

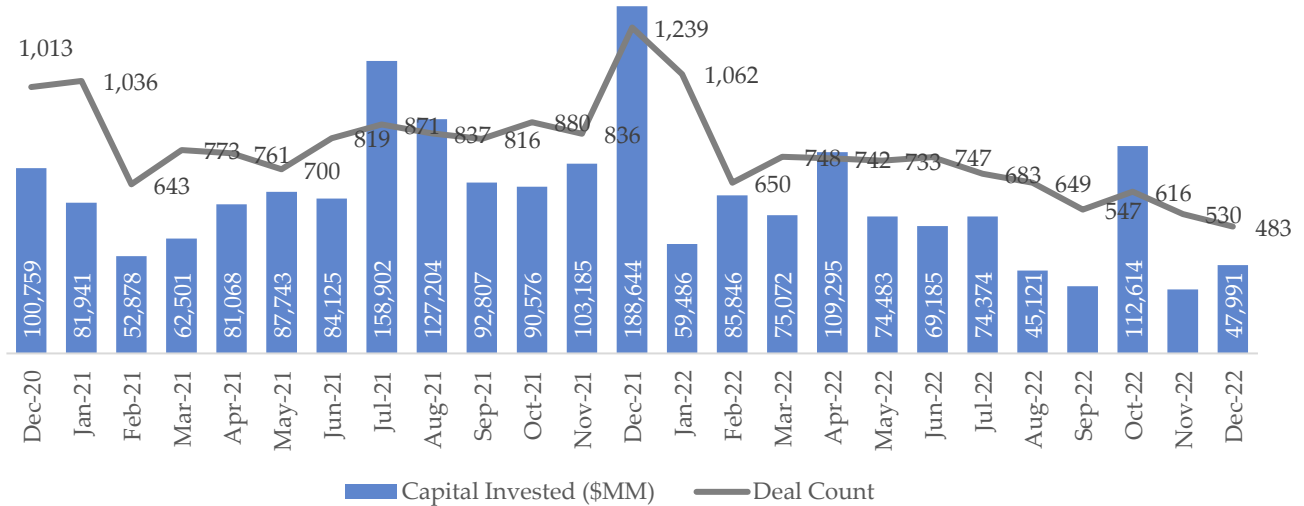


U.S. M&A Report

December 2022

OVERVIEW

Trailing 24 Months M&A Activity



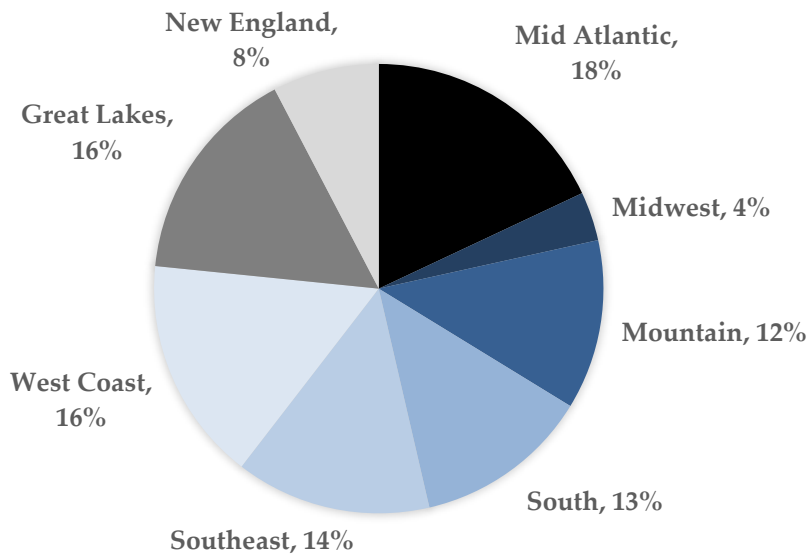
Source: PitchBook

Perspectives on US M&A Market

There were 483 deals completed in December of 2022. Deal count YoY finally snaps out of the downward trend that began in September. Capital invested corrected slightly in October which can be attributed to an ease in market sentiment, causing creditors to become slightly more generous 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.

