Project Meridian

LBO Model — Executive Summary

Prepared by Nexa Capital Partners, L.P.

Investment Committee Presentation

Date: August 2026

Classification: Strictly Confidential

Deal Sponsor: Nexa Capital Partners IV, L.P.

Target: Meridian Precision Group, Inc.

[redacted]

$1,840 mn
Purchase Price

[redacted]

38%
$699 mn

[redacted]

23.4%
5-Year Hold

[redacted]

2.8×
Money on Invested Capital

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Deal Overview & Transaction Structure

Company Overview

Meridian Precision Group, Inc. (**"Meridian"** or the **"Company"**) is a leading designer and manufacturer of high-precision industrial components serving the aerospace, defense, and advanced manufacturing end markets. Headquartered in Charlotte, North Carolina, Meridian operates five production facilities across North America and generated $612 mn in revenue and $184 mn in EBITDA (30.1% margin) for the fiscal year ended December 2025.

The Company was founded in 1988 and has grown organically and through three bolt-on acquisitions under its current owner, Apex Growth Capital Fund II. Nexa Capital Partners IV, L.P. (the **"Fund"**) has agreed to acquire 100% of the equity of Meridian from Apex at a purchase price implying an enterprise value of **$1,840 mn** (10.0× LTM EBITDA).

Transaction Summary

Instrument	$ mn	% EV
First Lien Term Loan B	736	40.0%
Second Lien Term Loan	276	15.0%
Senior Unsecured Notes	129	7.0%
Total Debt	**1,141**	**62.0%**
Rollover Equity (Mgmt.)	23	1.3%
Sponsor Equity	676	36.7%
Total Equity	**699**	**38.0%**
Total Sources	**1,840**	**100.0%**

Item	$ mn	% EV
Equity Purchase Price	1,780	96.7%
Financing Fees	34	1.9%
Transaction Costs	18	1.0%
Cash to Balance Sheet	8	0.4%
Total Uses	**1,840**	**100.0%**
Entry Multiple (EV/EBITDA)	**10.0×**	
Net Debt / EBITDA	**6.0×**	

Investment Thesis

Nexa Capital's conviction in Project Meridian rests on four strategic pillars:

1. **Mission-Critical Products with Sticky Demand.** Meridian's components are embedded in long-cycle aerospace platforms (15–25 year program durations) and are qualified to stringent AS9100D and NADCAP standards, creating significant re-qualification barriers for competitors.
2. **Margin Expansion Runway.** Operational improvements including lean manufacturing roll-out, SKU rationalisation (~340 low-margin part numbers), and procurement consolidation are projected to drive EBITDA margin from 30.1% to 33.5% by Year 3.
3. **Organic Growth Acceleration.** A $280 mn backlog and three new program awards (Nimbus Defense, Vertex Aerospace, Synapse Propulsion) underpin 7–9% annual revenue growth through

the hold period.

4. **Multiple Paths to Exit.** Natural exit routes include a strategic sale to a Tier-1 aerospace OEM, a secondary LBO to a larger sponsor, or an IPO on NYSE or NASDAQ given the Company's scale and EBITDA profile.

Financial Projections & Debt Paydown Schedule

Five-Year Operating Model

The base case assumes EBITDA margins expand from 30.1% at entry (FY2025A) to 33.5% by FY2028E, driven by lean manufacturing savings ($22 mn), procurement synergies ($9 mn), and revenue mix shift toward higher-margin defense aftermarket. Capital expenditures stabilise at approximately 4.5% of revenue, consistent with the Company's maintenance profile.

($ mn except %)	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E	CAGR
Revenue	612	658	707	762	820	880	7.5%
% Growth	—	7.5	7.4	7.8	7.6	7.3	—
Gross Profit	196	214	233	257	278	302	—
Gross Margin	32.0%	32.5%	32.9%	33.7%	33.9%	34.3%	—
EBITDA	184	203	224	255	278	305	10.7%
EBITDA Margin	30.1%	30.8%	31.7%	33.5%	33.9%	34.7%	—
D&A	(29)	(31)	(33)	(35)	(37)	(39)	—
EBIT	155	172	191	220	241	266	—
Interest Expense	(82)	(76)	(68)	(60)	(51)	(40)	—
EBT	73	96	123	160	190	226	—
Taxes (25%)	(18)	(24)	(31)	(40)	(47)	(57)	—
Net Income	55	72	92	120	143	169	—
Capex	(28)	(30)	(32)	(34)	(37)	(40)	—
Free Cash Flow	**127**	**144**	**159**	**181**	**190**	**226**	**12.2%**
FCF Conversion (EBITDA)	69%	71%	71%	71%	68%	74%	—

Debt Paydown Schedule

All excess free cash flow after debt service is applied as mandatory prepayment against the First Lien Term Loan B per the credit agreement. The Company is projected to reduce total net leverage from 6.0× at entry to 2.7× by exit (FY2030E), materially improving the credit profile and supporting exit multiple expansion.

