

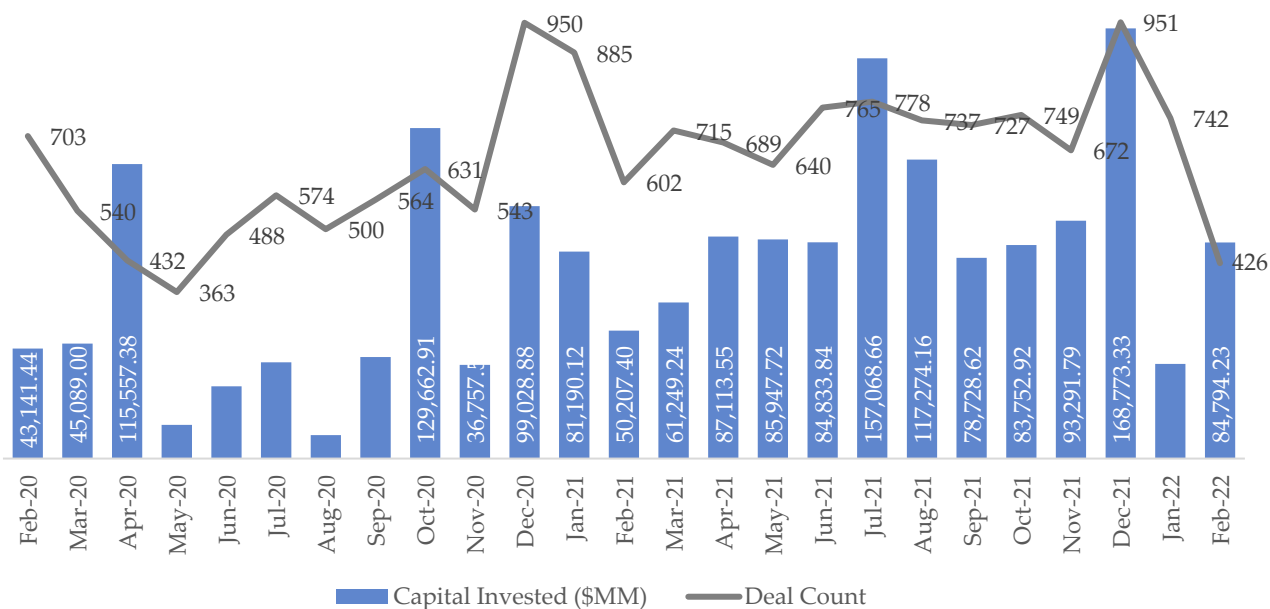


U.S. M&A Report

February 2022

OVERVIEW

Trailing 24 Months M&A Activity



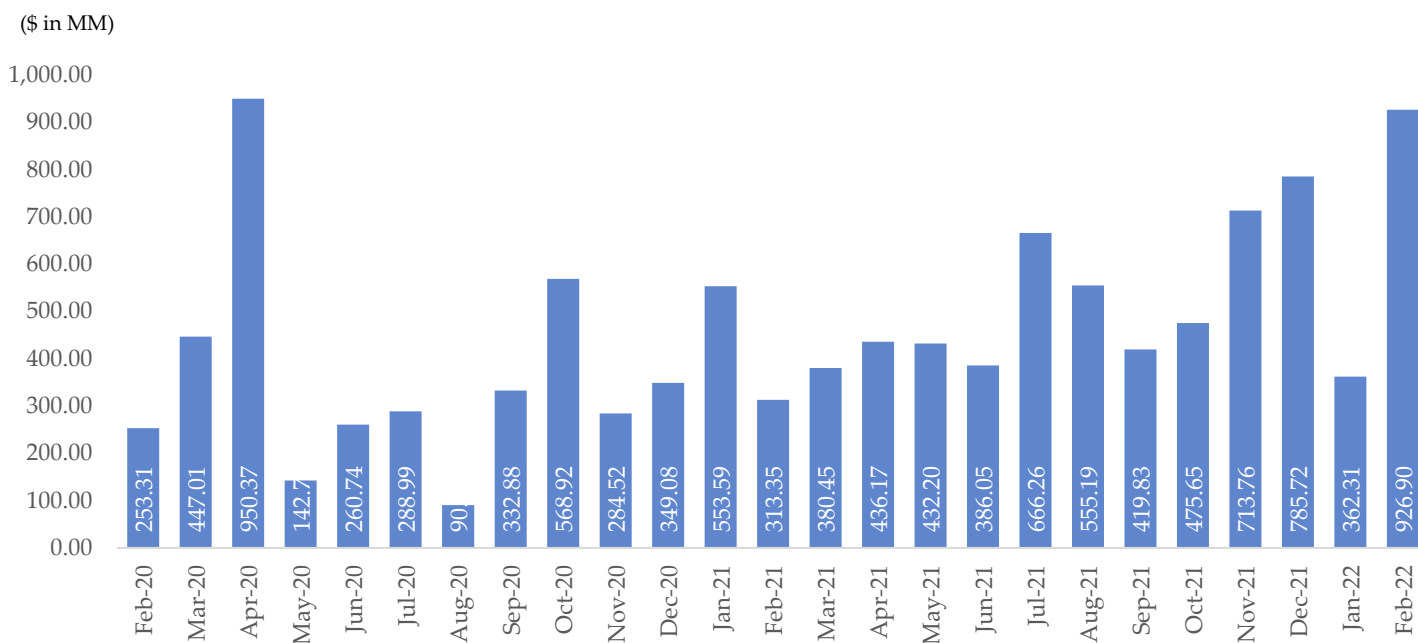
Source: PitchBook

Perspectives on US M&A Market

U.S M&A activity took a dip in deal count in February 2022 dropping to 426 deals completed in comparison to January. However, capital invested more than doubled from the previous month. Companies are using M&A to try and maintain competitive advantages within their respective markets as industry trends transformed under Covid-19.

As we move into 2022, we are unlikely to see a wholesale reversal of the positive economic rebound in 2021. However, with the consumer price index rising 7% annually in the United