

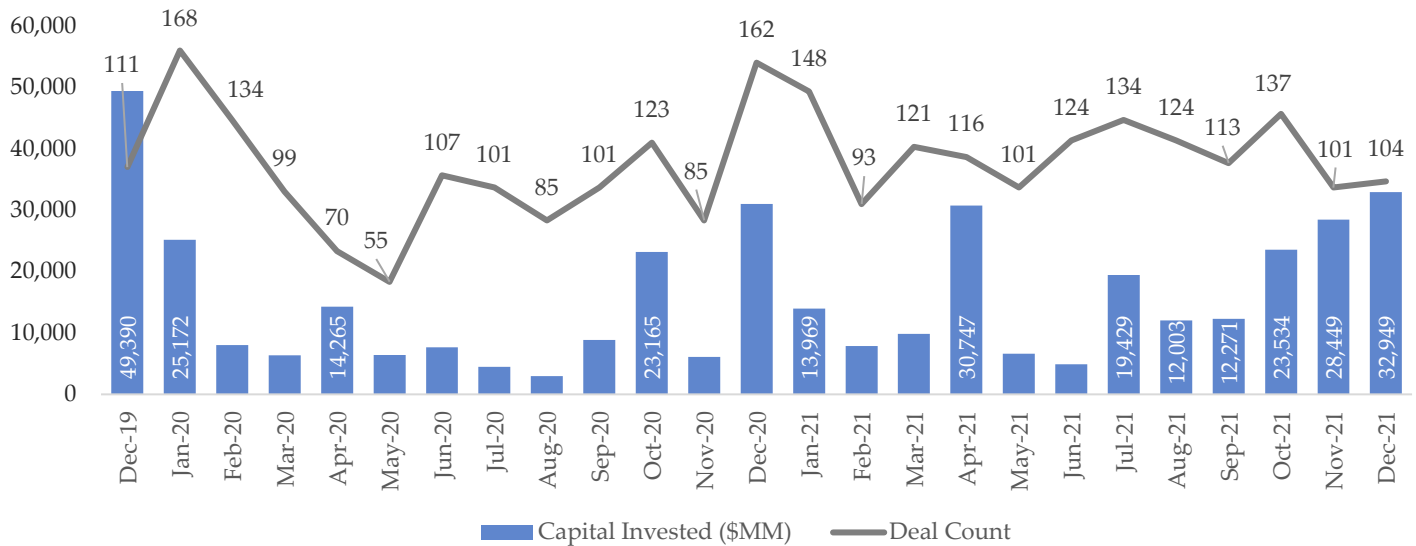


Southeast M&A Report

December 2021

OVERVIEW

Trailing 24 Months M&A Activity



Source: PitchBook

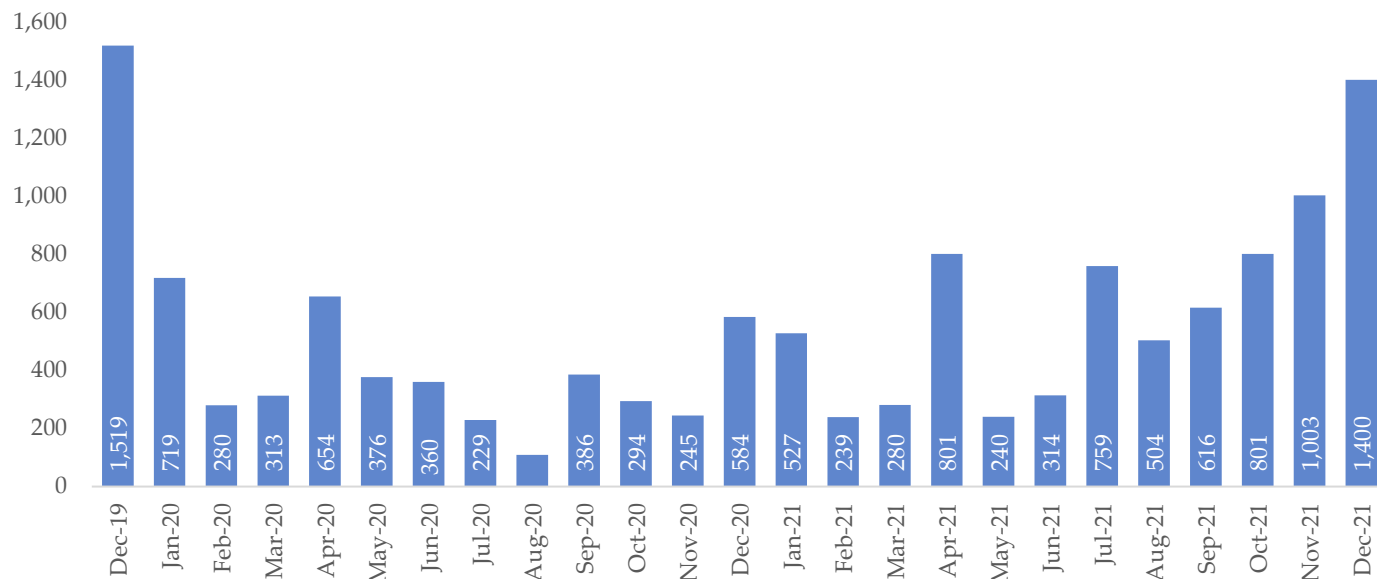
Perspectives on US M&A Market

Southeast M&A activity has continued to rebound as the economy further recovers from the Covid-19 pandemic with 104 deals completed in December 2021 totaling \$32.9 billion. Debt remains historically cheap, and Private Equity dry powder has remained at record high levels throughout 2021. Additionally, higher stock prices have led to strong financing power for M&A activity. This has been reflected through over half of 2021's M&A transactions paid purely through stock or a hybrid of cash and stock, up from 40% in 2020.

An item to watch in the market is the US antitrust policy taking a stronghold. In September, the Federal Trade Commission (FTC) stated that it is expanding its antitrust review to include cross-market