



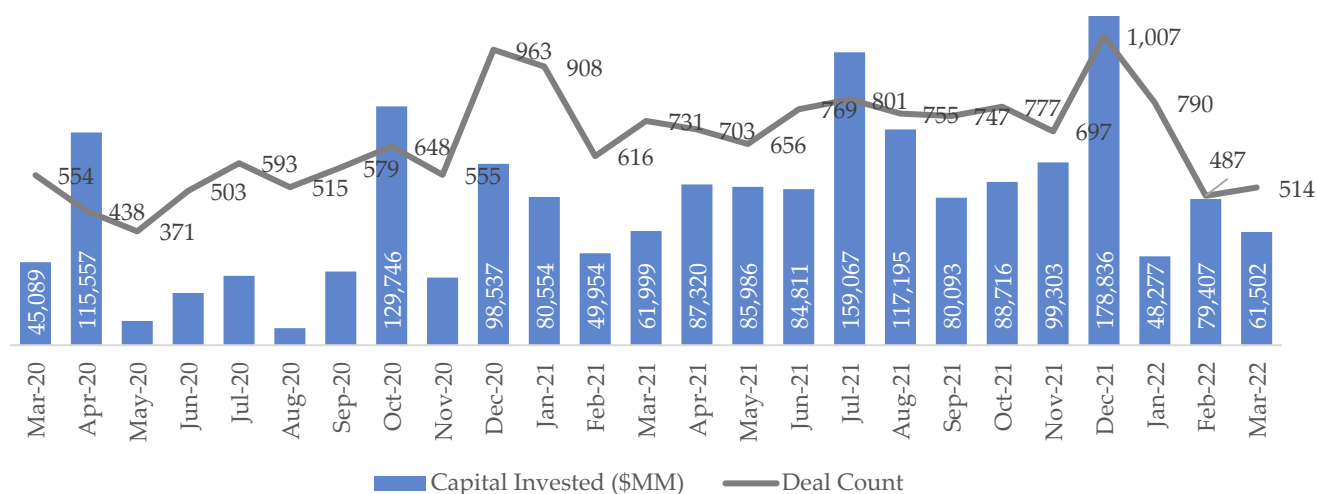
U.S. M&A Report

March 2022



OVERVIEW

Trailing 24 Months M&A Activity



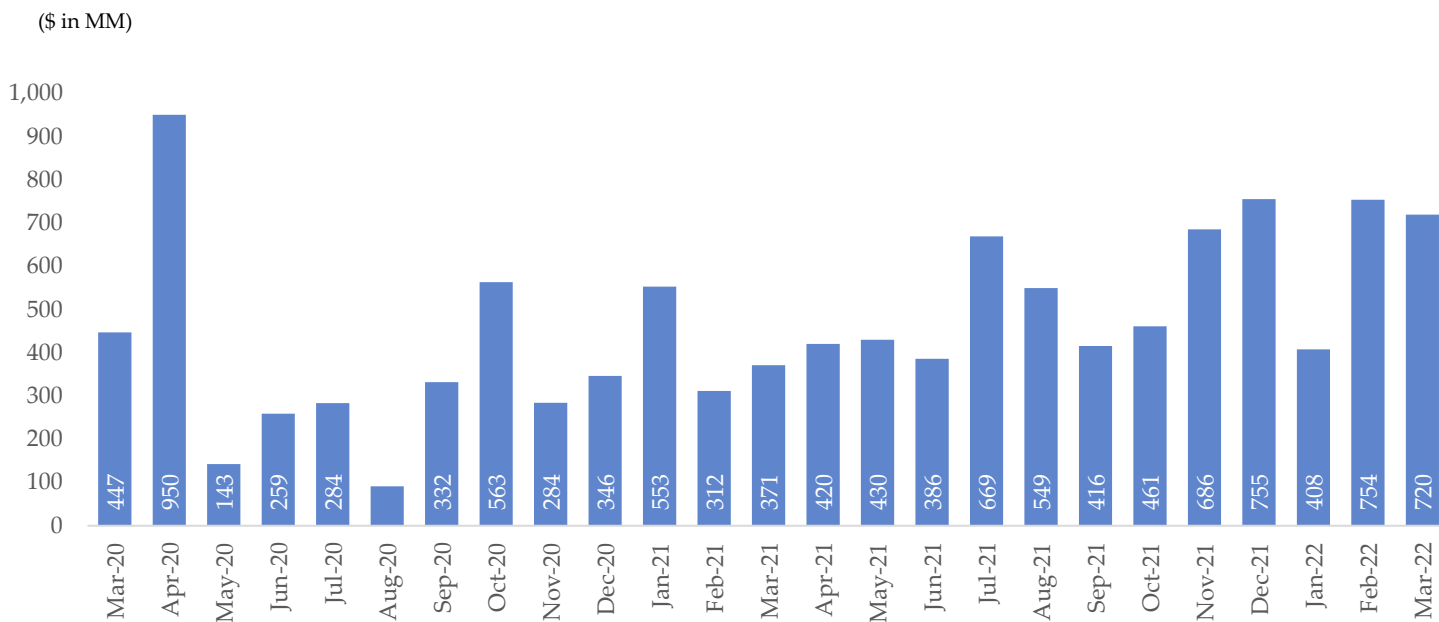
Source: PitchBook

Perspectives on US M&A Market

U.S M&A activity rebounded slight in March from February with 514 deals completed in the month of March. However, March continued February's trend of the lowest number of deals completed in a month since June of 2020. Capital invested took a small dip comparative to February. 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 8.5% annually in the United States, the Federal Reserve is expected to raise interest rates again in May and June of this year with more to follow as the year moves on. 