States, the Federal Reserve intends to begin raising interest rates as soon as April 2022. These inevitable interest rate hikes will increase the cost of capital, reducing the buying power of firms. Therefore, it's expected that the M&A market will remain strong through the first half of 2022, slowing in pace in the latter half of the year.

Trailing 24 Months Average Monthly M&A Deal Size



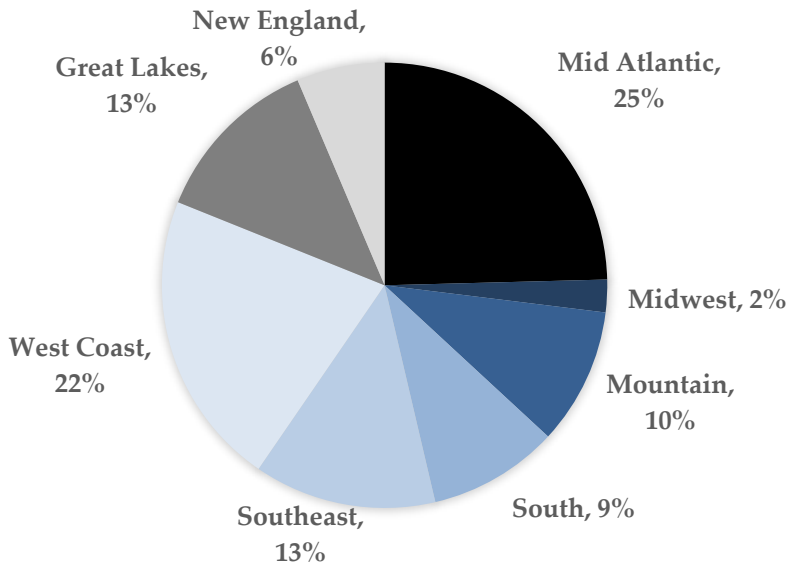
Source: PitchBook

Monthly Analysis

Average monthly deal size is on an upward trend as the United States continues to move out of the Covid-19 pandemic. Cheap debt, high levels of dry powder, and tech-emerging markets have driven EV/EBITDA multiples higher as seen over the last twenty-four months.