effects, effects of transactions on labor markets, and potential post-transaction effects relating to venture capital or private equity ownership. The expansion of antitrust review under the FTC will result in more deals coming under scrutiny and an increase in review timelines for M&A deals. However, in the short term, companies are still pushing through deals without regulators' approval.

Trailing 24 Months Average Monthly M&A Deal Size

(\$ in MM)



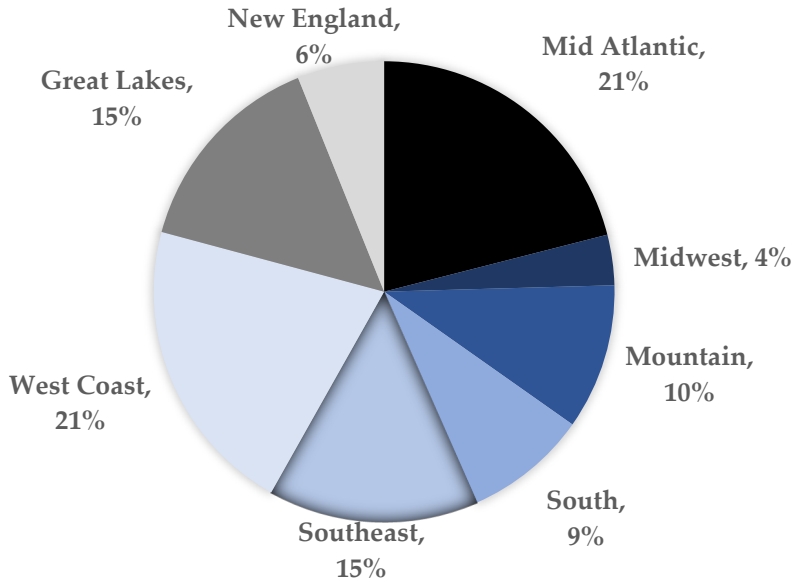
Source: PitchBook

Monthly Analysis

Average monthly deal size has been on an upward trend as the United States continues to move out of the Covid-19 pandemic. Much of this can be attributed to cheap debt and high levels of dry powder, however emerging markets within the technology space have shown incredibly high EV/EBITDA multiples; these high multiples seen within 2021 have also attributed to the steady rise in average monthly deal size.

