

OBJECTIVE OVERVIEW

Objective, Investment Banking & Valuation is a leading investment banking and valuation firm, advising lower middle-market companies in the following areas:

M&A ADVISORY:

- Sell-Side
- Buy-Side

INDUSTRY EXPERTISE:

- Business Services
- Consumer
- Manufacturing & Distribution
- Technology

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Key Takeaways:

M&A Down from Historical 2021 Highs ...

But Remains Active for Engineered Components Companies

- After rebounding to new highs in 2021 following the early months of the pandemic, M&A deal volume in the Engineered Components vertical moderated in Q1 2022. Closings were down by approximately 12 percent during the quarter versus Q1 2021 (see Chart I, p2). This trend mirrored the broader M&A market. The decline skewed moderately towards less private equity interest.
- Valuations also hit historical highs in 2021 and have likewise moderated in 2022. The Q1 2022 average EBITDA multiple in the Engineered Components vertical registered 10.1x (see Chart II, p3). This level is still relatively high by past standards, and we expect it to decline further in coming periods before establishing its footing in the 8.0x-9.5x range and remaining there until economic clarity and growth returns.
- Publicly traded Engineered Components companies continue to outperform the broader market. Our Objective Engineered Components Index has doubled the Russell 2000 over the last five years (see Chart III, p3 and Table I, p5).
- Perhaps the biggest economic news continues to be inflation, growing at an annualized 8.3 percent in April 2022, with major price hikes to fuel, food, shelter, and vehicles. This has led consumer sentiment readings downward to the Great Recession levels.
- Interestingly, purchasing managers continue to report expansion in the U.S. manufacturing sector according to the Institute for Supply Management (“ISM”). ISM’s view is generally shared by our Engineered Components client who, like most U.S. companies, have learned to adapt via the onshoring and/or nearshoring of supply chains.

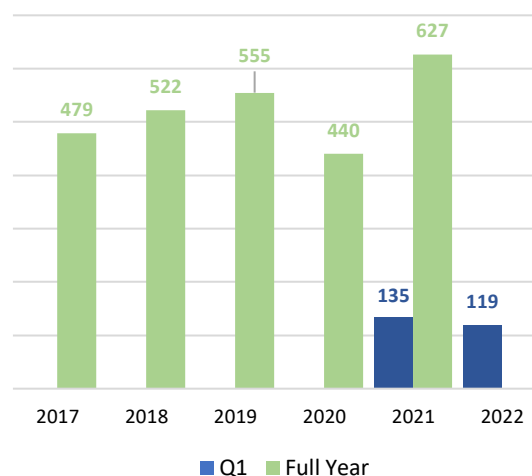
Volume

M&A activity in the Engineered Components vertical rebounded in 2021, following a steep decline in 2020 due to the pandemic. Reported deal count was up nearly 43 percent during the period. 2021 was clearly a highwater mark for transaction activity in the space (see Chart I) despite notable persistent issues with labor shortages, factory shutdowns, and other supply disruptions. Stronger economic data and concerns of year-end tax rate hikes help to spurred on activity.

2022 brought new challenges as inflation and war in Eastern Europe, among other issues, added uncertainty to business decision making. As such, we saw a decline in the sale of Engineered Components companies in Q1 2022, down approximately 12 percent from the comparable year-earlier period. The downward trend was true for the broader M&A market as well (all industries considered).

Further, the data suggests that the decline was disproportionately skewed towards private equity backed deals. Strategic buyers were more forward-leaning with respect to M&A during the period.

Chart I | Reported M&A Volume



Valuations

2021 was also a highwater mark for Engineered Components company valuations. The average EBITDA multiple in the segment surpassed 12x during three of the four quarters of the year (see Chart II). Quite a turnaround from the depths of the pandemic when the average multiple bottomed at 7.3x.

A different storyline emerged in 2022. Faltering economies and instability across the globe, coupled with the persistent supply chain issues, resulted in a decline in the average EBITDA paid for Engineered Components companies to 10.1x during the first three months of the year. Still at a relatively high level, we expect the average multiple to decline further in coming periods, and to establish footing in the 8.0x-9.5x range and

remain there until economic clarity and growth returns. It is always important to note that these figures are averages, meaning many companies sell for multiples above as well as below these levels. Individual circumstances need to be carefully analyzed in order to estimate a given company's appropriate multiple (or range of multiples).

