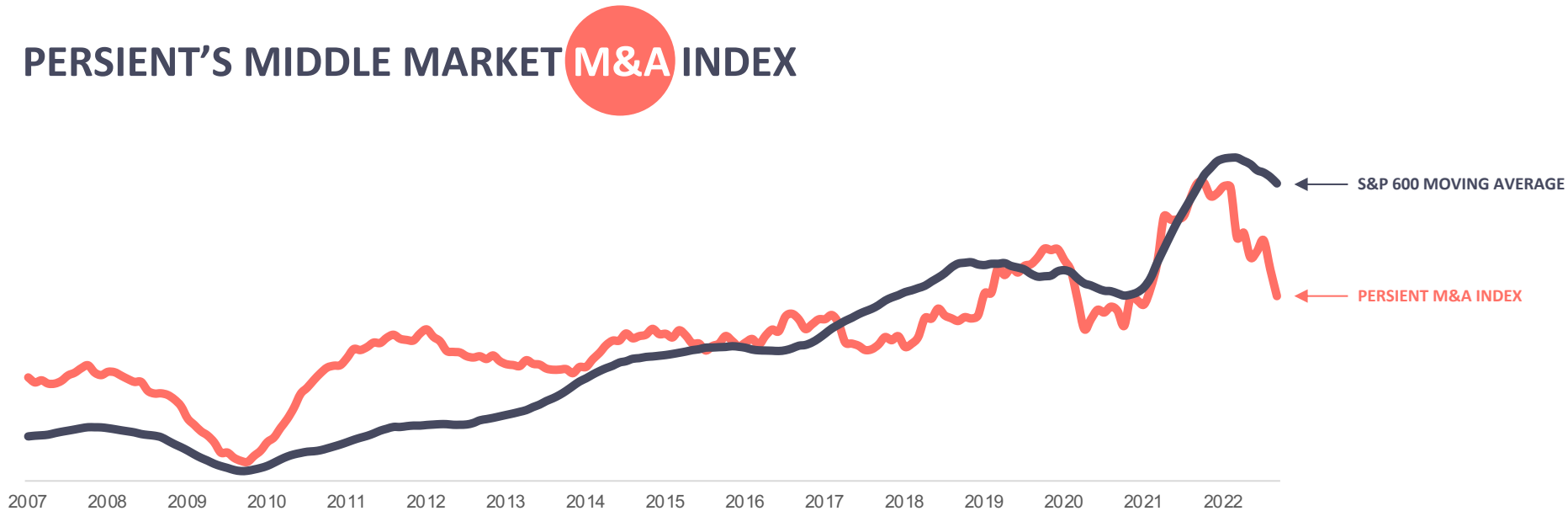


M&A MIDDLE MARKET INSIGHTS – Q3 2022

PERSIENT'S MIDDLE MARKET **M&A** INDEX

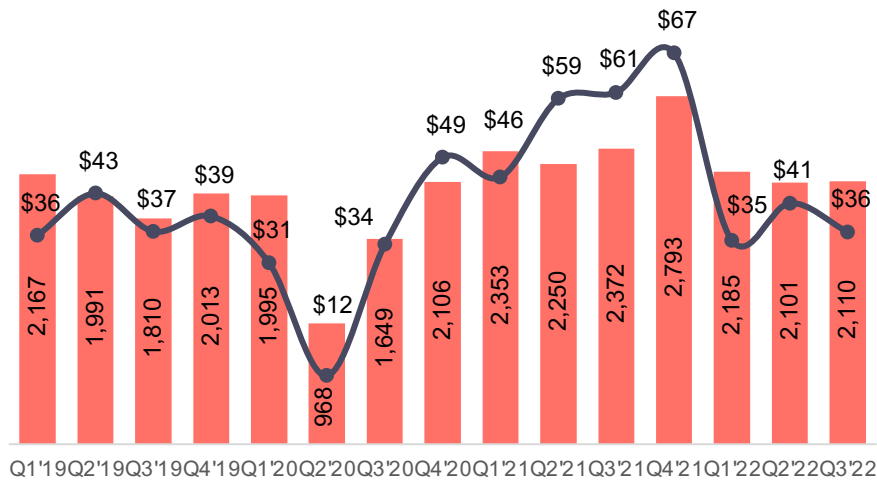


INSIGHTS

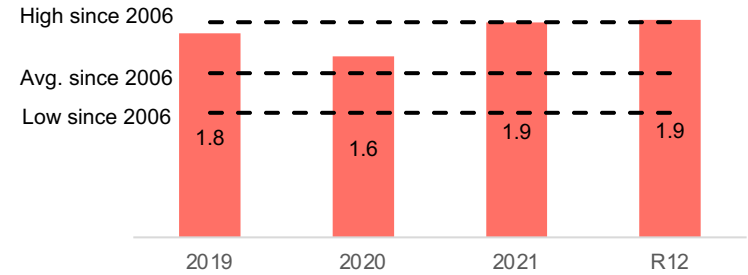
While both equities and the M&A index have seen significant declines in 2022, buyers have remained active in their pursuit of quality companies at now more attainable valuations. Seller companies are adjusting expectations and working to optimize operations for the current economic environment.

M&A ACTIVITY AND VALUATIONS

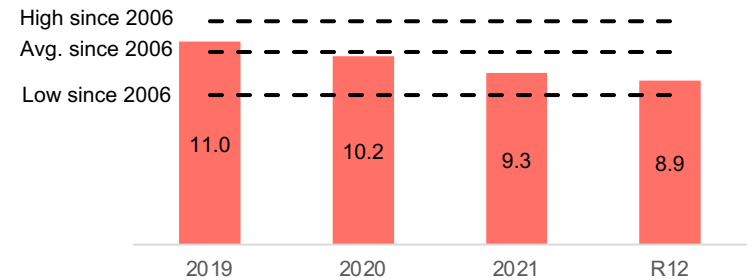