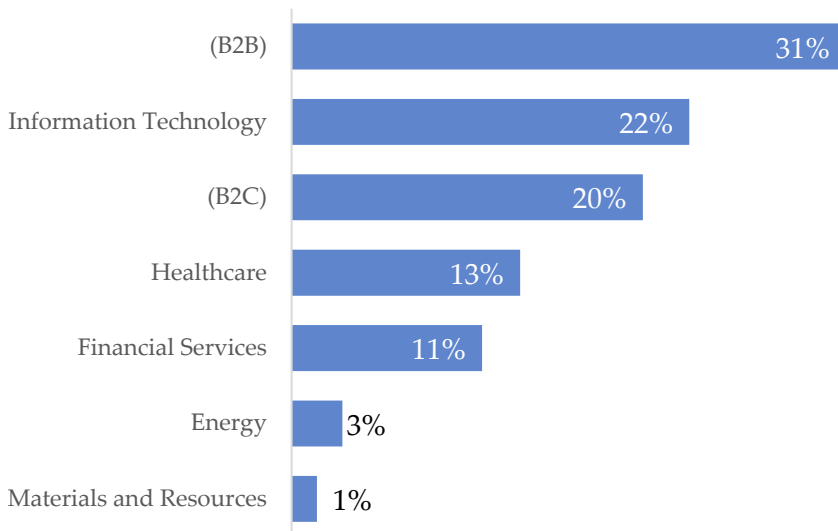
Average deal size in February 2022 can be attributed to a few larger transaction that took place such as Advanced Micro Devices \$35 Billion acquisition of Xilinx. Average deal size could see a decline in comparison to YoY numbers as we move into 2022 with multiple expected interest rate hikes, resulting 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.

February 2022 M&A Deal Regionality



The Mid-Atlantic and West Coast led the U.S. regions in percent of deals done in February 2022 coming in with 104 and 91 deals, respectively. The Southeast, Great Lakes, and Mountain regions followed suit with 56, 53, and 42 deals, respectively.

February 2022 Top M&A Sectors (% of Total Deals)



The B2B and information technology sectors led M&A activity in February 2022 combining for 53% of deals. B2C, healthcare, financial services, energy services, and material and resources sectors followed suit accounting for the other 47%. The information technology sector has continued its hyper-growth stage as technological advancements continue in the U.S.; the sector is expected to continue to boom in the M&A market as larger firms look for add-ons and synergies to maintain a competitive advantage in the market.

February Transaction Highlights

Advanced Micro Devices / Xilinx (California)

On February 14th, Advanced Micro Devices acquired Xilinx for \$35 billion. The acquisition combines the two companies differentiated IP to create the industry's adaptive computing leader.



Enterprise Products Partners/ Navitas Midstream Partners (Texas)

On February 17th, Enterprise Products Partners (NYSE: EPD) acquired Navitas Midstream partners for \$3.5 billion. The acquisition gives Enterprise a strong foothold for natural gas gathering in the core of the Midland Basin of the Permian.

Merck / Exelead (Indiana)

On February 23rd, Merck acquired Exelead for \$780 million. The acquisition further enables Merck to capture a strong share of the fast-growing mRNA therapy market.