The public markets have been broadly volatile in recent months, accentuating the aforementioned economic uncertainties. Engineered Components companies have not been spared, as can be seen in Chart III. That said, our Objective Engineered Components Index, which is a composite of twenty publicly traded Engineered Components companies in North America (see Table I), has consistently performed better than the broader public markets over the last five years. Specifically, our Engineered Components Index is up 65.0 percent (through May 13, 2022), surpassing the performance of the Russell 2000 which was up 28.5 percent during the same time range. Further, the Engineered Components companies in the Objective Index suffered less from a share price perspective at the point when

Chart II | EBITDA Multiples - Engineered Components

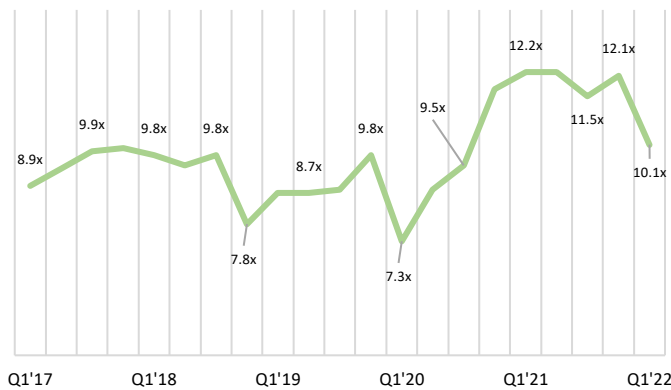
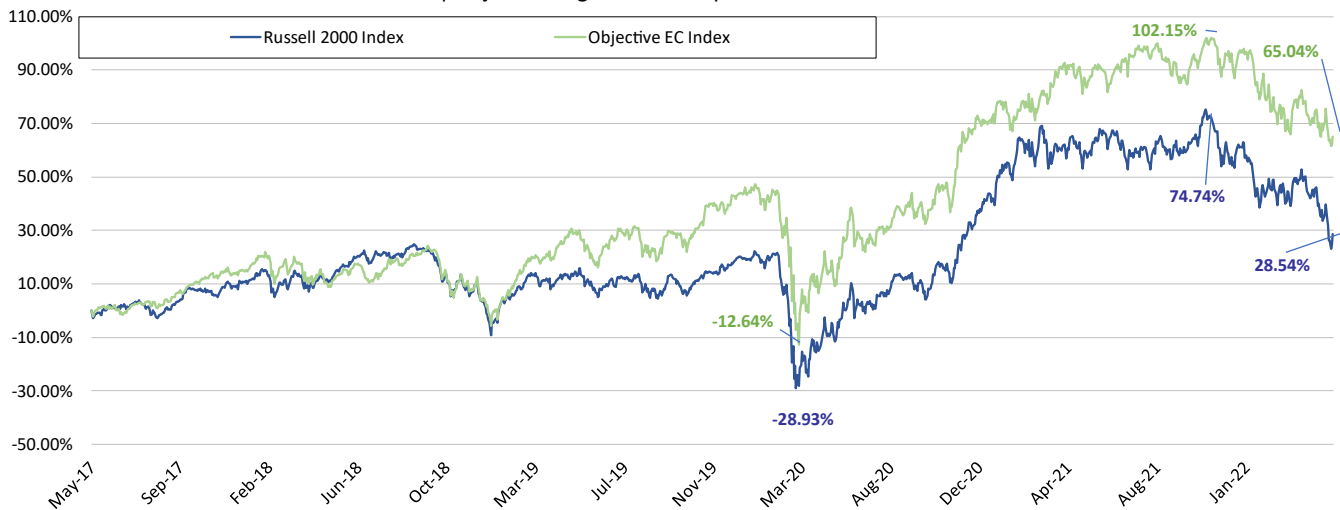


Chart III | Objective Engineered Components Index vs Russell 2000



pandemic shutdowns began, declining

approximately 12.6 percent versus a 28.9 percent for the Russell 2000.