Total Middle Market M&A Volume and Value (\$b)



Middle Market M&A Revenue Multiples



Middle Market M&A EBITDA Multiples

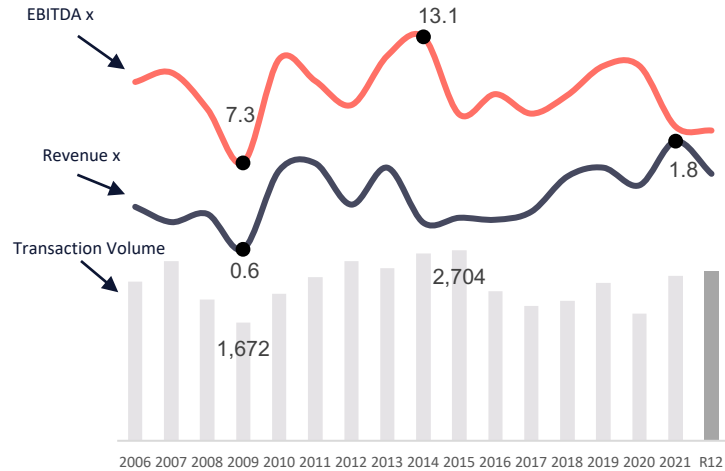


INSIGHTS

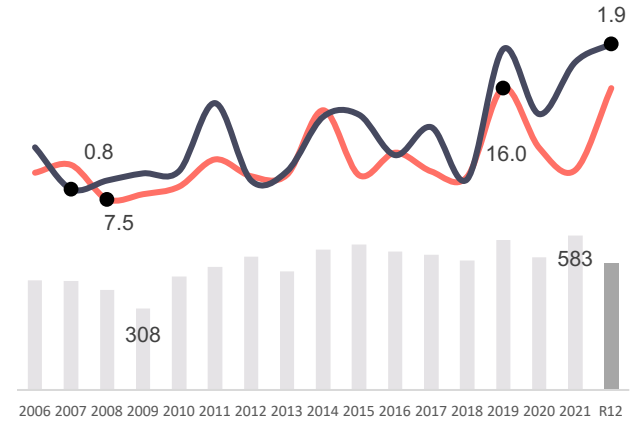
Deal volume and value in the third quarter of 2022 was largely in line with the prior two quarters, and 2019, indicating resilience in the face of geopolitical uncertainty, persistent inflation, and the upcoming US midterm elections. Valuations have continued to be pressured, with the technology sector facing the biggest “reset.”