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



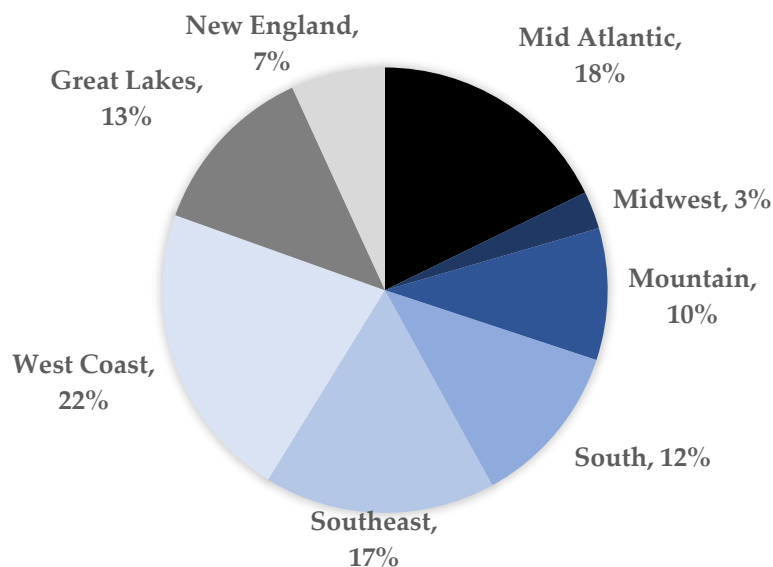
Source: PitchBook

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.

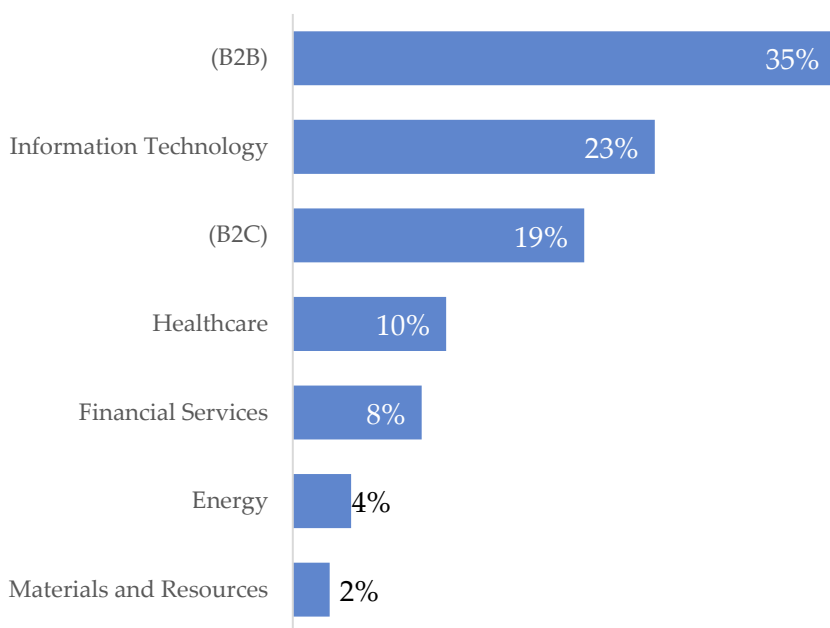
Average deal size in March 2022 can be attributed to a multiple multi-billion-dollar transactions that took place. Average deal size could see a decline in comparison to YoY numbers as we move into 2022 with multiple expected interest rate hikes, resulting in more expensive debt and lower valuation ceilings. Until interest rates rise, expect to see higher average monthly M&A deal sizes.