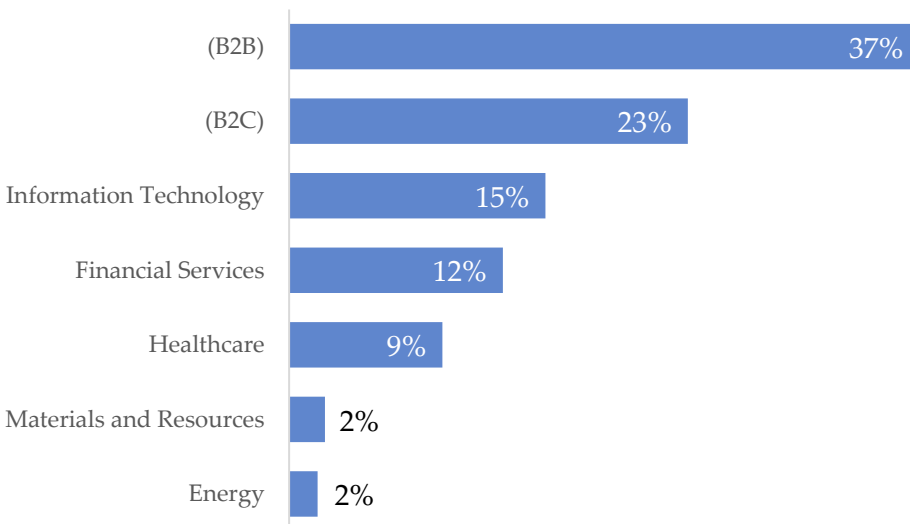
As we move further into 2023, deal flow is expected to remain lower due to high interest rate environments and company operating performance. High-growth stocks have tumbled under fear of higher interest rates leading to an increase in discount rates. This in turn drags down valuations seen in 2021, providing a tempting opportunity for companies with excess cash on their balance sheets, especially in the healthcare and technology sectors. Private Creditors are beginning to come down a turn or more on leverage, which will slow deal count down even more moving deeper into 2023 and , likely forcing acquirers to bring more equity to the table.

December 2022 M&A Deal Regionality



The Mid Atlantic and West Coast led the U.S. regions in percent of deals done in December 2022 coming in with 87 and 78 deals, respectively. The Great Lakes, Southeast, South, and Mountain regions followed suit with 76, 68, 61, and 59 deals respectively.

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



The B2B and B2C sectors led M&A activity in December 2022 combining for 60% of deals. Information technology, financial services, healthcare, materials and resources, and energy 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.

December Transaction Highlights

Hard Rock / The Mirage Hotel & Casino (Nevada)

Hard Rock acquired The Mirage Hotel & Casino for \$1.08 billion. The acquisition will allow them to expand its presence on the Las Vegas Strip.



BP / Archea Energy (Texas)

BP acquired Archea Energy for 4.1 billion. The acquisition accelerates the growth of BP's bioenergy business.

Prime Therapeutics/ Magellan Rx Management (Arizona)