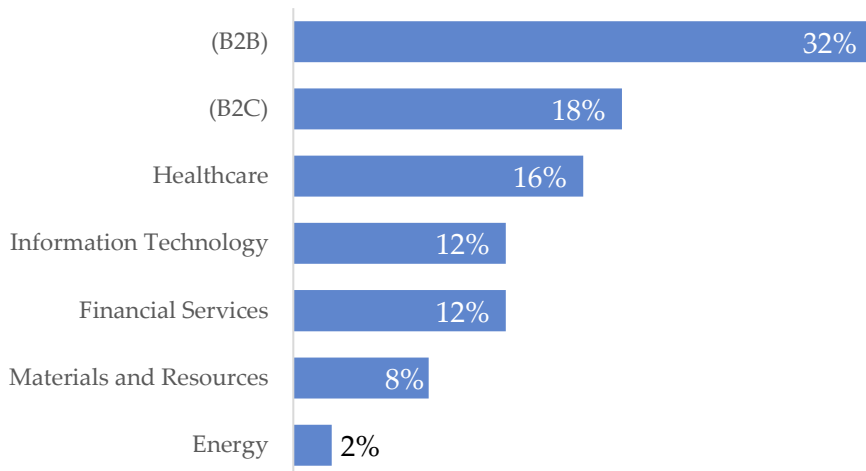
December 2021 continued the trend over the past few months in rising deal size as valuations remain high with cheap debt and an emerging technology sector. Average deal size could see a decline as we move into 2022 with multiple expected interest rate hikes, resulting in more expensive debt and lower valuation ceilings. Until interest rates rise, expect to see increasing growth trends in average monthly M&A deal size.

December 2021 M&A Deal Regionality



The Southeast region totaled 104 of 674 total deals in the month of December 2021 ranking fourth in deal count by region across the United States. The southeast typically rests between 12-16% of total M&A deals across the country.

December 2021 Top M&A Sectors (% of Total Deals)



The B2B and B2C industry sectors dominated the M&A activity in November 2021 combining for 50% of deals. Healthcare, information technology, financial services, energy services, and material and resources sectors followed suit accounting for the other 50%.

December Transaction Highlights

Firehouse Subs / Restaurant Brands International (Florida)

On December 15th, Restaurant Brands International completed its acquisition of Firehouse Subs for \$1 billion. The acquisition adds yet another strong and stable restaurant chain to its existing family of quick-service restaurants.

The logo for ThermoFisher Scientific, with 'ThermoFisher' in red and 'SCIENTIFIC' in black.The logo for PPD, in a bold, dark blue, italicized font.

Pharmaceutical Product Development / Thermo Fisher Scientific (North Carolina)

On December 8th, Thermo Fisher Scientific completed its acquisition of PPD for \$17.4 billion. The acquisition will help to broaden Thermo Fisher Scientific's clinical development spectrum to advance the development and manufacturing of drug products and the management of clinical trial logistics.

Neustar / Transunion (Virginia)

On December 1st, Transunion completed its acquisition of Neustar for \$3.1 billion. The acquisition will enable Transunion to be a go-to provider of identity solutions for marketers and media companies.

