

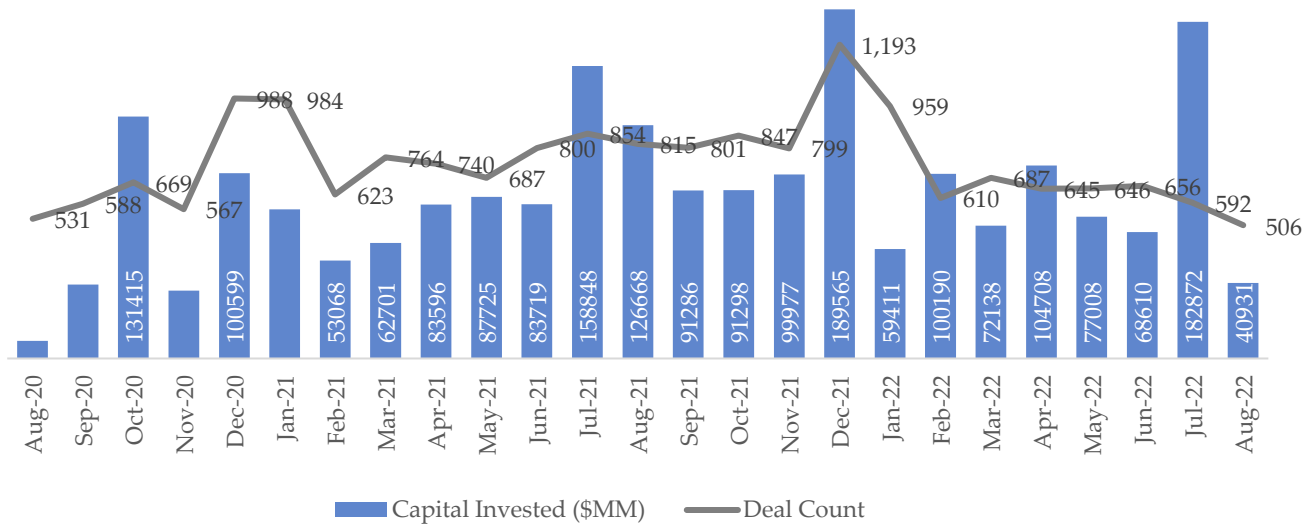


U.S. M&A Report

August 2022

OVERVIEW

Trailing 24 Months M&A Activity



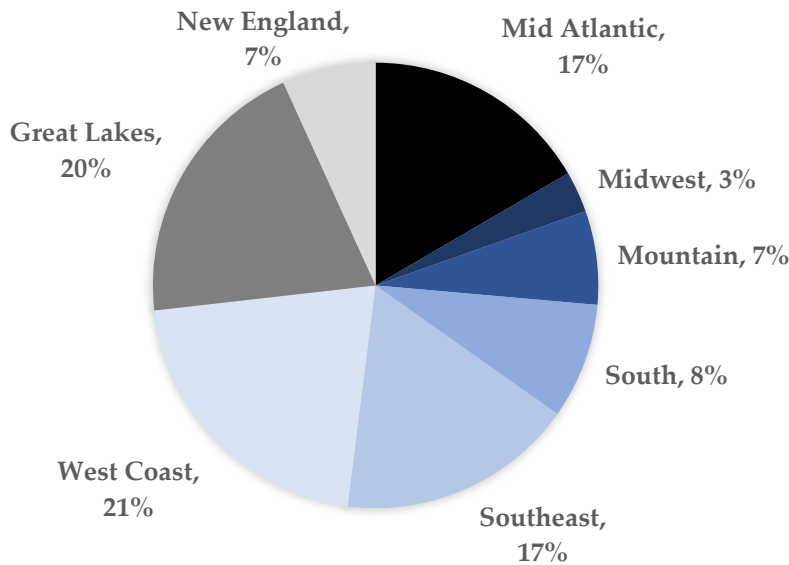
Source: PitchBook

Perspectives on US M&A Market

There were 506 deals completed in August of 2022. Deal count YoY continues its downward trend moving out of August. Capital invested dipped in August which can be attributed to creditors coming down on leverage in deals. Companies are still using M&A to try and maintain competitive advantages within their respective markets as industry trends transformed under Covid-19.

