Teamshares

Second Quarter 2026 Earnings Call Transcript

August 14, 2026

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This transcript may contain inaccuracies, and the Company's live webcast replay, where available, should be considered the definitive record of the call.

14-Aug-2026

Teamshares, Inc. (TMS)

Q2 2026 Earnings Call

CORPORATE PARTICIPANTS

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MANAGEMENT DISCUSSION SECTION

Operator: Good day, and thank you for standing by. Welcome to the Teamshares Second Quarter 2026 Earnings Conference Call. At this time, all participants are in a listen-only mode. After the speakers' presentation, there will be a question-and-answer session. [Operator Instructions]

I would now like to hand the conference over to your speaker today, Kyle Nagarkar, Investor Relations. Sir, please go ahead.

Kyle Nagarkar

Managing Director, Solebury Strategic Communications

Thank you, Michelle, and good morning, everyone. Welcome to Teamshares' second quarter 2026 earnings conference call. Joining me today are Co-founder and CEO, Michael Brown; Co-founder and President, Alex Eu; and CFO, Brian Gaebe.

Earlier today, we issued a press release announcing our financial results, which is available on our Investor Relations website, along with a supplemental slide presentation. As referenced on Slide 2, we will be discussing non-GAAP financial measures during this call. The most directly comparable GAAP financial measures and a reconciliation of the differences between the GAAP and non-GAAP financial measures are available in our earnings release and supplemental slide presentation on our website.

In addition, certain statements being made today are forward-looking statements that are based on management's current assumptions, beliefs, and expectations concerning future events impacting the company. These forward-looking statements involve a number of uncertainties and risks, including but not limited to those described in our earnings release, Form 10-Q for the period ending June 30, 2026, and other filings with the SEC. The actual results of operations and financial condition of the company could differ materially from those expressed or implied in our forward-looking statements.

With that, I'll turn the call over to Michael. Michael?

Michael Sutherland Brown

Co-founder, Chief Executive Officer & Director, Teamshares, Inc.

Good morning, everyone. Teamshares is the market leader in buying great businesses from retiring owners. 4.5 million small to mid-sized businesses in America and tens of millions globally have owners approaching retirement. We plan to be a permanent home for thousands of the highest-quality companies as their owners retire.

Welcome to our first-ever earnings call as TMS begins day 38 of trading on the Nasdaq. With me today are two longtime business partners, Alex Eu, Co-founder and President of Teamshares; and Brian Gaebe, our CFO.

Before getting into the 2Q results, and for the benefit of participants who are new to Teamshares, I'd like to start with context on our recent listing, our business model and growth opportunity, and some positive updates from our press release.

Teamshares began trading on June 23, following a common equity raise led by T. Rowe Price Investment Management, with participation from other institutional investors and the executive team. We founded Teamshares in 2019 to be public from the outset because of the direct benefits that public capital markets provide to Teamshares' growth strategy. And because the permanent nature of public equity and the long-term duration of the bond market align well with our model of being a permanent home for great businesses. As evidence of that commitment, we told Axios in early 2024 that Teamshares would be public in 2027, and we executed on our public company readiness infrastructure faster than anticipated.

We believe Teamshares is among a relatively rare group of companies whose growth strategy directly benefits from being public. Public companies have better access to financing than private companies. All public companies, of course, have access to public company capital, but its advantage is unevenly distributed among companies who are able to use financing to drive core business growth. Financing new acquisitions is the raw material of our growth, so being public is a strategic growth advantage for Teamshares.

The capital cost differential between public and private companies is well known, though perhaps underappreciated is how wide the delta can be for emerging companies. In some cases, 50% or more for similar credit profiles. What's less obvious is the speed and certainty advantages public companies have over private companies. Private financing with banks and asset managers often takes four to six months from first contact to funding, with an elevated risk of failure until the very end of the process.

Seasoned public companies arrange capital in weeks, and sometimes days, with high certainty. It will take time for Teamshares to arrange capital within a few days, but I'm very pleased to say that the speed and opportunity set changed within a few weeks of going public and we're excited about the capital formation journey ahead and our goal of building a large and enduring public company.