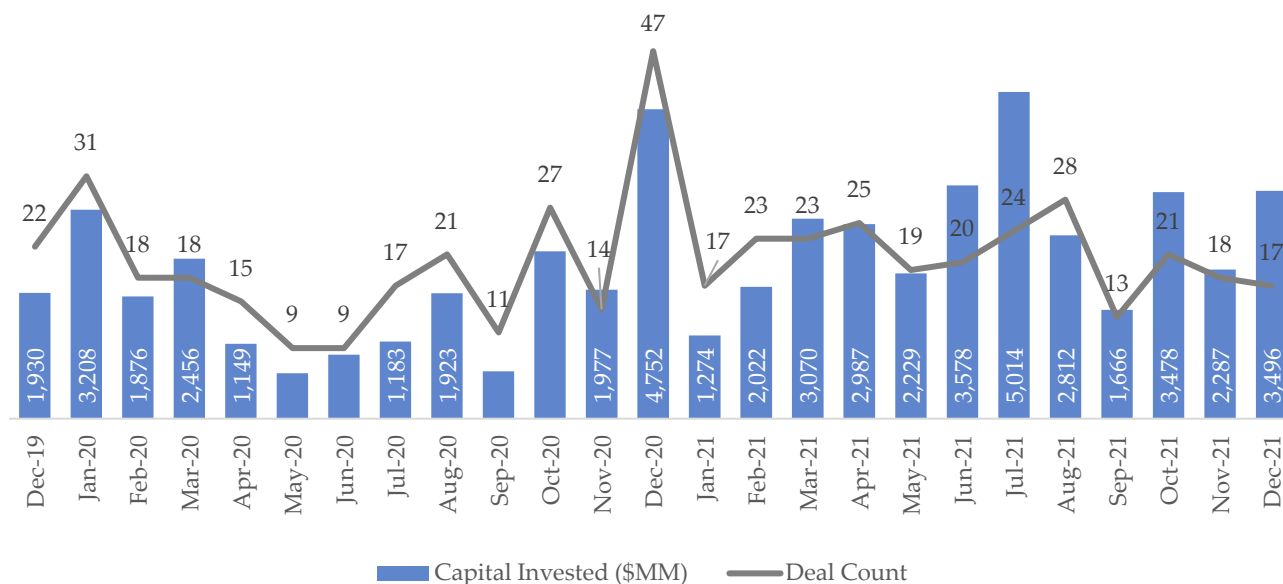


Lower-Middle Market

(\$5MM-500MM Transactions)

Trailing 24 Months M&A Activity

(\$ in MM)