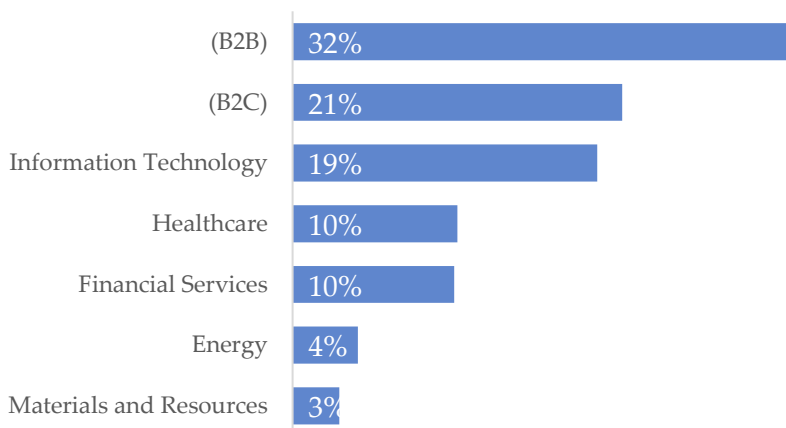
As Q2 came to an end and we move through Q3, deal counts have begun to slow down with the uncertainty in the current market. High-growth stocks have tumbled under fear of higher interest rates leading to an increase in discount rates. This would in turn drag down valuations seen over the past year and further stifle M&A activity going forward. Private Creditors are beginning to come down a turn or more on leverage, which will slow deal count down even more moving deeper into 2022.

August 2022 M&A Deal Regionality



The West Coast and Great Lakes led the U.S. regions in percent of deals done in August 2022 coming in with 106 and 100 deals, respectively. The Southeast, Mid Atlantic, South, and Mountain regions followed suit with 86, 83, 42, and 34 deals respectively.

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



The B2B and B2C sectors led M&A activity in August 2022 combining for 53% of deals. Information technology, 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.

August Transaction Highlights

Hewlett-Packard/ Poly (California)

On August 29th, Hewlett-Packard acquired Poly for \$3.3 billion. The deal will accelerate HP's strategy to create a more growth-oriented portfolio, further strengthen its industry opportunity in hybrid work solutions, thus positioning the combined organization for long-term sustainable growth and value creation.



GlaxoSmithKline / Affinivax (Massachusetts)

On August 16th, GlaxoSmithKline acquired Affinivax for \$3.3 billion. The deal shows the strength of Glaxo to bring in external innovation to reinforce its pipeline, a key element to Glaxo's wide moat.

Rubicon / Founder SPAC (Texas)

