

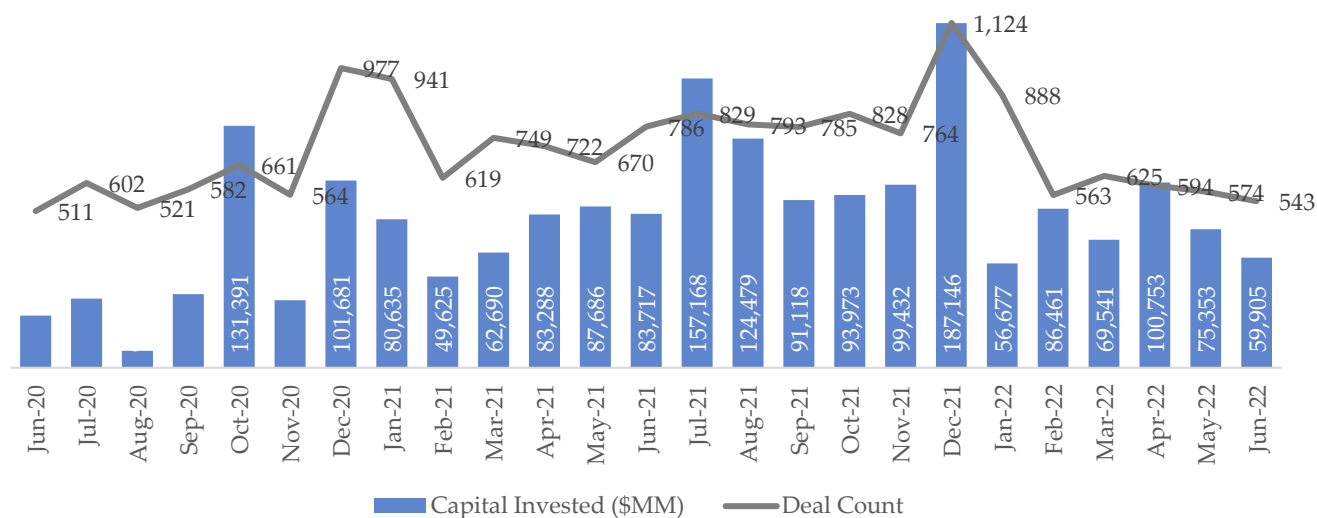


U.S. M&A Report

June 2022

OVERVIEW

Trailing 24 Months M&A Activity



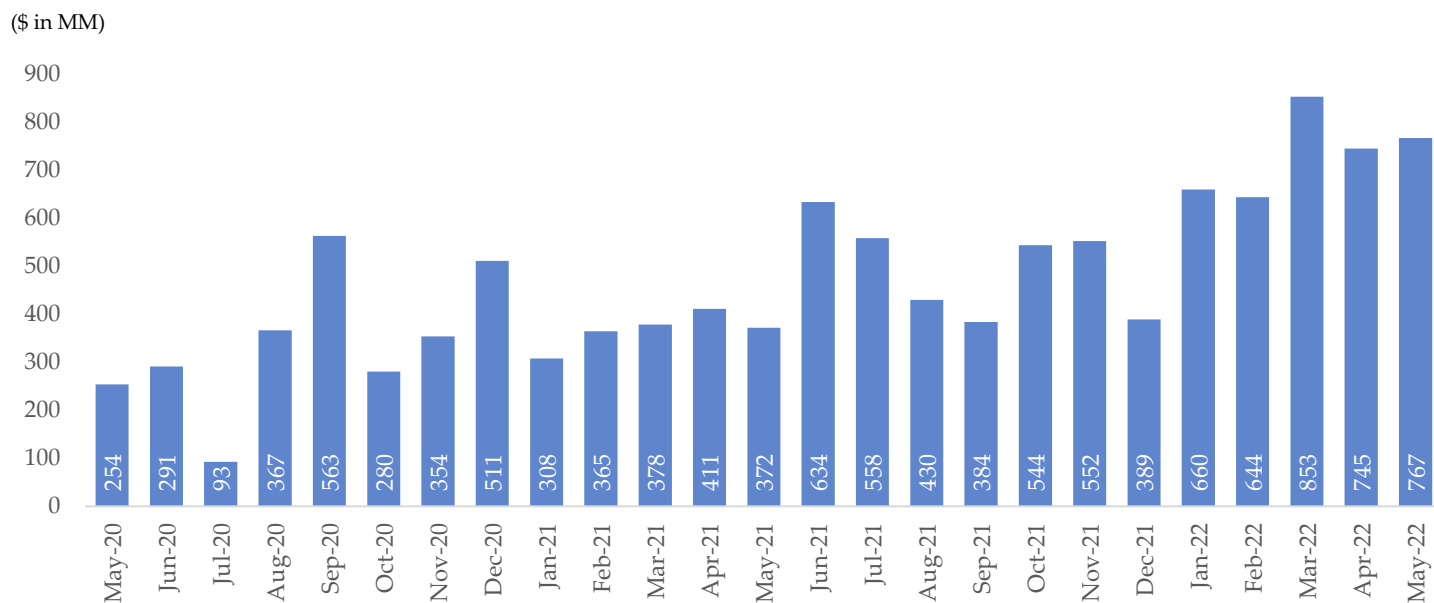
Source: PitchBook

Perspectives on US M&A Market

There were 543 deals completed in June of 2022. Deal count YoY is lower for Q2 2022 than Q2 2021. Capital invested took a small dip comparative to May. Companies are using M&A to try and maintain competitive advantages within their respective markets as industry trends transformed under Covid-19.

As Q2 has come to a close, deal counts have begun to slow down with the uncertainty in the current market. High-growth stocks have tumbled under fear of higher interest rates leading to an increase