So on to our business model and opportunity. Teamshares is a programmatic acquirer of small to mid-sized businesses focused on retiring owners. As a business model, we're a tech-enabled holding company. We like to say part holdco, part fintech. Holdco because we employ permanent ownership, consolidation and aim to reinvest and compound cash flow into new acquisitions. Fintech because we build software to acquire and operate at scale.

As a mental model, think of the many dozens of serial acquirers that have come before us, public companies that grow via smaller, frequent, private acquisitions and integrate them into a larger, diversified public company capable of faster-than-organic growth through reinvestment. The incentives for public programmatic acquirers differ markedly from those in temporary ownership models and short-term private roll-ups. You own the cash flow permanently and thus have an intrinsic need to buy reliable cash flows on reasonable terms that can endure for the long term.

We think Teamshares differs from most publicly traded serial acquirers in five ways. Size. Our niche is $0.5 million to $5 million, smaller than many, if not most strategies, resulting in a bigger TAM. Sector. Acquisition strategies tend to focus on one to three industries. We deliberately employ a diversified industry strategy based on structural acquisition criteria to maximize our addressable market and mitigate single industry risk and shocks. Succession. By focusing on retiring owners, we address a bigger market with strong risk mitigation characteristics we've discussed in the past. Software. Our software helps us acquire at scale, sourcing 75,000 actively for sale companies per year, and supporting an efficient transaction process for the ones we buy. Our software also helps us operate at scale with financial visibility and employee stock alignment in every company, which leads us to the fifth, is stock. We align employees with stock to protect and grow the cash flows and provide everyone a stake in the outcome.

In just six years, we've grown to 93 companies and $0.5 billion in consolidated revenue, so the platform is built and it's working. But there are 4.5 million businesses with owners approaching retirement, and our goal is to be a permanent home for thousands of them. So in my opinion, it's still the first inning of our growth, and we're on a long journey aiming to build a large and enduring public company.

To touch on our 2026 outlook, in the press release, we reaffirmed our 2026 guidance, which includes $40 million of acquired EBITDA. The North Star metric we focus on is Pro Forma Adjusted EBITDA, which is akin to a run rate metric as if we'd owned all companies for the trailing 12-month period. That figure is $60 million. As of today, we have approximately $30 million of estimated annual EBITDA under LOI, or letter of intent. Our active pipeline well exceeds the remaining path to $40 million.

To give you a sense of how quickly we can move as a company and how deep our inbound funnel is, we have grown the signed LOI count by about $20 million in the two months since completing our listing. Going public was a near full-time effort for many of the same people who work in acquisitions, capital, and accounting.

There are a few important nuances of our model and business cycle that I want to telegraph to investors as they track our progress. The first is seasonality of closings. We have found that the second half of the year, particularly the fourth quarter, is very likely when acquisitions in the SME space close. The reason is that new business listings come to market after their corporate taxes are filed in the spring. So the natural timeline of the acquisition process puts things into the back half of the year. When you couple that natural rhythm with the fact that our listing just finished a few weeks ago, we will be highly 4Q-weighted on closings this year.

Second, as we earn the trust of public investors, we want to be clear that we will deliver on our annual outlook in a very dependable manner, but that we will avoid managing to the quarter, and we will not take shortcuts on diligence or legal documentation. And we'll communicate our year-end tracking through our backlog.

Brian N. Gaebe

Chief Financial Officer, Teamshares, Inc.

Turning to slide 8 of our Q2 2026 earnings presentation, this summarizes our financial results from the second quarter. The significant year-over-year growth in our key financial metrics highlights the strength of our programmatic acquisition strategy and operating leverage created from our tech-enabled platform. Revenue increased by 20% primarily driven by acquisitions, and LTM pro forma revenue has now reached $560 million.