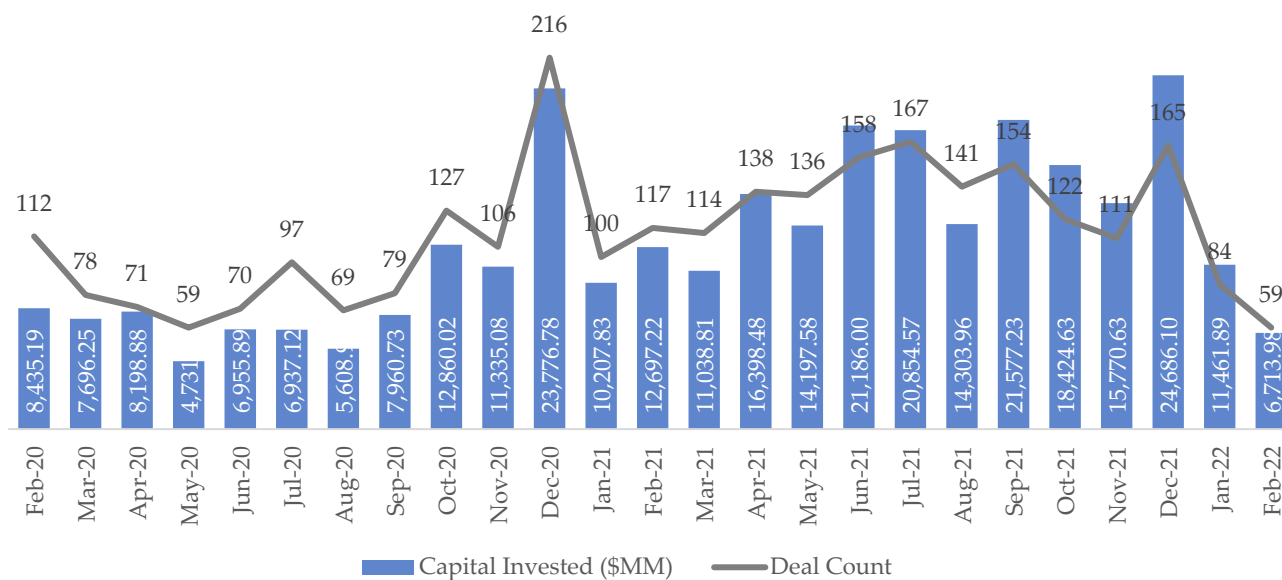


Exelead
Complex Drug Product Formulations

Lower-Middle Market

(\$5MM-500MM Transactions)

Trailing 24 Months M&A Activity



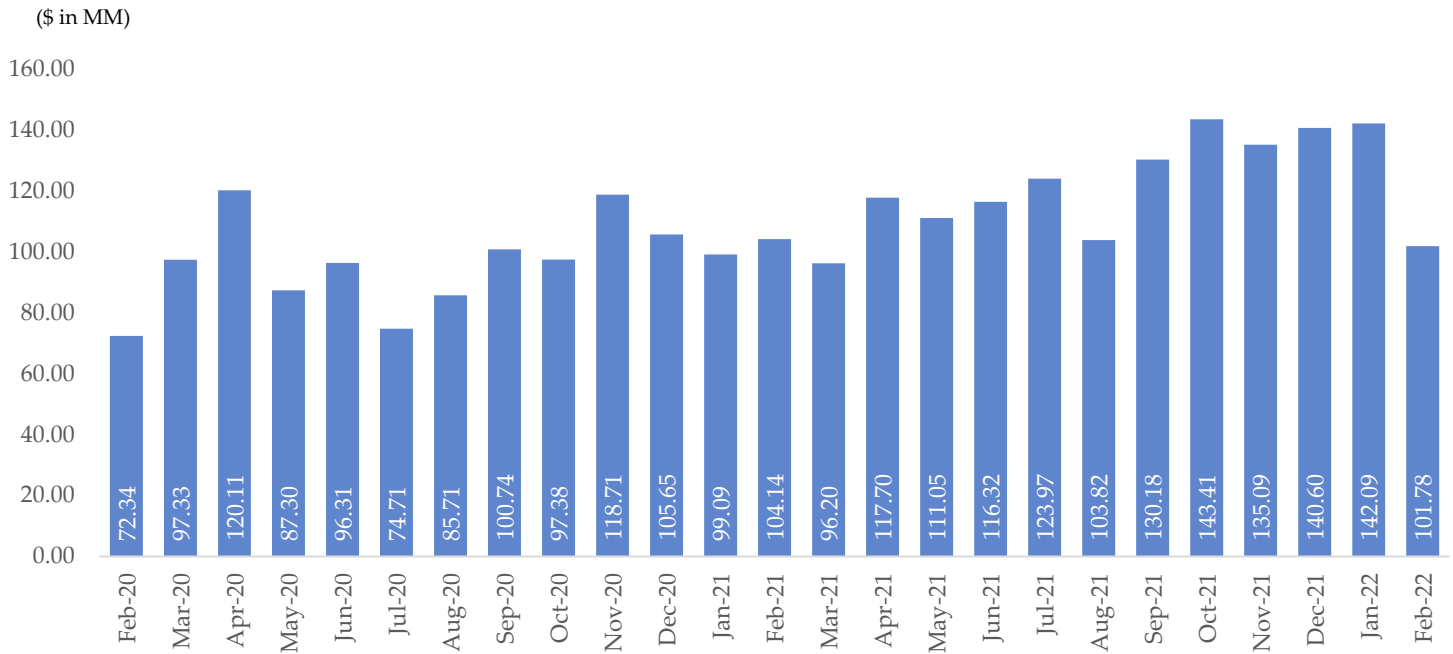
Source: PitchBook

Monthly Analysis

Lower-middle market U.S M&A activity has followed a similar trend to the broader market as February saw a dip in deal count. While some deals may not be accounted for on Pitchbook, the decline does make sense due to the typical push to get deals done by years end. As interest rates remain low, monthly deal count in the United states should climb back to levels seen in 2021 over the coming months. However, an increase in interest rates could deter such a climb.