M&A BY SECTOR

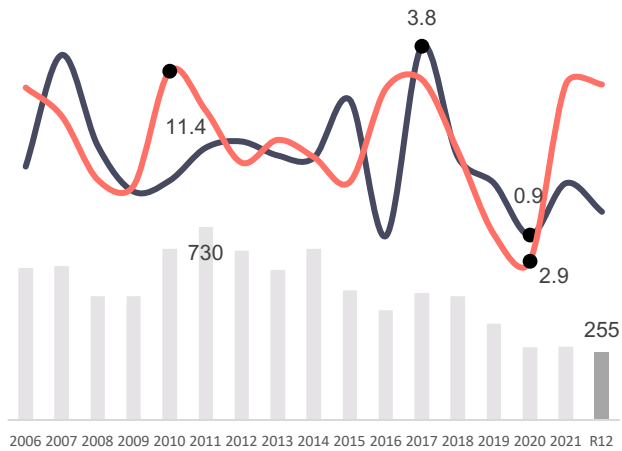
Consumer Discretionary



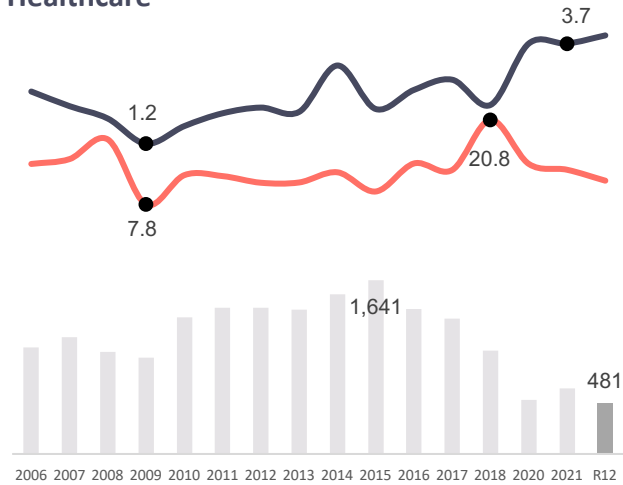
Consumer Staples



Energy

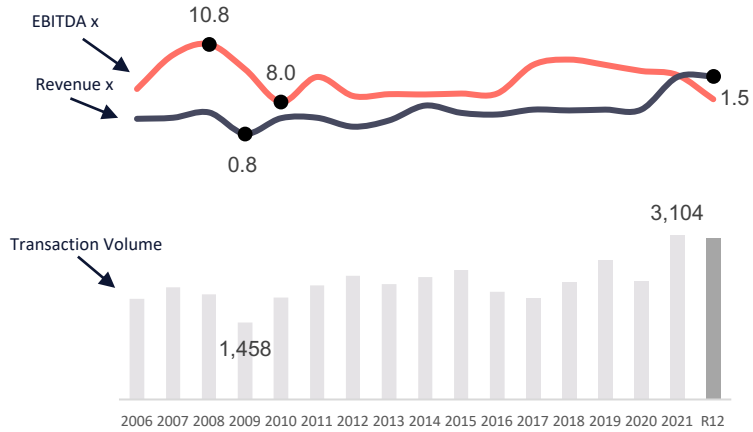


Healthcare

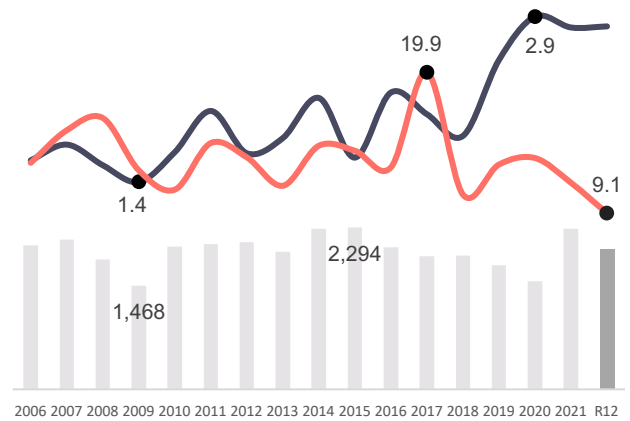


M&A BY SECTOR

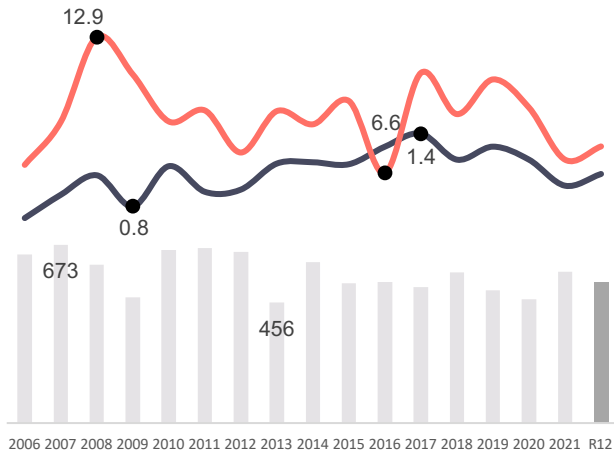
Industrials



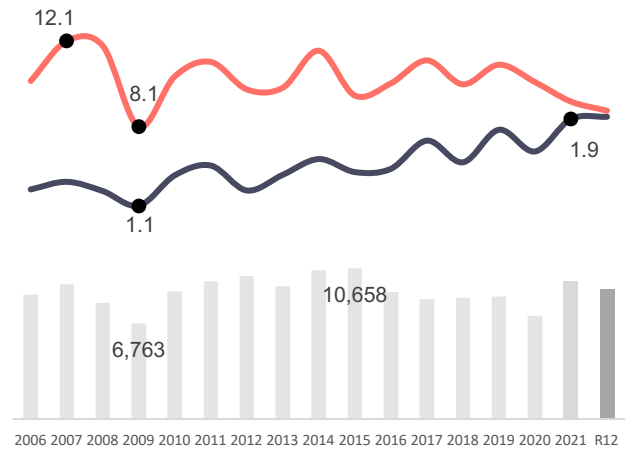
Technology



Materials



Overall



NOTEWORTHY M&A

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
Jul-22	ROI DNA, Inc.	Enero Group (Hotwire Global)	IT Consulting and Other Services	\$90	-	-
Jul-22	Foss Floors	Mohawk Industries, Inc. (NYSE:MHK)	Home Furnishings	\$148	-	-
Jul-22	Fox Head, Inc.	Vista Outdoor Operations LLC	Apparel, Accessories and Luxury Goods	\$590	-	-
Jul-22	Redi2 Technologies, Inc.	Envestnet, Inc. (NYSE:ENV)	Application Software	\$70	-	-
Jul-22	ViaCyte, Inc.	Vertex Pharmaceuticals Inc. (NasdaqGS:VRTX)	Biotechnology	\$320	-	-
Jul-22	HOB Custom Power	Solid State plc (AIM:SOLI)	Electrical Components and Equipment	\$45	1.51	12.86
Jul-22	Project Design Consultants, LLC	Bowman Consulting Group (NasdaqGM:BWMN)	Construction and Engineering	\$11	-	-
Jul-22	MST Solutions, L.L.C.	Mastek Inc.	IT Consulting and Other Services	\$112	4.54	-
Jul-22	NuCera Solutions LLC	Chase Corporation (NYSEAM:CCF)	Commodity Chemicals	\$250	3.01	11.9
Jul-22	Industry Dive, Inc.	Informa plc (LSE:INF)	Publishing	\$525	6.41	-
Jul-22	GCommerce, Inc.	SPS Commerce, Inc. (NasdaqGS:SPSC)	Application Software	\$45	-	-