SME segment EBITDA, which is the reported post-acquisition EBITDA from our operating subsidiaries, reached $20 million during the quarter, representing a 47% increase from the same period in prior year. The benefits of our tech-enabled platform can really be seen in the increase to adjusted EBITDA, as we were able to achieve a significant increase in SME segment EBITDA while reducing corporate overhead. This demonstrates the operating leverage we've created that allows us to add earnings from operating subsidiaries at a significantly faster rate than increases to corporate overhead. This has resulted in a dramatic increase in LTM Pro Forma Adjusted EBITDA since the beginning of 2025, despite operating in a capital-constrained environment prior to becoming public.

The equity raise connected with our public listing and capital initiatives underway are expected to enable us to significantly accelerate our growth. We'll delve into how this translates into our full year guidance later in the presentation.

Now I'll turn it over to Alex to provide an update on key drivers behind our results.

Alexander Eu

Co-founder, President & Director, Teamshares, Inc.

Thank you, Brian. One of our goals as a public company is to make the financial drivers of Teamshares straightforward to understand and measure. While there are a lot of individual businesses within Teamshares, we think our financial model really comes down to four simple drivers. First, can we repeatedly deploy capital into durable businesses at attractive terms? Second, once we own those businesses, can we preserve the earnings through the transition and then grow them over time? Third, as we add more segment EBITDA, can our central platform scale at a much slower rate, allowing an increasing amount of that SME segment EBITDA to drop through to our consolidated earnings? And fourth, as our earnings grow and our credit profile matures, can we earn our way into better access to financing and a lower cost of capital? And if we continue to execute against those four drivers, we believe the model will compound. I'm going to walk through the first three of these drivers, and then Brian will cover the fourth.

So starting on slide 10, acquisitions. Our goal is to repeatedly deploy capital into buying high-quality businesses from retiring owners with attractive returns. Now our cross-industry model and the depth of our sourcing funnel are what allows us to stay disciplined. We source more than 15,000 size-qualified leads annually, which gives us the ability to be selective about which businesses we believe will work best within the Teamshares model. Now our completed acquisition activity in the first half of the year was relatively light as we focused on completing the go-public transaction and reasonable acquisition capital was constrained.

In the first half of the year, we acquired two businesses that represent approximately $2.6 million in SME segment EBITDA. More importantly, for our forward acquisition cadence, as of today, August 14, we have 10 signed mutually non-binding LOIs that represent approximately $30 million of new SME segment EBITDA at terms that are in line with our historical multiples and terms.

Our typical close process takes 90 to 120 days, and the average business in that backlog is approximately $3 million of SME segment EBITDA, which is consistent with the evolution of our strategy towards the $1 million to $5 million EBITDA range, where we have increasingly found attractive businesses with greater scale. Following our listing, we also now have substantially greater capital flexibility to execute against that pipeline. And so the funnel remaining deep, the signed backlog giving us meaningful visibility, and we believe we have a clear path towards our full-year acquisition target.

The second driver on the next slide of 11, is what happens after you acquire a business. This is especially important for Teamshares because, one, we primarily buy from retiring owners. So one of our core competencies is managing a leadership succession along with ownership transition. And two, because we are a permanent home for these businesses, what ultimately matters is how these acquired cash flows trend over time. We typically view the first year as a period to manage the transition, learn the business, protect the earnings, and then build the foundation for future growth. Importantly, our underwriting and business model do not require synergies or growth to make an acquisition attractive or work. We have historically assumed flat performance in the first year and modest growth thereafter.

Now, there are three core capabilities that we bring to bear to do this. The first is new leadership. We've built a repeatable process for transitioning a retiring owner to strong leadership that we recruit, train, and support. The second is applying repeatable operating capabilities across the companies. This includes both better financial and operating data infrastructure, but also very practical tech-enabled levers such as pricing, procurement, and operational improvement. And the third is capital allocation. A standalone small business can only compare investment opportunities within that one company. We can compare opportunities across nearly 100 businesses and allocate incremental capital towards the places where we believe have the highest return opportunities. And we're starting to see these capabilities all translate into results.