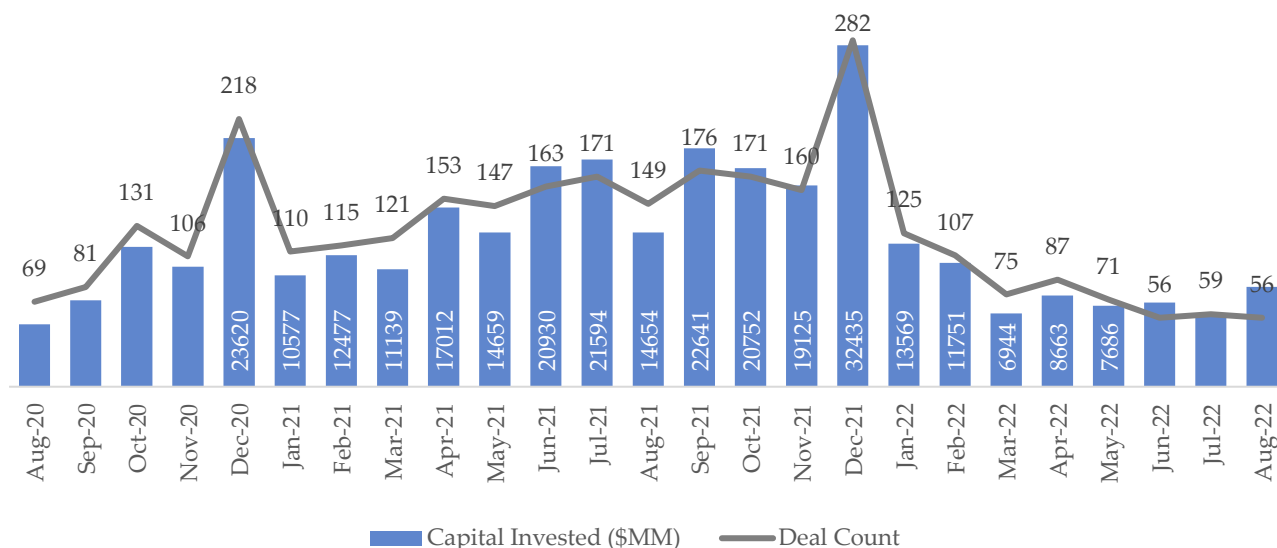
On August 15th, Rubicon acquired Founder SPAC for \$1.7 billion through a reverse merger. This resulted in the combined entity trading on the New York Stock Exchange under the ticker symbol RBT .



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 portion 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 into the tail end of 2022 with leverage ratios decreasing across the market.

August Transaction Highlights

Chicken Soup for the Soul Entertainment / Redbox Entertainment (Illinois)

On August 11th, Chicken Soup for the Soul Entertainment acquired Redbox Entertainment for \$375 million. This acquisition gives Chicken Soup an immediate scale, growing its film and television library to over 51,000 assets. Adding 36,000 kiosks nationwide, with a customer loyalty program that has over 40 million members.



IMG Worldwide / Barrett-Jackson Auction Company (Arizona)

On August 11th, IMG Worldwide acquired Barrett-Jackson Auction Company for \$261.2 million. Barrett-Jackson is one of the world's foremost brand authorities and lifestyle destinations for premium collector cars. IMG will look to leverage their global network and expertise in building world-class event experiences and brands to further enhance and grow the business.



CHW Acquisition / Wag! (New York)

On August 9th, CHW Acquisition reverse acquired Wag! for \$350 million. The funds will be used to further fuel Wag!'s growth, and to accelerate strategic initiatives, and consolidate pet wellness and services.



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

Deal Date	Companies	Investors	Deal Size
31-Aug-2022	NorTex Midstream Partners	The Williams Companies (NYS: WMB)	423.00
31-Aug-2022	OpenEye Scientific Software	Cadence Design Systems (NAS: CDNS)	500.00
31-Aug-2022	Stronghold Energy II Holdings	Ring Energy (ASE: REI)	465.00
31-Aug-2022	TFI International	Heartland Express (NAS: HTLD)	525.00
29-Aug-2022	Poly	Hewlett-Packard (NYS: HPQ)	3,300.00
29-Aug-2022	Westrock Coffee Company (NAS: WEST)	Riverview Acquisition	1,086.00
17-Aug-2022	Blueknight Energy Partners	Ergon	552.70
17-Aug-2022	Gray Oak Pipeline	Enbridge (TSE: ENB)	400.00
17-Aug-2022	Turning Point Therapeutics	Bristol-Myers Squibb (NYS: BMY)	3,184.15
08-Aug-2022	Axios Media	Cox Enterprises	525.00
04-Aug-2022	ZeroFox (NAS: ZFOX)	L&F Acquisition (ASE: LNFA)	1,400.00
03-Aug-2022	Brightly Software	Siemens (ETR: SIE)	1,875.00