



Q4 2022

North American M&A Report



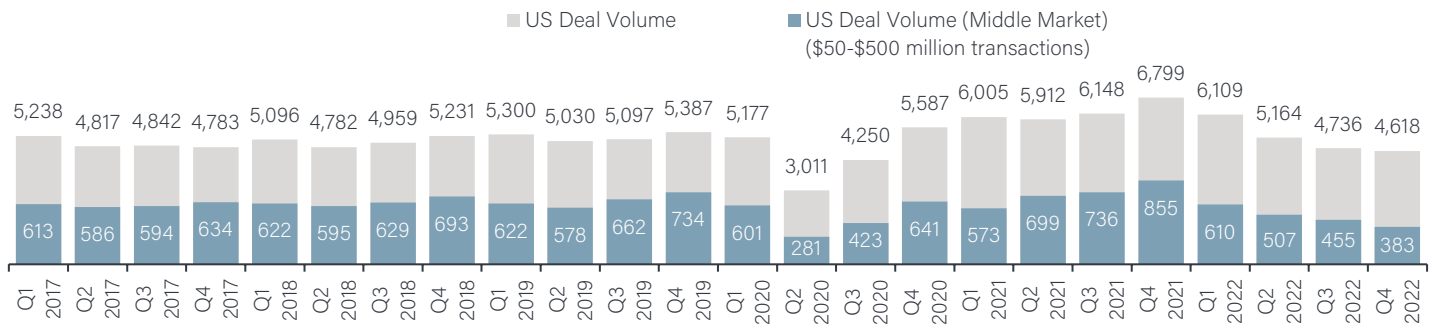
In This Issue:

- ▶ *A snapshot of the North American Middle Market in 2022, and outlook for 2023 (p. 2)*
- ▶ *Sector Insights from our practice leads in:*
 - › *Agrifood (p. 5)*
 - › *Education (p. 8)*
 - › *Environmental & Sustainability (p. 10)*
 - › *Healthcare (p. 12)*
 - › *HVACR (p. 14)*
 - › *Industrials (p. 16)*
 - › *Technology (p. 19)*
 - › *Cannabis (p. 21)*
- ▶ *A recap of Origin's 2022 activity (p. 23)*

The North American Middle Market

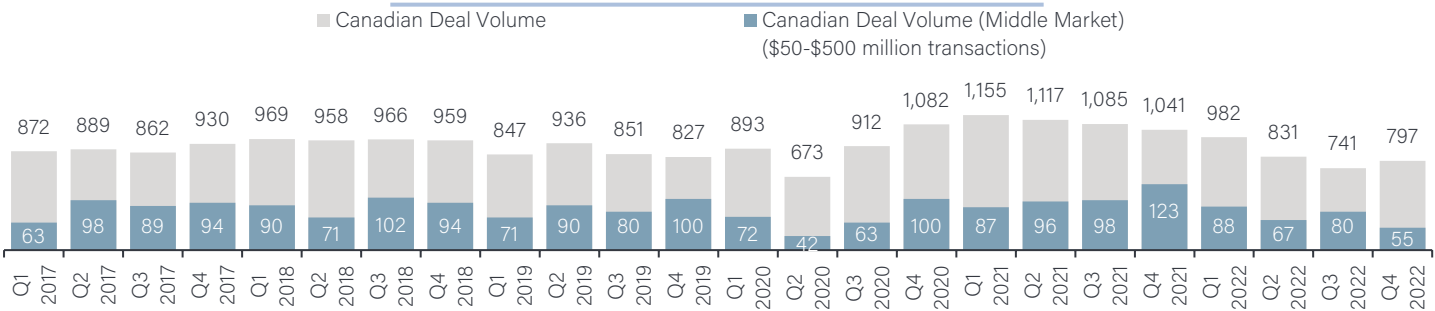
Quarterly middle market activity in the US and Canada declined to the second lowest level in five years, the lowest being Q2/20, which marked the start of the pandemic. Buyers and sellers slowed their pace in the midst of tightening credit conditions, rising interest rates and inflation, and broad market uncertainty.

Total US Deal Volume (Q1 2017 – Q4 2022)



Source: S&P CapitalIQ.

Total Canadian Deal Volume (Q1 2017 – Q4 2022)



Source: S&P CapitalIQ.