Organic revenue grew 3.4% in the second quarter and 4.2% year-to-date. Organic SME segment EBITDA grew 0.4% in the second quarter and 4.6% year-to-date. Given the seasonality across many of our businesses, we believe year-to-date performance is generally more informative than any individual quarter, because individual businesses can move meaningfully quarter to quarter, and the longer period gives us a better view of the underlying performance of the segment as a whole. And we remain confident in our ability to achieve our organic growth targets for 2026.

Now, on the next slide of 12, the third financial driver is operating leverage. We have spent the last six years building the platform that allows us to acquire, consolidate, and oversee a large number of businesses. We believe the platform is built and it's working. It includes transaction capabilities, financial reporting and controls, operating oversight, data infrastructure, and software that we install. This results – the results of this really show up when we can add more SME segment EBITDA and have the majority of it drop through to consolidated earnings without a linear increase in that platform cost.

We believe that we are now at an important inflection point, and we're starting to see that operating leverage clearly in the financial results. In the second quarter, SME segment EBITDA increased by $6.4 million or 47%, while corporate costs actually declined by approximately $500,000. And you can see the same trend in the ratio to the left of this page, where SME segment EBITDA surpassed our corporate costs in 2025, where we had a 0.5 times ratio of consolidated Pro Forma Adjusted EBITDA to our corporate costs. And our 2026 target will take that ratio to approximately 1.4 times. What that means is that an increasing share of incremental SME segment EBITDA that we grow or buy will drop through to consolidated earnings.

And I'd like to turn it over to Brian on the fourth driver, the cost of capital.

Brian N. Gaebe
Chief Financial Officer, Teamshares, Inc.

Thanks, Alex. Moving to slide 13. As Michael outlined earlier, our transition to a public company, together with the proceeds from the related equity raise, has meaningfully broadened our capital base and given us significantly more flexibility to support our growth trajectory. In the short time since we entered the public markets, we've been encouraged by the debt refinancing options that have opened up to us. In early August, we signed a term sheet for a warehouse facility specifically designed to provide committed capital for acquisition closings, including a material amount to finance businesses currently under LOI.

We're also evaluating alternatives to refinance our existing indebtedness and add incremental capacity to fund our long-term growth plans. In support of these efforts, we've already received multiple non-binding term sheets from potential lenders. The level of engagement we're seeing reinforces our conviction that public company status has expanded our financing toolkit.

Taken together, these initiatives give us confidence in our ability to mature our capital structure and expand capital availability to support disciplined, sustained acquisition growth. This creates a virtuous cycle. As we scale and continue to execute our business strategy, we expect that will translate into a stronger credit profile, which we believe will result in a lower cost of debt and make the returns on every acquisition we pursue even more attractive.

Slide 14 highlights our 2026 guidance. The continued execution on our key financial drivers provides a clear and actionable path to significant EBITDA growth, and we remain confident in our ability to achieve the $60 million Pro Forma Adjusted EBITDA target that we previously published. Acquisitions are expected to be the primary driver of our growth. The going public transaction created strong momentum to line up the capital to close the acquisitions required to hit our target. We have approximately 75% of the target under LOI, and the diligence and closing process for those businesses is well underway. This gives us confidence in achieving our acquisition target.

We believe the depth and quality of the pipeline gives us the ability to achieve our target while remaining disciplined on business quality, valuation, and diligence. Maintaining those underwriting standards is fundamental to generating attractive long-term returns. Outside of acquisitions, we only need to achieve modest organic growth for our operating subsidiaries to meet our plan. Also, we will remain disciplined in managing corporate overhead, which is expected to be contained to a slight increase for the remainder of the year and appears achievable in light of the decrease in the most recent quarter.

Execution on these targets positions us to triple our Pro Forma Adjusted EBITDA within a relatively short period of time. We believe the continued execution of this repeatable playbook will allow us to sustain elevated levels of growth well into the future. This growth will eventually translate into higher free cash flow and allow us to recycle internally generated capital into highly accretive opportunities, truly harnessing the power of our compounding cycle.