Jul-22	Simms Fishing Products LLC	Vista Outdoor Operations LLC	Leisure Products	\$193	-	-
Jul-22	Ripley Tools LLC	Hubbell Incorporated (NYSE:HUBB)	Electrical Components and Equipment	\$50	-	-
Aug-22	Infinity Consulting Solutions, Inc.	Korn Ferry (NYSE:KFY)	HR and Employment Services	\$100	-	-
Aug-22	Quadion LLC	Trelleborg Sealing Solutions US, Inc.	Commodity Chemicals	\$950	3.82	-
Aug-22	Southern Fasteners & Supply, LLC	Park-Ohio Holdings Corp. (NasdaqGS:PKOH)	Trading Companies and Distributors	\$19	0.76	-
Aug-22	Rhombus Energy Solutions, Inc.	BorgWarner Inc. (NYSE:BWA)	Electrical Components and Equipment	\$185	-	-
Aug-22	Recycled Aggregate Materials Company, Inc.	Arcosa, Inc. (NYSE:ACA)	Construction Materials	\$75	-	7.81
Aug-22	Avantus Federal LLC	QinetiQ North America, Inc.	Aerospace and Defense	\$590	1.98	16.62
Aug-22	Axios Media Inc.	Cox Enterprises, Inc.	Publishing	\$525	-	-
Aug-22	Island Global Yachting LLC	MarineMax, Inc. (NYSE:HZO)	Leisure Facilities	\$580	-	-
Aug-22	Astro Machine Corporation	AstroNova, Inc. (NasdaqGM:ALOT)	Hardware, Storage and Peripherals	\$17	0.778	-
Aug-22	Blue Nile, Inc.	Sterling Jewelers Inc.	Internet and Direct Marketing Retail	\$398	0.796	-
Aug-22	SuperATV, LLC	Dorman Products, Inc. (NasdaqGS:DORM)	Auto Parts and Equipment	\$590	2.79	-
Aug-22	TCGplayer, Inc.	eBay Inc. (NasdaqGS:EBAY)	Interactive Media and Services	\$295	-	-