March 2022 M&A Deal Regionality



The West Coast and Mid-Atlantic led the U.S. regions in percent of deals done in March 2022 coming in with 111 and 91 deals, respectively. The Southeast, Great Lakes, and South regions followed suit with 86, 65, and 61 deals, respectively.

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



The B2B and information technology sectors led M&A activity in March 2022 combining for 58% of deals. B2C, healthcare, financial services, energy services, and material and resources sectors followed suit accounting for the other 42%. 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.

March Transaction Highlights

Owens & Minor / Apria (Indiana)

On March 29th, Owens & Minor acquired Apria for \$1.6 billion. The acquisition combines complementary product portfolios of Apria and Byram to enhance patient service in the hospital and at home.



The Goldman Sachs Group/ GreenSky (Georgia)

On March 29th, The Goldman Sachs Group acquired GreenSky for \$2.24 billion. The acquisition adds to the company's consumer-banking platform through its payment plans to customers with home-improvement or healthcare needs.

SoFi / Technisys (Florida)

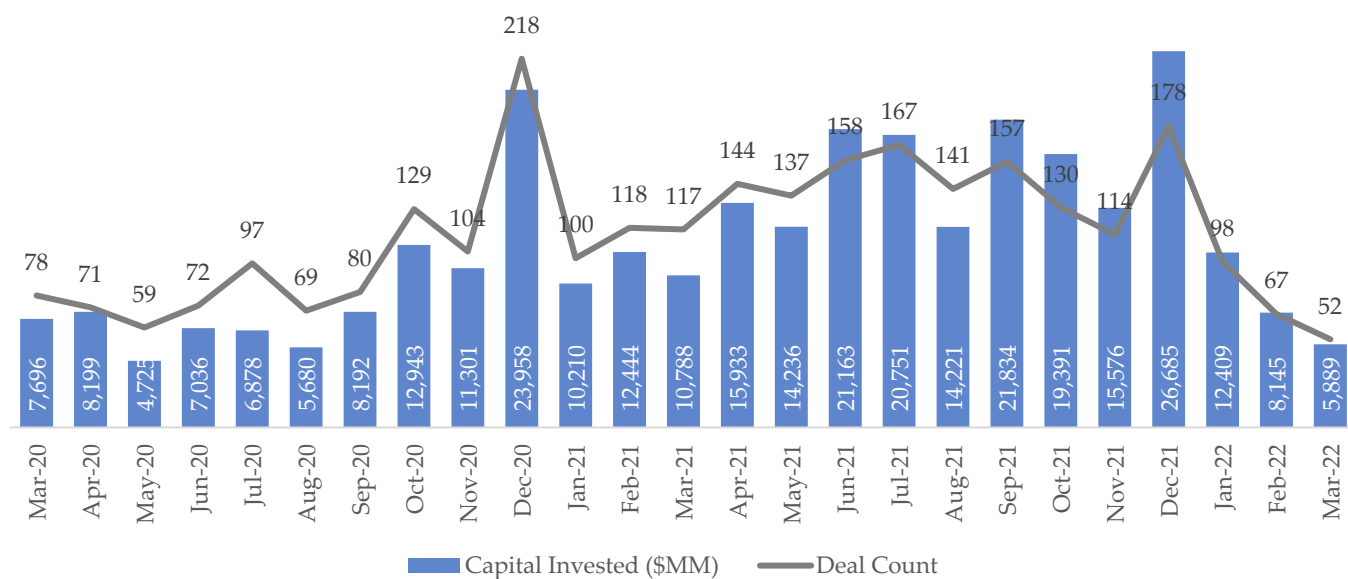
On March 3rd, SoFi acquired Technisys for \$1.1 billion. Technisys will accelerate SoFi's development of its full-stack, multi-product digital banking platform.