Now I'll turn it back over to Michael for closing remarks.

Michael Sutherland Brown

Co-founder, Chief Executive Officer & Director, Teamshares, Inc.

As we transition to Q&A with the research analysts, I'll recap what we're focused on through year-end. First, closing capital transactions for acquisition capacity and debt refinancing. Second, getting $40 million of acquired EBITDA close while maintaining a high bar on company quality, cash flow, and terms. Third, continuing the organic EBITDA growth focus Alex talked about, leveraging our software-driven insights, repeatable levers, and talented team of leaders. Four, continuing to build software and systems that create operating leverage on corporate costs. And fifth, as we always do, remain disciplined about the return and risk profiles as we allocate capital across these activities.

Kyle Nagarkar
Managing Director, Solebury Strategic Communications

Michelle, I'll now turn it over for Q&A.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Our first question is going to come from the line of Owen Rickert with Northland Capital Markets. Your line is open. Please go ahead.

Kyle Nagarkar
Managing Director, Solebury Strategic Communications

A

Owen, are you there?

Owen Rickert
Analyst, Northland Securities, Inc.

Q

I'm sorry, guys. I was on mute. Hey. Congrats on a nice quarter, and thanks for taking my questions here. First for me, are there any verticals where you're seeing any particularly strong deal flow heading into the back half of this year and into next year?

Michael Sutherland Brown
Co-founder, Chief Executive Officer & Director, Teamshares, Inc.

A

Yeah. So we are consistent with our diversified industry strategy, and just for commercial reasons, we don't comment on the mix of companies under backlog. But you can expect more of the same deliberate diversified strategies that meet our structural investment criteria.

Owen Rickert
Analyst, Northland Securities, Inc.

Q

Got it. Got it. Okay. And then just with the Nasdaq listing now complete, capital access is much improved. Are you seeing any change in deal flow quality or pricing multiples? And maybe has that public company profile opened doors to sellers who previously wouldn't engage?

Michael Sutherland Brown
Co-founder, Chief Executive Officer & Director, Teamshares, Inc.

A

Yeah. So the funnel that we had before going public was already robust, right, 15,000 size-qualified opportunities. I think what we're seeing is that companies on the larger end of our range, the $2 million to $5 million, are very excited to engage with Teamshares, and that's where our focus has been as of late.

Owen Rickert
Analyst, Northland Securities, Inc.

Q

Okay. Got it. Got it. And then just on – lastly for me, just on that path to that $60 million pro forma EBITDA, can you walk us through the bridge through the remainder of the year? How much comes from businesses already closed, businesses under LOI, and then just assumed organic growth there?

Brian N. Gaebe
Chief Financial Officer, Teamshares, Inc.

A

Yeah. Absolutely. So, Owen, I would reference slide 14 of our earnings call presentation. Approximately $30 million is expected to come from businesses under LOI. We're targeting at least another $9 million from businesses currently under evaluation but not under LOI. And then our organic growth target remains consistent with the modest growth that we've put out historically, around 3% on an annual basis after the initial year of acquisition. And then we expect to contain corporate overhead increases to $2 million, which represents about a 10% increase relative to the second half of last year and primarily relates to additional cost – compliance costs associated with being a public company.

Owen Rickert
Analyst, Northland Securities, Inc.

Q

Okay. Got it. Thanks, guys. Super helpful. Appreciate it.

Michael Sutherland Brown
Co-founder, Chief Executive Officer & Director, Teamshares, Inc.

A

Thank you.

Operator: Thank you. And one moment for our next question. Our next question is going to come from the line of Giuliano Bologna with Compass Point. Your line is open. Please go ahead.