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 as we head further into 2022 with eyes set on the FED's decisions on when and how many interest rate hikes will be put in place.

Trailing 24 Months Average Monthly M&A Deal Size

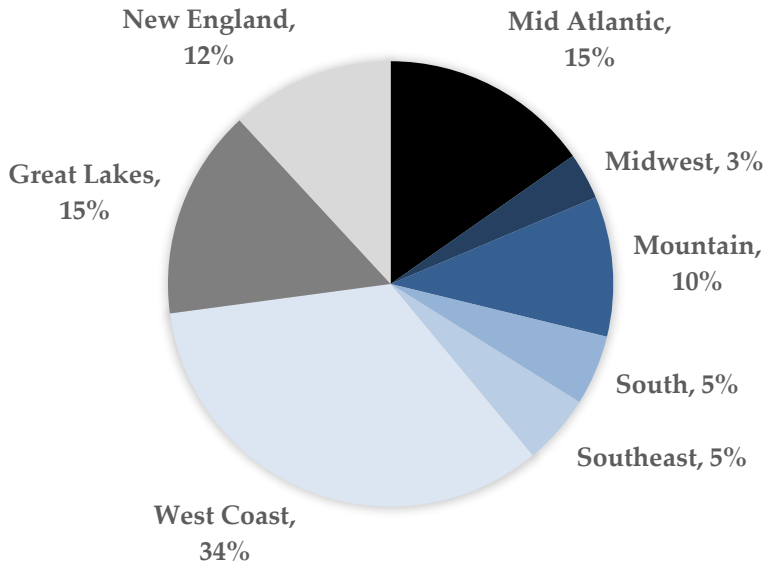


Source: PitchBook

Monthly Analysis

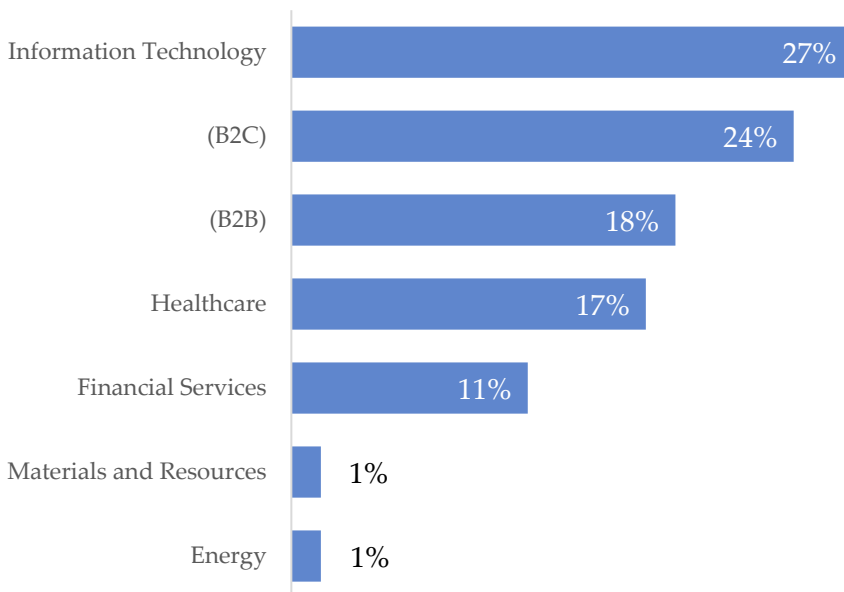
The lower-middle market average deal size has been on a steady upward trend throughout the entirety of 2021. However, there was a fall-off in February of 2022. This can be attributed to a smaller deal count with many of the larger mergers in the works in 2021 wrapping up before years end. Average deal size should climb in March with interest rates still low. However, expect a decrease in average 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 will fight to keep average deal value levels above those seen from in the heart of the Covid-19 pandemic from 2020-2021.

February 2022 M&A Deal Regionality



The West Coast led U.S. regions in February 2022 coming in 20 completed deals. The Great Lakes, Mid-Atlantic, and New England regions followed suit with 35 deals between the three. The Southeast was home to one of the largest mergers of February 2022 within the lower-middle market with Spectrum Brand's acquisition of Tristar Products for \$450 million.