Economic Considerations

Perhaps the biggest economic news continues to be inflation, which now appears to be non-transitory. The U.S. annualized inflation rate in April 2022 was 8.3 percent, down from 8.5 percent in March but still above market forecasts. The costs of key items such as fuel, food, shelter and vehicles have risen significantly in the last year and many analysts expect higher inflation to persist throughout 2022.

Inflation has had a direct negative impact on consumers who, as indicated in the University of Michigan consumer sentiment survey, are

currently not very confident. The May survey reading was 59.1, a level not seen since the Great Recession of 2008/9 and one of the lowest readings in the survey's history which dates to 1952. Consumer sentiment plays an important role in expected GDP since consumer spending makes up approximately 70 percent of the U.S. economy.

Interestingly, the popular Institute for Supply Management's Purchasing Managers Index (ISM PMI) reading for April, while down from March, registered 55.4. While the survey cited slowdowns in production, new orders and employment, a reading of 50 or more indicates that the U.S. manufacturing economy is generally expanding.

Continues on page 5

Table I | Publicly Traded Engineered Components Companies

	\$ Millions										
	Enterprise		LTM							LTM Rev Multiple	LTM EBITDA Multiple
	Value	LTM Rev	LTM EBITDA	LTM Rev, 1 Yr Growth %	Gross Margin %	LTM EBITDA Margin %	LTM Debt/EBITDA				
AMETEK, Inc. (NYSE:AME)	\$31,562	\$5,547	\$1,601	22.2%	34.5%	28.9%	1.6x	5.7x	18.9x		
Amphenol Corporation (NYSE:APH)	46,434	11,451	2,704	25.6%	31.4%	23.6%	1.7x	4.1x	16.5x		
Analog Devices, Inc. (NasdaqGS:ADI)	85,253	8,444	3,448	44.2%	61.0%	40.8%	1.8x	10.1x	24.4x		
Barnes Group Inc. (NYSE:B)	2,225	1,270	241	15.9%	35.7%	19.0%	2.3x	1.8x	8.6x		
Crane Co. (NYSE:CR)	6,034	3,202	574	7.8%	38.6%	17.9%	1.6x	1.9x	10.5x		
CTS Corporation (NYSE:CTS)	1,087	532	107	18.4%	36.9%	20.0%	0.7x	2.0x	9.6x		
Curtiss-Wright Corporation (NYSE:CW)	6,535	2,506	530	4.8%	37.2%	21.2%	2.1x	2.6x	11.4x		
Diodes Incorporated (NasdaqGS:DIOD)	3,333	1,805	399	46.9%	37.1%	22.1%	0.8x	1.8x	7.9x		
Dover Corporation (NYSE:DOV)	22,022	8,091	1,597	17.3%	37.1%	19.7%	1.8x	2.7x	13.1x		
Ducommun Incorporated (NYSE:DCO)	856	645	77	2.6%	22.1%	12.0%	3.9x	1.3x	10.5x		
Honeywell International Inc. (NasdaqGS:HON)	142,250	34,314	8,447	5.2%	31.9%	24.6%	2.2x	4.1x	16.2x		
ITT Inc. (NYSE:ITT)	5,532	2,765	551	11.6%	32.5%	19.9%	0.5x	2.0x	9.6x		
Keysight Technologies, Inc. (NYSE:KEYS)	25,563	5,011	1,421	16.4%	63.2%	28.4%	1.4x	5.1x	17.2x		
Methode Electronics, Inc. (NYSE:MEI)	1,729	1,176	189	17.9%	24.4%	16.1%	1.2x	1.5x	8.7x		
Parker-Hannifin Corporation (NYSE:PH)	42,770	15,293	3,290	13.2%	28.0%	21.5%	2.5x	2.8x	12.5x		
Qorvo, Inc. (NasdaqGS:QRVO)	13,397	4,552	1,645	22.0%	49.3%	36.1%	1.2x	2.9x	7.9x		
Skyworks Solutions, Inc. (NasdaqGS:SWKS)	19,684	5,110	2,003	28.7%	48.3%	39.2%	1.2x	3.9x	9.6x		
Standex International Corporation (NYSE:SXI)	1,241	710	126	17.9%	37.3%	17.8%	1.7x	1.7x	8.9x		
Teledyne Technologies Incorporated (NYSE:TDD)	24,214	5,130	1,180	65.1%	40.9%	23.0%	3.5x	4.7x	20.5x		
TTM Technologies, Inc. (NasdaqGS:TTMI)	1,849	2,249	259	6.8%	16.5%	11.5%	3.6x	0.8x	6.9x		