($ mn)	Entry	FY26E	FY27E	FY28E	FY29E	FY30E	Change
First Lien TLB (L+400)	736	619	494	340	169	22	−714
Second Lien TL (L+750)	276	276	276	276	276	276	—
Senior Unsecured Notes (8.5%)	129	129	129	129	129	129	—
Total Debt	**1,141**	**1,024**	**899**	**745**	**574**	**427**	**−714**
Cash	(8)	(18)	(29)	(40)	(52)	(65)	—
Net Debt	**1,133**	**1,006**	**870**	**705**	**522**	**362**	**−771**
EBITDA	184	203	224	255	278	305	—
Net Leverage (x)	**6.0×**	**5.0×**	**3.9×**	**2.8×**	**1.9×**	**1.2×**	−4.8×

Leverage Profile — Visual Overview

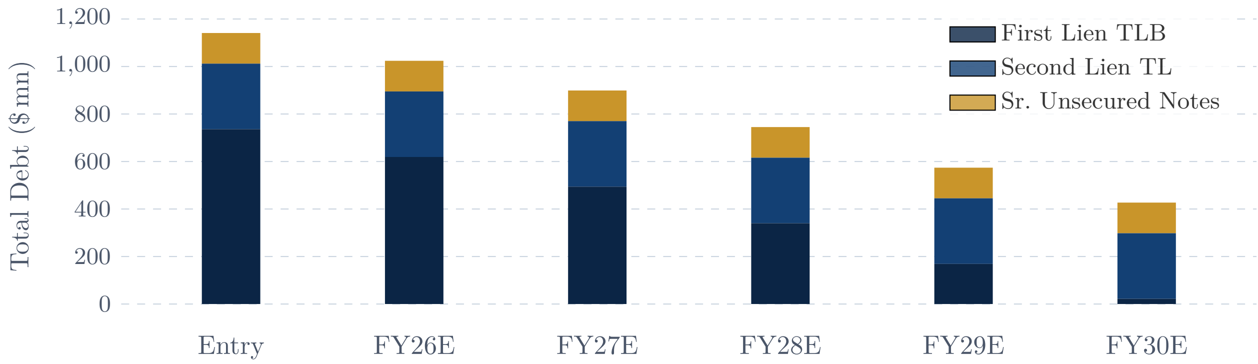

Figure 1: Projected debt composition and paydown trajectory (FY2026E–FY2030E)

Returns Analysis

Base Case Returns Bridge

The table below decomposes the projected equity return into its three constituent drivers: *EBITDA growth*, *multiple expansion*, and *debt paydown*. The base case assumes a 5-year hold with exit at 10.5× LTM EBITDA — a modest 0.5-turn premium to entry reflective of the improved margin profile and credit quality at exit.

Return Driver	$ mn	Contribution
Entry Equity Value	699	—
EBITDA Growth ($184 mn → $305 mn)	+642	33%
Multiple Expansion (10.0× → 10.5×)	+153	8%
Debt Paydown ($1,141 mn → $427 mn)	+714	37%
Cash Generation (Net)	+440	22%
Exit Equity Value (FY2030E)	**1,948**	—
Gross MOIC	**2.79×**	—
Gross IRR (5-year)	**22.8%**	—
Net IRR (est.)	**19.5%**	—

Scenario Analysis — IRR Sensitivity

Returns are stress-tested across a matrix of exit multiples (9.0× to 11.5×) and EBITDA margin outcomes. The Fund's 20% net IRR hurdle rate is satisfied in all scenarios with exit multiples of 9.5× or above and base or better EBITDA.

IRR (%) / Exit EV/EBITDA	9.0×	9.5×	10.0×	10.5×	11.0×
Bear (EBITDA Margin: 31%)	**14.2**	17.1	19.8	22.2	**24.4**
Base (EBITDA Margin: 34.7%)	**16.1**	19.2	22.2	**24.8**	**27.2**
Bull (EBITDA Margin: 37%)	18.5	**21.9**	**25.1**	**28.0**	**30.7**

Shaded green >20% (net IRR threshold); red <17% (below 1.5× MOIC in 5 years).

