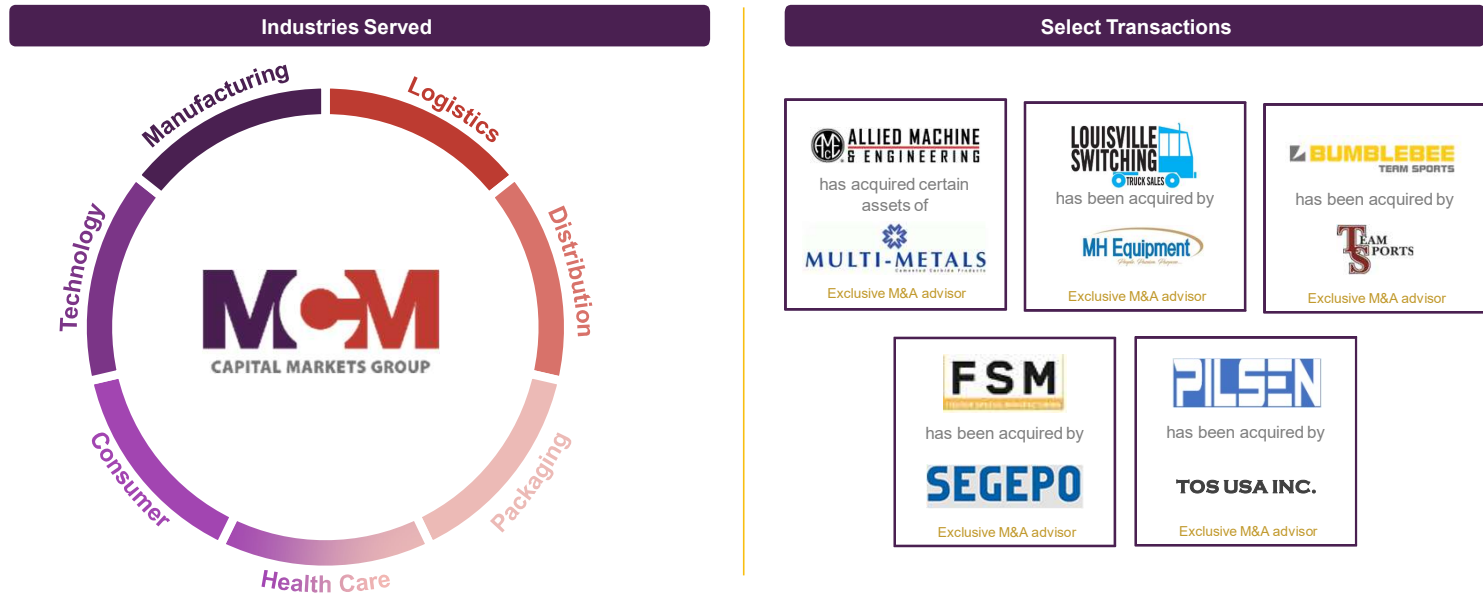
- Create executive summary & prepare the confidential information memorandum
- Finalize list of potential buyers/ investors and analysis of buyer synergy opportunities and labor considerations
- Continue compiling data room and develop management presentation
- Direct calling on potential buyers at C-suite level
- Field inquiries from interested parties to minimize Company disruption
- Distribute information memorandum to approved parties
- Facilitate flow of information to prospective buyers/investors
- Assist in evaluating letters of interest and qualifying buyers/investors

- Arrange visits with management for qualified parties
- Assist the Company in soliciting and evaluating bids
- Evaluate price, structure, and conditions set by buyers/investors
- Evaluate considerations (if applicable)
- Manage data buyers'/investors' financial capability to close transaction
- Value non-cash consideration
- Value potential synergies
- Quarterback related buyer requests

- Manage ongoing due diligence process by buyer, buyer's advisors and financing parties (if applicable)
- Assist in structuring payment terms
- Assist in evaluating & negotiating labor related issues/business cases
- Assist in negotiation of definitive purchase & sale and other ancillary agreements
- Facilitate transaction closing
- Ensure timely evaluation, follow through and settlement of any post-closing obligations

MCM CMG Coverage and Selected M&A Transactions

MCM CMG has an established history of realizing successful outcomes in the across many sectors



MCM CMG, MCM CPA, & Sikich Investment Banking Team



Angela Marshall

Partner, MCM CMG

Angela focuses her practice in mergers and acquisitions within the firm's consulting group. She provides full-service investment banking services to middle-market clients in the Kentucky, Indiana, and Ohio regions. Angela has more than 25 years of experience in assisting owners in transitioning their businesses, including buying and selling businesses, turnaround, and financial management. Prior to joining MCM, Angela worked as a director for Corporate Finance Associates, a worldwide middle-market investment banking firm. Angela has owned her own commercial construction and real estate company. Throughout her career, she's worked on M&A transactions in broadcasting, healthcare, banking, logistics, manufacturing, distribution, technology, business services, and construction.

Education:

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Certified Public Accountant (CPA)
Series 63 and 79 FINRA Licenses

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Steve Kerrick

Partner, MCM CPA's & Advisors

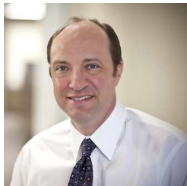
Steve was previously associated with the international accounting firm of PricewaterhouseCoopers. He serves many different industries, including emerging businesses, professional service organizations, not-for-profits, restaurants, real estate development, and manufacturing and distribution. Steve has served as chairman of the Kentucky Society of CPAs Committee for Bankers, Lawyers, and Other Users of Financial Statements, and as chairman of the Federal Tax Committee. He has performed various audit, tax, business valuations and consulting services for many different types of entities. Steve leads our Consulting Group and is a past member of the firm's Executive Committee.

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Rick Herbst

Partner, CEO, Sikich Investment Banking

Rick Herbst, partner-in-charge, has over 20 years of experience in general management, strategy and consulting. Prior to joining Sikich, Rick was a general manager and vice president of a North American e-commerce unit and was also a partner in a strategy consulting group, where he led global e-commerce strategy and the central region information technology, high-tech and telecommunications strategy practices.

Education:

M.B.A., University of Chicago
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