in discount rates. This would in turn drag down valuations seen over the past year and further stifle M&A activity going forward. The Fed plans for more interest rate hikes in 2022 in hopes to curve rampant inflation in the United States.

Trailing 24 Months Average Monthly M&A Deal Size



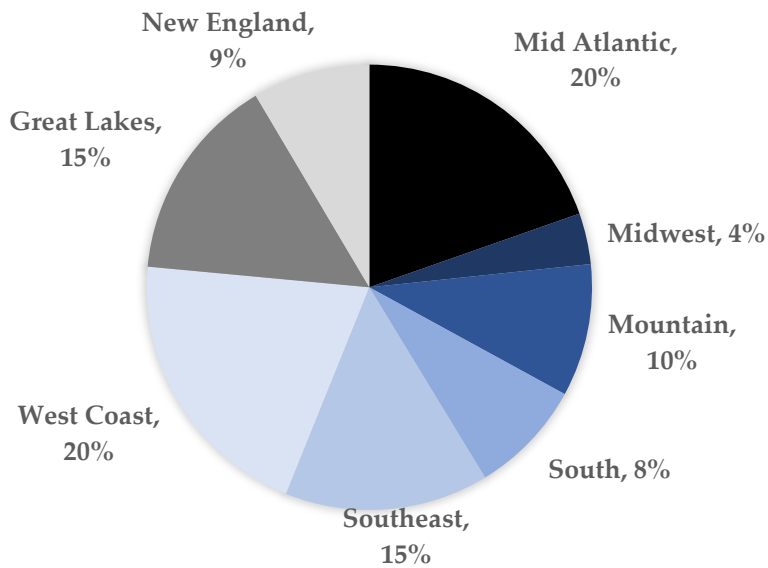
Source: PitchBook

Monthly Analysis

Average monthly deal size is on an upward trend as the United States continues to move out of the Covid-19 pandemic. Dry powder levels remain high and tech-emerging markets have driven EV/EBITDA multiples higher as seen over the last twenty-four months. However, this should adjust over the coming months as interest rates rise.