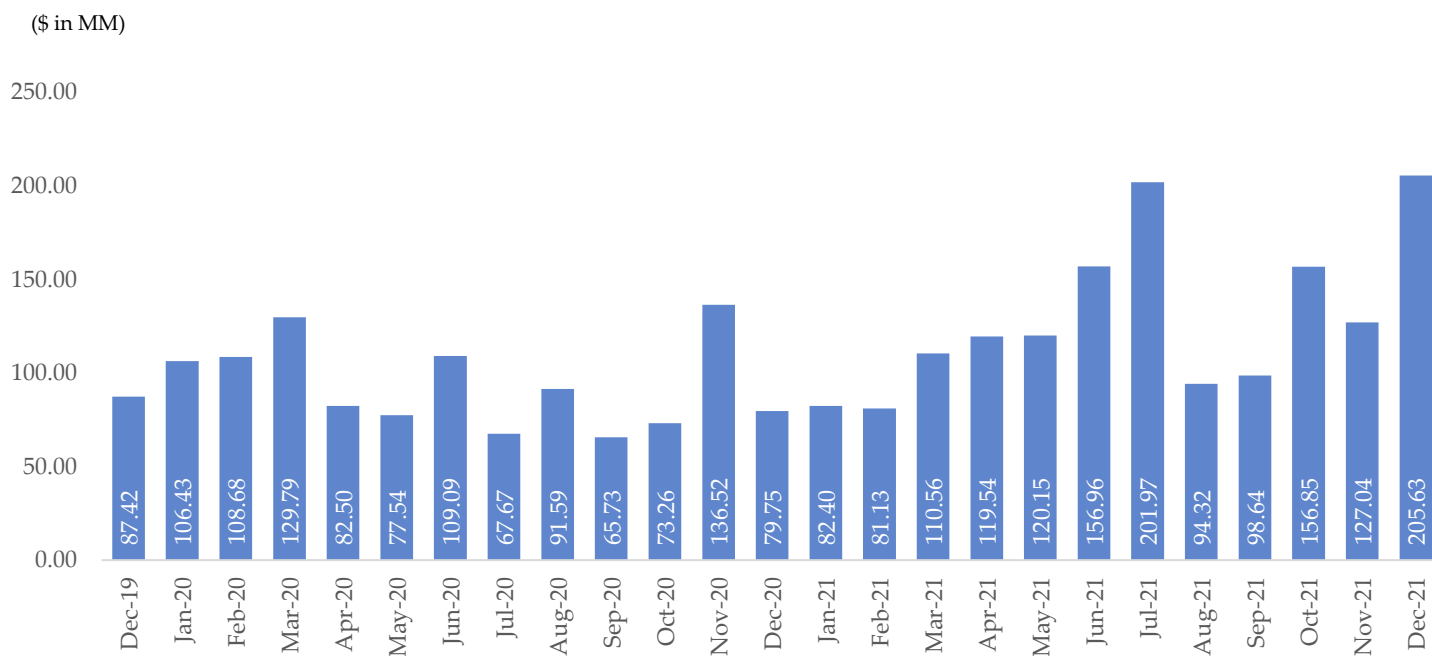
Source: PitchBook

Monthly Analysis

Lower-middle market Southeast M&A activity has followed a similar trend to the broader market as it continues to rebound as the economy further recovers from the Covid-19 pandemic with 17 deals completed in December 2021 totaling \$3.49 billion. Southeast lower-middle market M&A activity has stabled itself out after a drop in September following four months of rising deal counts. As interest rates remain low, monthly deal count in the Southeast should continue to stay steady as we move into 2022.

Healthcare IT and SaaS sectors have seen explosions in M&A activity within the lower-middle market as larger companies look for niche add-ons that provide synergies to maintain a competitive advantage in the two growing competitive markets. The lower-middle market will continue to follow trends of the broader market heading into 2022 with high deal counts and valuations with cheap debt and an abundance of dry powder available.

Trailing 24 Months Average Monthly M&A Deal Size

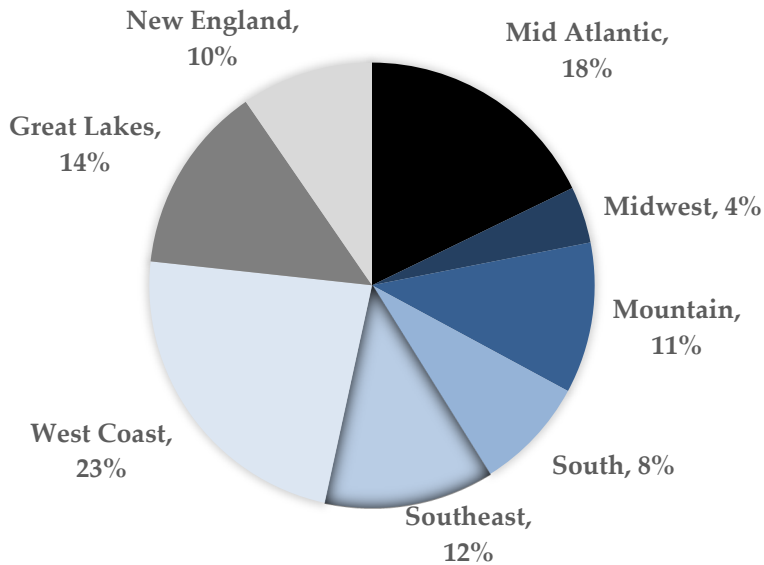


Source: PitchBook

Monthly Analysis

The lower-middle market average deal size has been on a steady upward trend throughout the entirety of 2021. The average deal size in December 2021 came in at \$205.6 million. Average deal size for the entirety of 2021 came in at \$129.6 million. January 2022 is expected to continue along the same trend line as cheap debt, ample dry powder, and high valuations continue to drive deals and deal sizes higher. Expect a decrease in deal size if interest rates are increased later in 2022 as debt will become more expensive and hamper valuations. However, the high valuations seen within the emerging tech and healthcare markets would fight to keep average deal value levels above those seen from in the heart of the Covid-19 pandemic from 2020-2021.

December 2021 M&A Deal Regionality



The Southeast region totaled 17 of 117 total deals in the month of December 2021 ranking fourth in deal count by region across the United States.

Industry Sector Analysis

The healthcare sector is one to watch across the Southeast region over the next 12-18 months. Cities such as Charlotte, Atlanta, and Raleigh are seeing steady rises in smaller niche physician practices and healthcare tech companies. Larger healthcare companies are looking to roll-up these smaller practices and healthcare tech companies as niche add-ons to maintain a competitive advantage in the broader healthcare services and healthcare tech markets; this in turn has led to a boom in healthcare M&A activity within the lower-middle market in the Southeast.

November Transaction Highlights

WestEnd Advisors / Victory Capital Management (North Carolina)

On December 31st, Victory Capital Management completed its acquisition of WestEnd Advisors for \$480 million. The acquisition aims to maximize opportunities for Victory Capital through leveraging complementary capabilities.