Aug-22	Quality Aluminum Products, Inc.	Gibraltar Industries, Inc. (NasdaqGS:ROCK)	Building Products	\$54	0.581	4.7
Aug-22	HomCo Lumber & Hardware	Builders FirstSource, Inc. (NYSE:BLDR)	Building Products	\$31	0.693	-
Aug-22	Biorez, Inc.	CONMED Corporation (NYSE:CNMD)	Health Care Equipment	\$250	-	-
Sep-22	Durex Industries, Inc.	Spirax-Sarco Engineering plc (LSE:SPX)	Industrial Machinery	\$342	4.59	13.53
Sep-22	Equus Workforce Solutions	APM Human Services Intl Limited (ASX:APM)	HR and Employment Services	\$154	0.527	-
Sep-22	Keystone Natural Holdings, LLC	House Foods America Corporation	Packaged Foods and Meats	\$110	1.99	39.57
Sep-22	Uplogix, Inc.	Lantronix, Inc. (NasdaqCM:LTRX)	Systems Software	\$12	-	-
Sep-22	Solar Service Experts, LLC	XL Fleet Corp. (NYSE:XL)	Independent Power Producers	\$600	7.23	11.76
Sep-22	Ubiquity Agency LLC	PopReach Corporation (TSXV:POPR)	Advertising	\$44	0.866	7.62
Sep-22	Hero Mighty Patch Brand	Church & Dwight Co., Inc. (NYSE:CHD)	Personal Products	\$630	5.48	14.0
Sep-22	Eleviant Technologies, Inc.	Computer Task Group, Inc. (NasdaqGS:CTG)	IT Consulting and Other Services	\$24	-	-
Sep-22	Rx Savings, LLC	McKesson Corporation (NYSE:MCK)	Health Care Technology	\$875	-	-
Sep-22	Johnny Was, LLC	Oxford Industries, Inc. (NYSE:OXM)	Apparel, Accessories and Luxury Goods	\$270	-	-
Sep-22	RapidMiner, Inc.	Altair Engineering Inc. (NasdaqGS:ALTR)	Application Software	\$100	-	-
Sep-22	TowHaul Corporation	Federal Signal Corporation (NYSE:FSS)	Machinery and Heavy Trucks	\$46	-	-