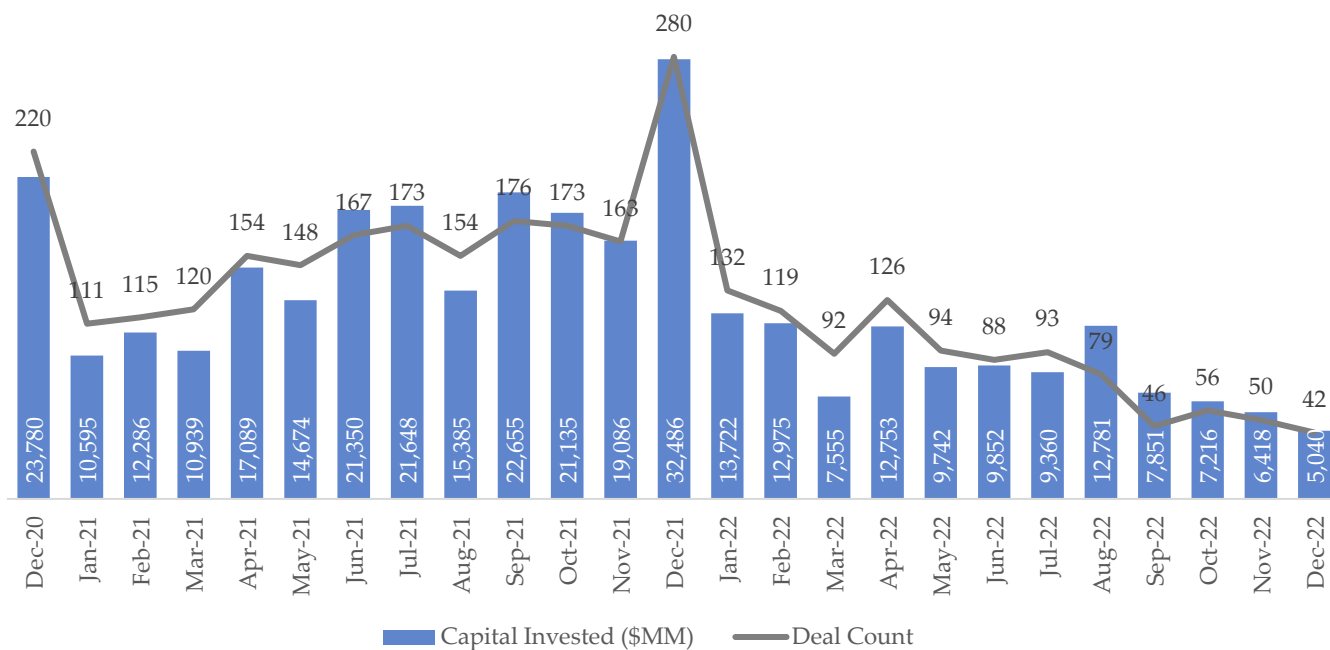
Prime Therapeutics acquired Magellan Rx Management for \$1.35 billion. The acquisition diversifies the company's pharmacy solutions.



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, deal counts cooled off in 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 2023 with leverage ratios decreasing across the market.

December Transaction Highlights

Grief / Lee Container Corp. (Georgia)

Grief acquired Lee Container Corp. for \$300 million. The transaction will continue Grief's growth of its jerrycan and small plastic bottle footprint.



Microsoft / Fungible (California)

Microsoft acquired Fungible for \$190 million. The acquisition will help strengthen Microsoft's data infrastructure processes.

Gruppo Campari / Wilderness Trail Distillery (Kentucky)

Gruppo Campari acquired a 70% stake in Wilderness Trail Distillery for \$424 million. The acquisition will expand the company's high-end bourbon offerings.



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

Deal Date	Companies	Investors	Deal Size
31-Dec-2022	Circle 8 Crane Services	BitNile Holdings (ASE: NILE)	40.00
30-Dec-2022	Great Elm Group	J.P. Morgan (NYS: JPM)	45.00
26-Dec-2022	Tata Harper Skincare	Amorepacific Group (KRX: 002790)	128.50
15-Dec-2022	FormSwift	Dropbox (NAS: DBX)	95.00
15-Dec-2022	Lee Container Corp.	Greif (NYS: GEF)	300.00
13-Dec-2022	Fungible	Microsoft (NAS: MSFT)	190.00
12-Dec-2022	Sovereign Wealth Advisors	Hightower Bellevue	350.00
08-Dec-2022	Wetzel's Pretzels	MTY Food Group (TSE: MTY)	211.65
07-Dec-2022	Wilderness Trail Distillery	Gruppo Campari (MIL: CPR)	424.70