February 2022 Top M&A Sectors (% of Total Deals)



The information technology, B2C, and B2B industry sectors dominated the M&A activity in February 2022 combining for 69% of deals. Healthcare, financial services, material and resource, and energy service sectors followed suit accounting for the other 31%. The healthcare sector has continued its hyper-growth stage within the lower-middle market as well as many firms in it are sought after for niche add-ons for larger healthcare companies.

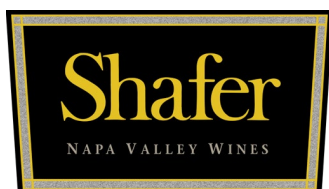
February Transaction Highlights

Spectrum Brands / Tristar Products *(Florida)*

On February 18th, Spectrum Brands acquired Tristar Products for \$450 million. The acquisition adds highly complimentary and synergetic leading market share positions for Spectrum Brands in the cooking space.

The logo for Spectrum Brands, with 'Spectrum' in blue and 'Brands' in green.

SHINSEGAE PROPERTY



Shinsegae Property / Shafer Vineyards *(California)*

On February 15th, Shinsegae Property acquired Shafer Vineyards for \$250 million. The acquisition is aimed at expanding Shinsegae's market share in domestic wine production, having shown elevated growth in recent years.

CHW Acquisition / Wag! *(California)*

On February 3rd, CHW Acquisition acquired Wag! for \$350 million. The acquisition will help strengthen strategic initiatives of the two companies, working to consolidate the pet wellness and services space,

The logo for CHW Acquisition Corp, with 'CHW' in a large, bold, blue sans-serif font above 'Acquisition Corp' in a smaller, blue sans-serif font.The logo for Wag!, with the word 'Wag!' in a large, bold, green sans-serif font.

Selected U.S. Lower/Middle Market Transactions for February 2022

Deal Date	Target Company	Investors	Primary Industry Sector	Company State/Province	Deal Size (\$MM)
25-Feb-2022	Fortune Financial (Arnold)	Southern Bank (Greg Steffens)	Financial Services	MO	29.90
24-Feb-2022	Infutor Data Solutions	Verisk Analytics	Business Products and Services (B2B)	IL	223.50
24-Feb-2022	Input-Ace	Axon Enterprise	Information Technology	WA	26.00
24-Feb-2022	Sundog	eEducation Albert	Information Technology	NY	9.27
23-Feb-2022	BA Insight	Upland Software (Rod Favaron)	Information Technology	MA	34.00
23-Feb-2022	Nuverra Environmental Solutions	Select Energy Services (John Schmitz)	Business Products and Services (B2B)	TX	45.00
21-Feb-2022	Artscape	Embellence Group (Olle Svensk)	Consumer Products and Services (B2C)	OR	20.00
21-Feb-2022	International Light Technologies	Ocean Insight (Michael Edwards)	Business Products and Services (B2B)	MA	26.60
18-Feb-2022	Synthesis VR	Immersive Tech (Tim Bieber)	Information Technology	CA	7.72
18-Feb-2022	Tristar Products (Appliance and Cookware Business)	Spectrum Brands (David Maura)	Consumer Products and Services (B2C)	FL	450.00
17-Feb-2022	LevelCredit	Self Financial (James Garvey)	Information Technology	MN	65.00
16-Feb-2022	AdRizer	Vinco Ventures (Lisa King)	Business Products and Services (B2B)	FL	108.00
16-Feb-2022	Bioniz Therapeutics	Equillium (Bruce Steel)	Healthcare	CA	329.00
16-Feb-2022	Retriever Solutions	Vista Group (New Zealand) (Leon Newnham)	Consumer Products and Services (B2C)	CO	6.50
15-Feb-2022	BizSecure	HUMBL (Brian Foote)	Information Technology	CA	6.80
15-Feb-2022	Covenant Living of Keene	Covenant Living (Terri Cunliffe)	Healthcare	NH	33.00
15-Feb-2022	First Midwest Bank	Old National Bank (James Ryan)	Financial Services	IL	6.50
15-Feb-2022	Rebecca Minkoff	Sunrise Brands (Gerard Guez)	Consumer Products and Services (B2C)	NY	16.00
15-Feb-2022	Shafer Vineyards	Shinsegae Property	Consumer Products and Services (B2C)	CA	250.00
15-Feb-2022	Zenefits	TriNet Group (Burton Goldfield)	Information Technology	CA	220.00