Giuliano Bologna
Analyst, Compass Point Research & Trading LLC

Q

Good morning, and congrats on both a great quarter and transitioning to a public company. As a first question, obviously the funding structure is extremely important to the Teamshares model in terms of acquiring and rolling up businesses. It looks like you made pretty significant progress around with the LOIs for both new acquisitions. And then also there's some discussion about LOIs for refinancing a large portion of the debt stack. I realize that you haven't closed any of those yet, but when you look at that, is there any indication on pricing? Is there a sense of seeing some of the benefits flow through from being a public company? And do you think there's any potential for funding cost improvements, especially on the current refinancing of the existing debt stack?

Michael Sutherland Brown
Co-founder, Chief Executive Officer & Director, Teamshares, Inc.

A

Yeah. So for both, similarly on acquisitions and on financing, when things are at a non-binding LOI stage, we just have a policy of not commenting on terms, other than we've said that the multiples are generally consistent with what we've done in the past.

Giuliano Bologna
Analyst, Compass Point Research & Trading LLC

Q

That's very helpful. Then when I look forward at the seasonality of the business, just to make sure that we all think about this correctly going forward, is there a rough way that we should think about the seasonality of both revenue and EBITDA for the existing businesses? I realize that things will continue to morph over time as you acquire more businesses.

Michael Sutherland Brown
Co-founder, Chief Executive Officer & Director, Teamshares, Inc.
A

Yeah. Absolutely. So Q1 has historically been our weakest quarter of the year, given consumer spending patterns and winter weather conditions that have impacted outdoor activities. So we had previously disclosed segment EBITDA for Q1 has historically represented about 10% to 15% of the annual total. Q2 and Q3 have historically been on par as our two strongest quarters, and Q4 has been slightly lighter than Q2 and Q3, but still substantially higher than Q1.

Giuliano Bologna
Analyst, Compass Point Research & Trading LLC
Q

That is very helpful. And then thinking about the – again, some of the seasonality, but the pattern of acquisitions. Obviously, you gave us some great color on the call around the timing and how things usually flow through and often close in the fourth quarter. I'm curious, at this point in the year, how active is the pipeline of new business sale opportunities that you're seeing or sorry, it's acquisition opportunities that you're seeing? And in a sense, how much more do you think you can lock and how fast do you think you can lock the rest of the pipeline? And maybe as a related point, I'd be curious historically, kind of what your LOI to close ratio looks like. I realize that it probably moves around a fair amount, given the nature of the businesses that you're acquiring.

Michael Sutherland Brown
Co-founder, Chief Executive Officer & Director, Teamshares, Inc.
A

Yeah. Great series of questions. So starting with the last, our close rate from signed LOI to close transaction is very high. I think we disclosed in the past last year, we signed 10 LOIs and closed 9 of them. In terms of the funnel itself, so obviously you can see in the financials, we closed a couple million of EBITDA year to date. We've got $30 million under LOI and then the remaining to get to the $40 million are active. Not just like theoretical pipeline, like actively negotiated LOIs far exceeds the remainder to get to $40 million. So we're highly confident being able to hit that $40 million number.

Giuliano Bologna
Analyst, Compass Point Research & Trading LLC
Q

That's very helpful. I really appreciate the time and looking forward to watching you guys execute on the strategy. I'll jump back in the queue.

Michael Sutherland Brown
Co-founder, Chief Executive Officer & Director, Teamshares, Inc.
A

Thank you.

Operator: Thank you. And one moment for our next question. Our next question is going to come from the line of Justin Ages with CJS Securities. Your line is open. Please go ahead.

Justin Ages
Analyst, CJS Securities, Inc.
Q

Hi. Morning, all. Thanks for taking the questions. Solid organic growth, around little over 3%. Just wondering if you could parse that a bit and give some commentary around if you saw – or if you closed any subsidiaries that you had previously acquired.

Alexander Eu
Co-founder, President & Director, Teamshares, Inc.

A

Hi. Thank you for the question. So, yes, throughout the course of Teamshares, as we've evolved our acquisition criteria and determined what works best with Teamshares, we have shut down or exited businesses that no longer meet the criteria of what we do. And in this quarter, we did have one subsidiary which shut down. Very subscale, less than $1 million of purchase price, and was subscale, not meaningful to results. And we got through the backlog of businesses that did not meet our criteria in the previous years, and we expect that to be much more limited going forward.