Comparable Transactions

Precedent Transactions (Aerospace & Defense Components, 2021–2026): Entry multiples for comparable control transactions ranged from **9.5× to 12.8×** EBITDA, with a median of **10.6×**. Nexa's entry at 10.0× is below-median, reflecting a negotiated bilateral process with Apex Growth Capital and benefits from management's rollover commitment. Selected comparables: *Nimbus Aerostructures / Vertex Defense Components / Synapse Propulsion Systems.*

Transaction	Year	EV ($ mn)	EV/Rev	EV/EBITDA	Acquirer
Nimbus Aerostructures	2024	2,140	3.6×	11.8×	Apex Capital VII
Vertex Defense Components	2023	1,560	3.1×	10.3×	Meridian Holdings
Synapse Propulsion Systems	2022	3,400	4.2×	12.8×	Strategic OEM
Apex Turbine Parts	2022	975	2.9×	9.5×	Nimbus Capital III
Vertex Precision Castings	2021	1,200	3.4×	10.8×	Synapse Partners
Median		**1,560**	**3.4×**	**10.6×**	—
Project Meridian (Entry)		**1,840**	**3.0×**	**10.0×**	**Nexa Capital IV**

Key Risks & Mitigants

Risk disclosures are provided for Investment Committee transparency. All risks are evaluated against Nexa Capital's underwriting standards and portfolio management capabilities.

Risk Factor	Description	Mitigant
Leverage / Covenant	Entry leverage at 6.0× is above sector median of 5.2×. Any EBITDA miss in Year 1–2 could tighten covenant headroom.	30% cushion to 7.5× springing covenant; RCF of \$80 mn undrawn; management aligned via rollover.
Customer Concentration	Top-3 customers represent 44% of revenue. Loss of one prime contract would materially impair the base case.	All top-3 programmes are on multi-year sole-source contracts (avg. 4.8 years remaining).
Raw Material Inflation	Titanium and specialty alloys comprise 28% of COGS. Price spikes compress margins if pass-through mechanisms are limited.	68% of key alloy volumes locked in 2-year fixed-price contracts; remaining volume subject to contractual price escalators with customers.
Integration / Ops	Three recent bolt-on acquisitions have not yet been fully integrated onto Meridian's ERP platform.	Integration roadmap with dedicated PMO team; \$14 mn integration budget ring-fenced in capital plan; expected completion Q2 2027.
Exit Timing / Market	A dislocation in credit markets or public equity could compress exit multiples and limit refinancing options at Year 5.	Multiple exit paths (strategic sale, secondary LBO, IPO); refinancing not required before 2029 given amortisation profile.
Key Person	CEO Margaret Holloway (12-year tenure) has announced intent to retire in 2028.	Succession plan identified; COO James Carruthers named as internal candidate; \$6 mn retention pool for top-5 executives.

Investment Recommendation

Summary Recommendation

RECOMMEND PROCEEDING TO FINAL OFFER

The Investment Committee is requested to approve a final bid for Project Meridian at an enterprise value of $1,840 mn (10.0× LTM EBITDA), representing a committed equity contribution of $699 mn from Nexa Capital Partners IV, L.P.

Gross IRR (5-year)	**22.8%**
Net IRR (estimated)	**19.5%**
Gross MOIC	**2.79×**
DPI (Year 3 est.)	0.4×
TVPI (Year 5 est.)	2.79×
Payback Period	4.6 years

Enterprise Value	$1,840 mn
Equity Commitment	$699 mn
Entry EV/EBITDA	10.0×
Entry Net Leverage	6.0×
Expected Hold Period	5 years
Target Exit (FY2030E)	10.5×

Proposed Next Steps

1. **IC Approval (this meeting):** Authorise Nexa Capital to submit a binding offer at $1,840 mn EV, subject to satisfactory completion of outstanding legal and tax due diligence items (~3 open items).
2. **Binding Offer & Exclusivity:** Submit final bid by 22 August 2026 and negotiate a 30-day exclusivity period for SPA negotiation.
3. **SPA Execution:** Target SPA signing by 19 September 2026 with a customary closing condition for regulatory clearance (HSR Act pre-merger notification).
4. **Financing Close:** Concurrent TLB and Second Lien syndication led by Nimbus Investment Bank and Synapse Securities; roadshow commences post-signing.
5. **Transaction Close:** Estimated 31 October 2026 subject to HSR clearance and satisfaction of standard conditions.

Deal Team

Name	Title	Responsibility	Contact
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Selected References & Methodology Notes

References