Lower-Middle Market

(\$5MM-500MM Transactions)

Trailing 24 Months M&A Activity



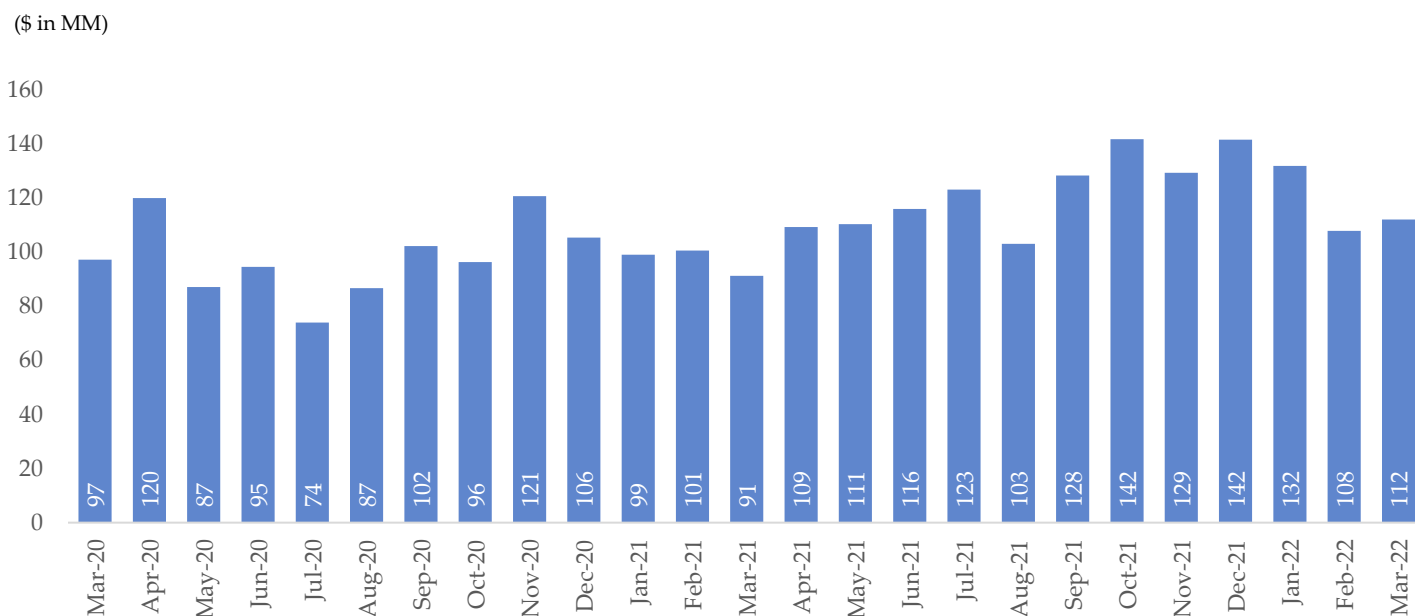
Source: PitchBook

Monthly Analysis

Lower-middle market U.S M&A activity has followed a similar trend to the broader market as March with lower deal counts to start the year. 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. Deal counts should see a rise over the next few months with PE firms still having dry powder on hand. However, an increase in interest rate hikes over the middle half of the year could thwart deal count numbers seen in 2021.