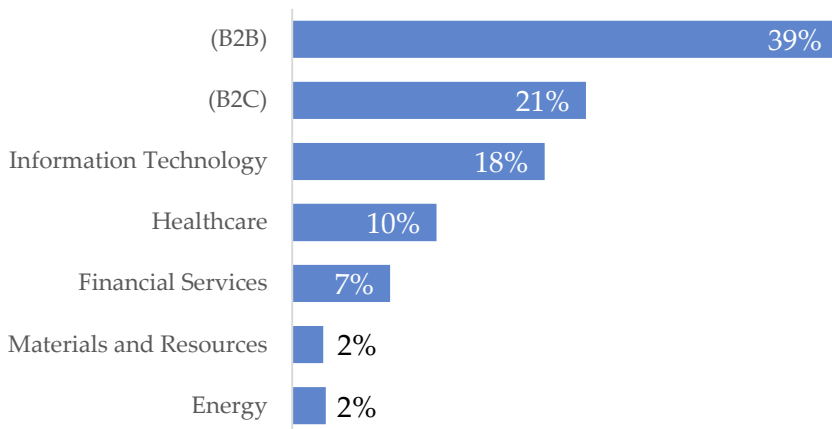
Average deal size in June 2022 can be attributed to multiple multi-billion-dollar transactions that took place. Average deal size could see a decline in comparison to YoY numbers as we move deeper into 2022 with multiple expected interest rate hikes, resulting in more expensive debt and lower valuation ceilings.

June 2022 M&A Deal Regionality



The West Coast and Mid-Atlantic led the U.S. regions in percent of deals done in June 2022 coming in with 110 and 106 deals, respectively. The Great Lakes, Southeast, and Mountain regions followed suit with 81, 80, and 52 deals, respectively.

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



The B2B and B2C sectors led M&A activity in June 2022 combining for 60% of deals. Information Technology, healthcare, financial services, energy services, and material and resources sectors followed suit accounting for the other 40%. 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.

June Transaction Highlights

GlaxoSmithKline / Sierra Oncology (California)

On June 30th, GlaxoSmithKline acquired Sierra Oncology for \$1.9 billion. The acquisition not only bolsters GlaxoSmithKline's commercial and medical expertise, but also strengthens their portfolio of specialty medicines and vaccines.



Blackstone Real Estate Income Trust / Preferred Apartment Communities (Georgia)

On June 23rd, Blackstone Real Estate Income Trust acquired Preferred Apartment Communities for \$5.8 billion. The merger enables Blackstone Real Estate Income Trust to broaden their portfolio of income-generating assets.

R1 RCM / Cloudmed (Georgia)

