



BAIN & COMPANY

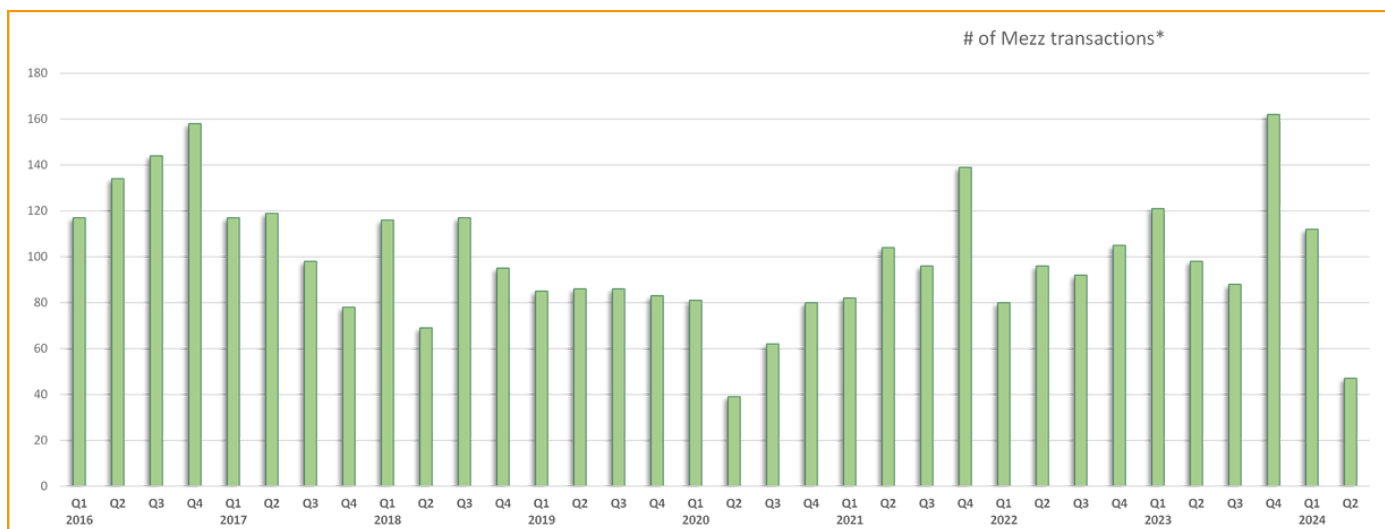
Sutton Place Strategies

Mezzanine Market Perspective

Q2 2024

Breaking Down the Market

Mezzanine activity for the LTM period ending March 31st increased approximately **11%** YoY from **414** deals to **460** deals. Compared to Q4 2023, deals including mezzanine debt decreased **31%**, from **162** to **112** in Q1 2024. Mirroring the downturn, private equity deal volume declined **14%** from **1,453** deals in Q4 2023 to **1,245** deals in Q1 2024. Out of the **112** mezzanine deals that closed in Q1 2024, **33** deals were buyouts, **59** were minority financings, and **20** were sponsor-backed add-ons. The most common industries in total M&A activity for the quarter were **Industrials, Technology, Business Services,** and **Consumer,** respectively.



Notable Transactions

In May, **Parkway Capital Investors** invested subordinated debt and equity to support **ArchStar Capital's** acquisition of **Tess Oral Health**, a manufacturer of custom-imprinted toothbrushes, dental kits, and oral hygiene products for dental and orthodontic practices. **Peakstone Group** served as the seller's financial advisor.

In April, **Northstar Capital** provided a mezzanine debt and equity co-investment to support **River Associates Investments'** acquisition of **Dollamur Sport Surfaces**, a manufacturer and supplier of branded sports surfaces for a variety of sporting markets. **Silvermark Partners** and **Bass, Berry & Sims** provided sell-side financial advisory and legal advisory services, respectively. **Holland & Knight** provided buy-side legal advisory services, and **Bremer Bank** provided a senior debt investment in support of the acquisition.



Notable Transactions (Cont.)

LO3 Capital invested subordinated debt and equity to support **NewCo Plastics**, a portfolio company of **White Wolf Capital**, acquisition of **Magenta**, a provider of custom injection molding solutions, in May. **Ice Miller** served as the buyer's legal advisor.

Linx Partners acquired **Black Creek Integrated Systems**, a developer of IT solutions for the correctional and public safety industries, in April. **Midwest Mezzanine** provided a subordinated debt and equity investment, and **Third Coast Bank SSB** provided a senior debt investment in support of the acquisition.

In May, **Wincove Capital** acquired **Elite Equipment Rental**, a provider of truck rentals, used truck sales, new truck distribution, and replacement parts and maintenance. **Greyrock Capital Group** and **Ironwood Capital** invested subordinated debt and equity in support of the acquisition. **Business Capital Exchange** provided sell-side financial advisory services.

In June, **Aldine Capital Partners** provided a subordinated note and equity investment in support of **Compass Group Equity Partners**' acquisition of **Integrity Pump & Motor**, a manufacturer and supplier of submersible pumps and motors.

Audax Private Debt provided a mezzanine debt and equity co-investment in support of **Morgan Stanley Capital Partners**' acquisition of **Resource Innovations**, a portfolio company of **BV Investment Partners** and provider of advisory services, program management, and software, in April. **Jefferies & Co.** and **Latham & Watkins** provided sell-side financial advisory and legal advisory services, respectively. **Harris Williams** and **Jones Day** provided buy-side financial advisory and legal advisory services, respectively.

In April, **NorthCoast Mezzanine** invested subordinated debt and equity to support **The Brydon Group's** acquisition of **Micro-Dyn Medical Systems**, a provider of healthcare claims pricing, grouping, and editing software. **Periculum Capital Company** served as the seller's financial advisor, and **Taft Stettinius & Hollister** served as the seller's legal advisor. **Mowery & Schoenfeld** served as the buyer's accounting advisor, **Goodwin Procter** served as the buyer's legal advisor, and **Avidbank** invested senior debt to support the acquisition.



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