Summary Statistics	LTM									
	Enterprise Value	LTM Rev	LTM EBITDA	LTM Rev, 1 Yr Growth %	Gross Margin %	LTM EBITDA Margin %	LTM Debt/EBITDA	LTM Rev Multiple	LTM EBITDA Multiple	
High	\$142,250	\$34,314	\$8,447	65.1%	63.2%	40.8%	3.9x	10.1x	24.4x	
Low	856	532	77	2.6%	16.5%	11.5%	0.5x	0.8x	6.9x	
Mean	24,178	5,990	1,519	20.5%	37.2%	23.2%	1.9x	3.2x	12.5x	
Median	9,966	3,877	877	17.6%	37.0%	21.3%	1.7x	2.7x	10.5x	

Objective Overview

Founded in 2006, Objective is a Middle Market M&A and Valuation Advisory firm focused on transaction and advisory services for companies with enterprise values from \$20M - \$300M. Objective combines a world-class process with deep sector-specific expertise and an exceptional team of specialized professionals in an effort to consistently maximize clients' M&A and valuation advisory results.

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- Buy-Side Advisory

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- Consumer
- Healthcare & Life Sciences
- Manufacturing & Distribution
- Technology


Valuation

- Tax Compliance
- Transaction Opinions
- Financial Reporting
- Strategic Advisory


Recent Awards

Award & Recognition	Forum	Year	Type
Boutique Investment Banking Firm of the Year	M&A Advisor 20 th Annual M&A Awards	2021	Finalist
Information Technology Deal of the Year (Under \$100MM)	M&A Advisor 20 th Annual M&A Awards	2021	Finalist
Consumer Discretionary Deal of the Year (Under \$100MM)	M&A Advisor 20 th Annual M&A Awards	2021	Finalist
Best Company Sale Advisory Project (USA) – Sale of AEM to IGP	Acquisition International	2021	Winner
Best Investment Banking & Valuation Firm - California	Acquisitional International	2021	Winner
Top 10 Valuation Services Company 2021	CFO Tech Outlook	2021	Winner
Leaders of Influence: Investment Bankers – Dan Shea & Channing Hamlet	Los Angeles Business Journal	2021	Winner
Corporate/Strategic Deal of The Year	M&A Advisor 19 th Annual M&A Awards	2020	Winner
Influential Business Leader Award, Trever Acers & David H. Crean, Ph.D.	San Diego Business Journal	2020	Winner
Leaders of Influence: Investment Bankers, Channing Hamlet	Los Angeles Business Journal	2020	Winner
Leaders of Influence: Investment Bankers, Dan Shea	Los Angeles Business Journal	2020	Winner
Most Innovative M&A Firm in California	Acquisition International	2019	Winner
Technology Deal of The Year	M&A Advisor 18th Annual M&A Awards	2019	Finalist
Consumer Discretionary Deal of The Year	M&A Advisor 18th Annual M&A Awards	2019	Finalist
Valuation Firm of The Year	M&A Advisor 18th Annual M&A Awards	2019	Finalist
Investment Banker of The Year, David H. Crean	M&A Advisor 18th Annual M&A Awards	2019	Finalist
San Diego Best Place to Work	San Diego Business Journal	2019	Winner
2019 Corporate/Strategic Deal of The Year	M&A Advisor 18th Annual International M&A Awards	2019	Winner


Select M&D Transactions




Has been acquired by




Sell-Side Advisor to AEM, Inc.




Has been acquired by




Sell-Side Advisor to Avista Technologies*




Has been acquired by



Sell-Side Advisor to HoldRite*




Has acquired




Buy-Side Advisor to Amada America, Inc.*

Purcell Technologies


Has been acquired by




Sell-Side Advisor to Purcell Technologies*




Has been acquired by




Sell-Side Advisor to Catalytica Energy Systems*




Has been acquired by



Sell-Side Advisor to MWS Wire Industries*



Has been acquired by



Sell-Side Advisor to Reynolds Industry Incorporated*

*This group includes transaction completed by registered representatives prior to joining Objective.