Justin Ages
Analyst, CJS Securities, Inc.

Q

That's helpful. Thanks. And then I know we talked about the capital structure and funding. Just wondering if you could comment on what's constraining the number of acquisitions. And I mean that in the sense of could you do more than 10 or have more than 10 under LOI if you had more analysts, if you had more cash or debt that you could raise?

Michael Sutherland Brown
Co-founder, Chief Executive Officer & Director, Teamshares, Inc.

A

Yeah. If you think about the components of our business model, right, if you thought about it as industrial production, right? It's number of companies available, right, in your funnel, those that you're able to get under LOI reasonable terms, your processing ability to close and onboard, and then your ability to finance. Through the inbound funnel, we have our ability to process all the technology. Our barrier to growth is always at all times financing, and that's why it was always a plan to go public. And so we're confident in our ability to finance the $40 million of EBITDA to acquire this year. And so just in general, you can think of financing and cash flow as the driver and limiter of our growth.

Justin Ages
Analyst, CJS Securities, Inc.

Q

I appreciate the answers. Thank you.

Operator: Thank you.

Michael Sutherland Brown
Co-founder, Chief Executive Officer & Director, Teamshares, Inc.

A

Thank you.

Operator: And one moment for our next question. Our next question is going to come from the line of Brendan McCarthy with Sidoti & Co. Your line is open. Please go ahead.

Brendan McCarthy
Analyst, Sidoti & Co. LLC

Q

Great. Good morning, everybody. Appreciate you taking my questions here. Just curious about purchase multiples. How have purchase multiples trended lately? Which industries are looking relatively more attractive? And maybe you can kind of compare them to the multiples you saw in 2024 and 2025.

Michael Sutherland Brown A

Co-founder, Chief Executive Officer & Director, Teamshares, Inc.

Yeah. So we continue to see multiples that are within our range similar to last year. One thing I would say is that earlier in the call, I mentioned that we have been a little more focused on the $2 million to $5 million EBITDA range. You can often see those multiples more in the 5 to 6 times range rather than the 4 to 5 times range, right? Overall consistent. I think last year, we reported 5.3 times was our average multiple last year, so overall pretty consistent.

And then just in general, we will make sort of end market disclosures in our public filings with closed companies, but just for commercial reasons, we don't comment on specific industries we like or anything like that. What I would say is just another – it's just more of the same, really consistent, diversified approach, durable businesses that meet our structural criteria and businesses that we understand and I think have not only the high confidence in retaining the cash flows that we're acquiring, but a meaningful growth opportunity over the long term.

Brendan McCarthy Q

Analyst, Sidoti & Co. LLC

Understood. Appreciate that insight. And when you look at the organic growth rate of the SME segment EBITDA in Q2, can you remind us of what that rate was and then maybe what you feel to be a normalized run rate there?

Alexander Eu A

Co-founder, President & Director, Teamshares, Inc.

Absolutely. So organic growth is important to us, but importantly, our model doesn't require outsized organic growth. Our core model is to acquire these businesses, maintain and grow the earnings, and then really drive it with acquisition growth and operating leverage at Teamshares. The quarter two organic growth was 0.4%. The year-to-date was 4.6%, and that's above the roughly 3% annual organic growth framework that we've been underwriting to, and we remain comfortable with that framework.

Brendan McCarthy Q

Analyst, Sidoti & Co. LLC

Great. I appreciate the detail there. That's all for me. Thank you.

Operator: And I would like to hand the conference back over to CEO, Michael Brown for closing remarks.

Michael Sutherland Brown

Co-founder, Chief Executive Officer & Director, Teamshares, Inc.

Well, thank you, everyone, for joining us on our first-ever earnings call as a public company, and we look forward to seeing you in November.

Operator: This concludes today's conference call. Thank you for participating, and you may now disconnect. Everyone, have a great day.