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

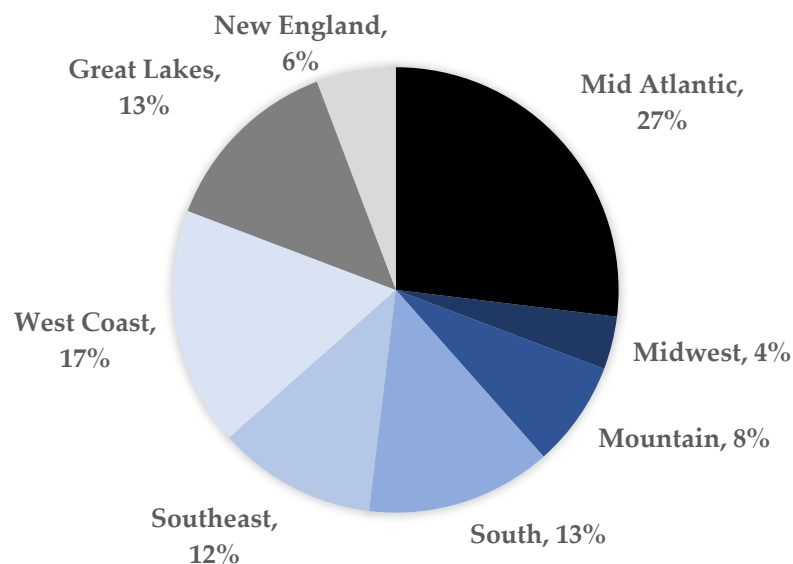


Source: PitchBook

Monthly Analysis

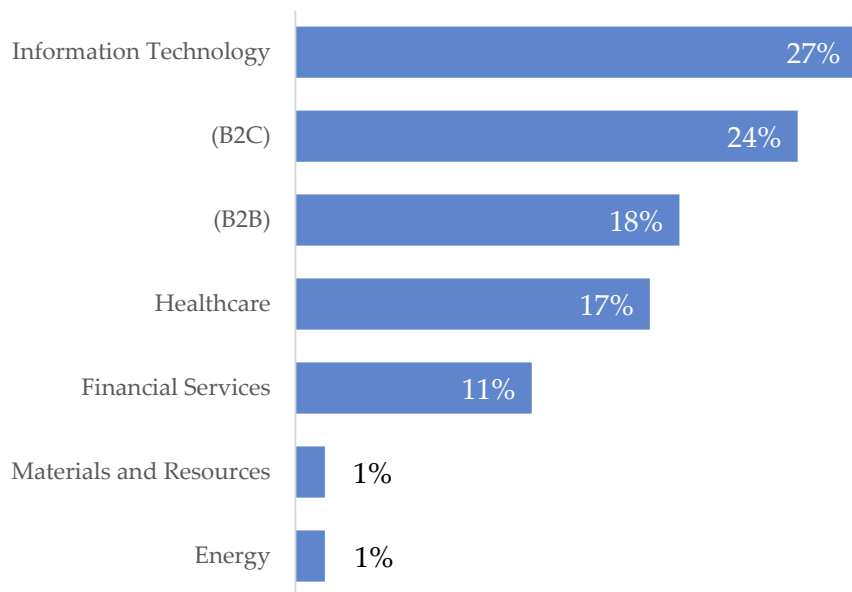
The lower-middle market average deal size has been on a steady upward trend throughout the entirety of 2021. However, there was a fall-off in March of 2022. This can be attributed to a smaller deal count with many of the larger mergers in the works in 2021 wrapping up before years end. Average deal size should climb in April 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.

March 2022 M&A Deal Regionality



The Mid-Atlantic led U.S. regions in March 2022 coming in 14 completed deals. The West Coast, Great Lakes, and South regions followed suit with 23 deals between the three.

March 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.

March Transaction Highlights

SmartRent / SightPlan (Florida)

On March 24th, SmartRent acquired SightPlan for \$135 million. The acquisition helps to advance SmartRent's array of cloud-based SaaS solutions in the property and resident management space.



Novan / EPI Health (South Carolina)

On March 11th, Novan acquired EPI Health for \$27.5 million. The acquisition will help Novan get a complimentary commercial infrastructure to driver the commercial launch of SB206.

Signify Health / Caravan Health (Missouri)

On March 1st, Signify Health acquired Caravan Health for \$300 million. The acquisition will widen the spectrum of advanced healthcare payment models for Signify Health.



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

| Deal Date | Target Company | Investors | Primary Industry Sector | Company State/Province | Deal Size (\$MM) |
|-------------|-------------------------------|--------------------------------|--------------------------------|------------------------|------------------|
| 28-Mar-2022 | Digital Media Rights | Cinedigm | Business Products and Services | NY | 16.40 |
| 28-Mar-2022 | NetFortris | Sangoma Technologies | Information Technology | TX | 80.00 |
| 28-Mar-2022 | RE2 Robotics | Sarcos | Information Technology | PA | 100.00 |
| 28-Mar-2022 | Resonant | Murata | Information Technology | TX | 315.00 |
| 25-Mar-2022 | Mitchell-Vance Laboratories | Alliance Pharma | Healthcare | CT | 19.40 |
| 25-Mar-2022 | Terran Orbital | Beach Point Capital Management | Business Products and Services | FL | 470.00 |
| 24-Mar-2022 | SightPlan | SmartRent | Information Technology | FL | 135.00 |
| 24-Mar-2022 | Unbxd | Netcore Cloud | Information Technology | CA | 100.00 |
| 23-Mar-2022 | Kamps Propane | Superior Plus | Energy | CA | 240.00 |
| 22-Mar-2022 | Converge Direct | Troika Media Group | Business Products and Services | NY | 125.00 |
| 18-Mar-2022 | iOLAP | Elixirr International | Information Technology | TX | 40.00 |
| 17-Mar-2022 | University of Antelope Valley | Genius Group | Consumer Products and Services | CA | 30.00 |
| 16-Mar-2022 | Cardiac Insight | Dreamtech | Healthcare | WA | 22.62 |
| 15-Mar-2022 | Computex Technology Solutions | Calian Group | Information Technology | TX | 30.00 |