SELECT M&A INSIGHT

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
7/1/22	ROI DNA, Inc.	Enero Group (Hotwire Global)	IT Consulting and Other Services	\$90	-	-
<p>Buyer, an Australia-based group of integrated marketing and communications firms, entered into an agreement to acquire Target for up to \$90 million. Target is a California-based full-service digital marketing agency offering strategy, marketing, and analytics to high-growth B2B tech innovators. The transaction consideration consists of both upfront and deferred cash and stock. The upfront portion of \$33 million is comprised of \$26.4 million in cash and \$6.6 million in Buyer shares. The deferred portion of up to \$57 million will be paid contingent on EBITDA margin targets being achieved over the next three years, to be paid in a mix of cash and stock, with Buyer retaining the right to pay a higher proportion of cash. The initial consideration is funded through a new three-year revolving bank facility.</p>						
7/12/22	HOB Custom Power	Solid State plc (AIM:SOLI)	Electrical Components and Equipment	\$45	1.51	12.86
<p>Buyer, a designer and manufacturer of electronic equipment and supplies, entered into an agreement to acquire Target for up to \$45 million. Target is a manufacturer of battery packs and energy solutions for the medical, defense, aerospace, industrial, and green energy markets. The transaction consideration consists of all-cash, upfront, deferred, and contingent. The upfront consideration consists of \$30 million, the deferred portion of \$10 million is payable in two equal tranches at six and 12 months post-close, and contingent consideration of up to \$5 million will be paid if specified revenue performance targets are achieved.</p>						
8/9/22	Island Global Yachting LLC	MarineMax, Inc. (NYSE:HZO)	Leisure Facilities	\$580	-	-
<p>Buyer, the world's largest recreational boat and yacht retailer, entered into an agreement to acquire Target for up to \$580 million. Target owns and operates a network of luxury yacht marinas throughout the US, Europe, the Caribbean, and Latin America. The transaction consideration consists of all-cash, both upfront and contingent. The upfront portion includes \$480 million, while Target can earn up to an additional \$100 million if defined performance metrics are achieved two years post-closing. The transaction is funded through an expanded credit facility and Buyer cash on-hand.</p>						
8/18/22	SuperATV, LLC	Dorman Products, Inc. (NasdaqGS:DORM)	Auto Parts and Equipment	\$590	2.79	-
<p>Buyer, a supplier of replacement parts and fasteners to the worldwide automotive aftermarket industry, entered into an agreement to acquire Target for up to \$590 million. Target is the leader in aftermarket parts and accessories for ATV and UTV products. The transaction consideration consists of all-cash, both upfront and contingent. The upfront portion includes \$490 million, while Target can earn up to an additional \$100 million if certain revenue and gross margin targets are achieved in fiscal years 2023 and 2024.</p>						
9/12/22	Solar Service Experts, LLC	XL Fleet Corp. (NYSE:XL)	Independent Power Producers	\$600	7.23	11.76
<p>Buyer, a provider of fleet electrification solutions for commercial vehicles, entered into an agreement to acquire Target for \$600 million. Target is an owner and operator of residential rooftop solar systems across the US. The transaction consideration is comprised of both cash and the assumption of debt. At closing, Target will receive \$58 million in cash and Buyer will assume \$540 million of Target debt. In connection with this acquisition, Buyer intends to change its corporate name and introduce a new brand identity and strategy.</p>						

M&A MOTIVATION – CEO CHATTER

Earlier this year, we communicated our intent to **transform the company and create shareholder value through strategic M&A**. The acquisition of Spruce Power is a critical first step in that transformation and will be the cornerstone of our new strategy to provide subscription-based solutions for rooftop solar, battery storage and EV charging to homeowners and small businesses.