Comfort Care Home Health / Aveanna Healthcare (Georgia)

On December 10th, Aveanna completed its acquisition of Comfort Care Home Health for \$345 million. Consolidation within the healthcare services space continued into December as bigger healthcare service companies look to add niche branches to their operations.



Activus Connect / Tech Mahindra (Florida)

On December 3rd, Tech Mahindra completed its acquisition of Activus Connect for \$62 million. The acquisition will strengthen Tech Mahindra's market position as an enabler of work at home customer experience management.



Selected U.S. Lower/Middle Market Transactions for December 2021

Deal Date	Target Companies	Primary Industry Sector	Investors	Company State/Province	Deal Size (\$MM)
31-Dec-2021	WestEnd Advisors	Financial Services	Victory Capital Management (NAS: VCTR)	North Carolina	480.00
30-Dec-2021	WCOV-TV	Consumer Products and Services (B2C)	Entertainment Studios	Alabama	28.50
28-Dec-2021	Kimes & Stone	Business Products and Services (B2B)	Sterling Construction (NAS: STRL)	Mississippi	7.60
28-Dec-2021	BASF (U.S. Attapulgate Business)	Materials and Resources	Clariant International (SWX: CLN)	Florida	60.00
28-Dec-2021	Heights Finance	Financial Services	Curo Financial Technologies (NYS: CURO)	South Carolina	360.00
28-Dec-2021	Senture	Business Products and Services (B2B)	Teleperformance (PAR: TEP)	Kentucky	400.00
21-Dec-2021	Pilot Bancshares	Financial Services	Lake Michigan Credit Union	Florida	96.60
21-Dec-2021	Eve (Air)	Business Products and Services (B2B)	Zanite Acquisition (NAS: ZNTE)	Florida	237.00
21-Dec-2021	Clean Streak Ventures	Consumer Products and Services (B2C)	Mister Car Wash (NYS: MCW)	Florida	390.00
16-Dec-2021	Fazoli's System Management	Consumer Products and Services (B2C)	FAT Brands (NAS: FAT)	Kentucky	130.00
16-Dec-2021	Pilot Co (40 Convenience Stores in Tennessee and Kentucky)	Consumer Products and Services (B2C)	Casey's (NAS: CASY)	Tennessee	220.00
14-Dec-2021	NuScale	Energy	Spring Valley Acquisition (NAS: SV)	Oregon	232.00
13-Dec-2021	Frontier Yarns	Materials and Resources	Gildan Activewear (TSE: GIL)	North Carolina	168.00
13-Dec-2021	Infinite (Business/Productivity Software)	Information Technology	Aries I Acquisition (NAS: RAM)	Florida	171.00
10-Dec-2021	Comfort Care Home Health	Healthcare	Aveanna Healthcare (NAS: AVAH)	Alabama	345.00
09-Dec-2021	Leap Pal Parts And Consumables	Healthcare	Trajan Scientific and Medical (ASX: TRJ)	North Carolina	7.70
08-Dec-2021	Cancer Treatment Centers of America	Healthcare	City of Hope	Florida	390.00
07-Dec-2021	Aerami Therapeutics	Healthcare	FoxWayne Enterprises Acquisition (NAS: FOXW)	North Carolina	58.00
06-Dec-2021	Masterbuilt Manufacturing	Consumer Products and Services (B2C)	Middleby (NAS: MIDD)	Georgia	385.00
03-Dec-2021	Jake Marshall	Business Products and Services (B2B)	Limbach Holdings (NAS: LMB)	Tennessee	26.00
03-Dec-2021	Activus Connect	Information Technology	Tech Mahindra (BOM: 532755)	Florida	62.00
02-Dec-2021	Oscor	Healthcare	Integer (NYS: ITGR)	Florida	220.00
01-Dec-2021	Dynamic Energy Services International (DSS)	Business Products and Services (B2B)	Gulf Island Fabrication (NAS: GIF)	Louisiana	8.00
01-Dec-2021	AMES Taping Tools	Business Products and Services (B2B)	GMS (Georgia) (NYS: GMS)	Georgia	212.50