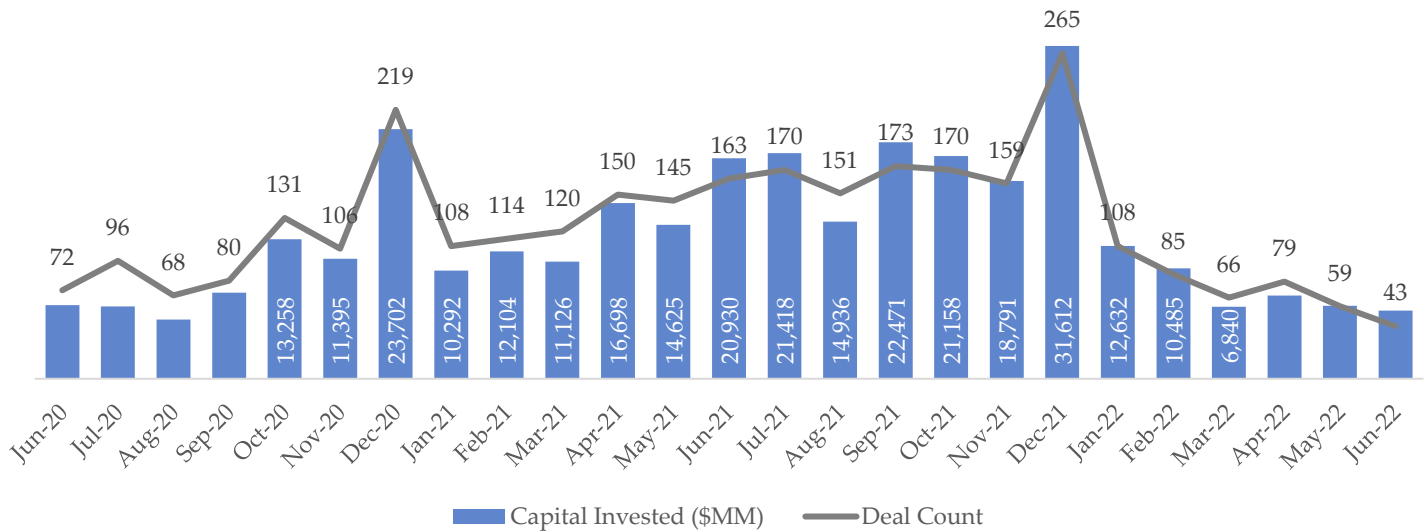
On June 21st, R1 RCM Cloudmed for \$4.1 billion. The acquisition allows for R1 RCM to continue building a flexible platform for consumer engagement in healthcare.



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 that of the broader market. As seen in both the lower-middle market and the broader market, there have been lower deal counts in the first half of 2022 in comparison to 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 in regard to interest rate hikes throughout the year.

June Transaction Highlights

Descrypto Holdings / OpenLocker *(New Jersey)*

On June 6th, Descrypto Holdings acquired OpenLocker for \$5 million. The acquisition allows Descrypto to adapt to the dynamic sports landscape that is shifting toward digital ownership of assets.



Keywords Studios / Forgotten Empires *(Ohio)*

On June 8th, Keywords Studios acquired Forgotten Empires for \$32.5 million. The acquisition allows Keywords Studios to further establish themselves as one of the elite creative services platforms within the global video games industry.

Scott Credit Union / Tempo Bank *(Washington)*

On June 17th, Scott Credit Union acquired Tempo Bank for \$14.25 million. The acquisition allows for Scott Credit Union to advance their strategic growth plan, which includes adding branches to better assist members in Illinois..



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

Deal Date	Target Company	Investors	Company State	Primary Industry Sector	Deal Size (\$MM)
30-June-2022	Sundance Energy Company	Silverbow Resources	CO	Energy	369.00
30-June-2022	The Kinetic Company	Precision Marshall Steel Company	WI	Business Products and Services	26.00
29-June-2022	Suny Downstate	The Allure Group	NY	Healthcare	160.00
27-June-2022	Telephonics	TTM Technologies	NY	Business Products and Services	330.00
23-June-2022	NTT Application Security	Synopsys	CA	Information Technology	330.00
21-June-2022	AboundBio	Galapagos	PA	Healthcare	14.00
21-June-2022	Active8 Software	Roller	TX	Information Technology	6.78
20-June-2022	SemaConnect	Blink Charging	MD	Business Products and Services	200.00
17-June-2022	Southern Traffic Services	Rekor Systems	FL	Business Products and Services	14.50
17-June-2022	Tempo Bank	Scott Credit Union	IL	Financial Services	14.25
15-June-2022	Edgio	Limelight Networks	CA	Business Products and Services	300.00
15-June-2022	Made Event	Avant Gardner	CA	Business Products and Services	15.00
13-June-2022	Steel Connect	Steel Partners Holdings	TN	Business Products and Services	81.00
07-June-2022	JBC	WorkGenius	NY	Business Products and Services	136.00
06-June-2022	Tilden Marcellus	S.T.L. Marshlands	PA	Energy	26.00
04-June-2022	PVP Advanced EO Systems	Rafael Advanced Defense Systems	CA	Business Products and Services	50.00