- [Eric Tech, CEO of XL Fleet on acquisition of Spruce Power](#)

We are excited to have completed the acquisition of IGY Marinas which is consistent with our strategic plan to **grow our high-margin businesses, expand our product offerings, and increase our geographic reach**.

- [W. Brett McGill, CEO of MarineMax on acquisition of IGY Marinas](#)

The addition of ROI DNA and GetIT to our portfolio allows us to **accelerate our reputation, relationship, and revenue services globally** while adding performance marketing to provide a **unique marketplace offering**, which we believe is the key to success in the current tech landscape. The acquisitions enable us to support clients with both long-term brand awareness and near-term sales results, but it's more than just the clients. Enero and Hotwire already attract and retain some of the best talent globally and aim to be the best working experience for all our teams – we are excited to bring this level of commitment to the whole employee to the ROI DNA and GetIT teams.

- [Heather Kernahan, Global CEO of Hotwire on acquisition of ROI DNA](#)

This combination aligns with our strategy to **diversify our customer base and product offering** by providing a compelling entry point to the large and rapidly growing powersports industry. Not only is SuperATV a leader in their space with an extensive portfolio of widely recognized brands and proprietary products, but they also have a **highly successful approach to new product innovation** that aligns closely with Dorman's business model. As a result, we are confident we can **leverage Dorman's playbook to further accelerate growth**.

- [Keith Olsen, CEO of Dorman on acquisition of SuperATV](#)

About Persient™

M&A is our singular focus. We are a middle market investment banking firm delivering creative, global take-to-market strategies for mature, profitable business owners ready to sell.

Our team of investment banking professionals have spent decades preparing business owners for success, helping them realize the full potential value for their companies. We look beyond simple price and terms to skillfully execute deals that fulfill owners' lifestyle, legacy, and monetary goals.

Our clients typically generate sales in the \$10 – \$200 million range OR expect to generate profits/earnings (adjusted for nonrecurring add-backs) in the \$2 – \$20 million range. We have experience with companies in a variety of industry verticals, including:



Manufacturing / Distribution



Business Services



Technology



Media and Marketing



Healthcare



Specialty Services and Products

Interested in a personalized [Business Landscape Assessment](#)? Follow the link to help you get started on your journey.

San Diego

4225 Executive Square, Suite 600
San Diego, CA 92037
Tel: (858) 523-8399



Ashish Jariwala
Managing Director



Brian Gallagher
Senior Vice President

Los Angeles/Orange County

100 Spectrum Center Drive, Suite 900
Irvine, CA 92618
Tel: (949) 385-1379

Notes: Middle Market defined as all M&A activity between \$10 million - \$1 billion in transaction value. EBITDA and Revenue multiples are based on median observations and calculated for disclosed transactions only. Our data includes majority sales and excludes Financials, Telecommunication Services and Utilities sectors. Starting September 2016, trailing 12 month data also includes transactions that have been announced but not yet closed. Within the Healthcare sector, 2019 data has been excluded as was determined to not be meaningful. Data Source: Persient, Standard and Poor's, and other public databases and announcements. Disclosure: The M&A Middle Market Insights publication is intended for private use of the recipient, for informational purpose only, and to provide an overview of certain information relating to the Middle Market Mergers & Acquisition market. This is general information only and is not a substitute for any professional advice or services, nor should it be used as a basis for any decision or action that may affect your business, or construed as containing advice or recommendation. The information provided herein is based on data obtained from certain sources we consider accurate and reliable, but we do not represent as to its accuracy or completeness. Information and our opinions are as of date provided herein without any obligation to update the information. No part of this information may be copied, photocopied, or duplicated in any form by any means or redistributed without Persient LLC's express written consent. Investment banking services offered through Independent Investment Bankers Corp., a registered broker-dealer, Member FINRA / SIPC. Persient LLC and Independent Investment Bankers Corp. are not affiliated entities.