North American Quarterly Valuations (EV/EBITDA)

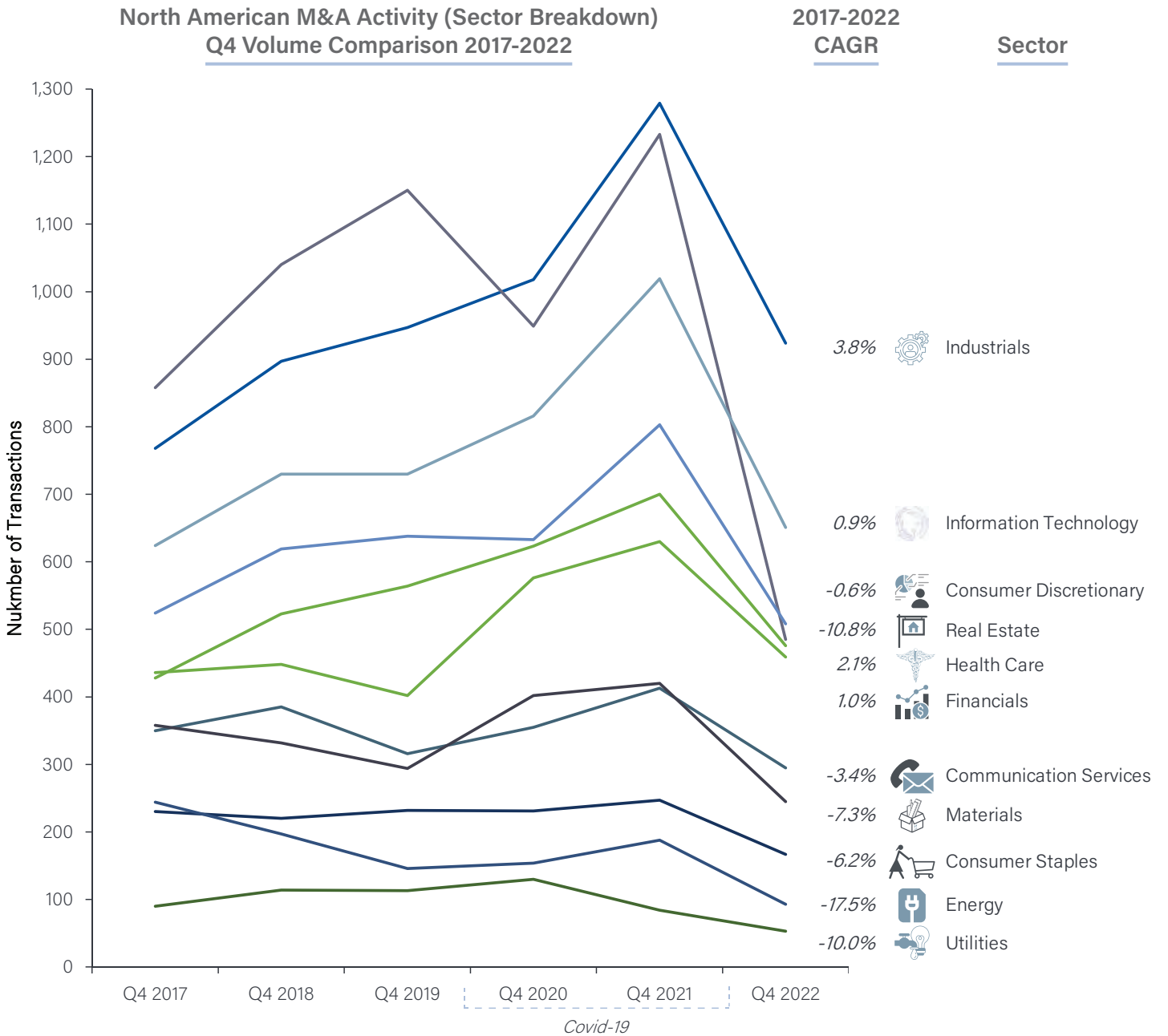


Source: Pitchbook.

In the face of economic uncertainty, middle market valuations demonstrated reasonable resilience in Q4/22, with declines limited to 5% from Q4/21 and 4% from Q4/19, the last pre-pandemic quarter. Quality businesses continued to draw healthy valuations through the quarter, and valuations in some sectors, including industrials, business services and agrifood, held up well, offsetting — to some degree — the pullback in sectors that may have overheated through 2021.

Activity by Sector

While activity in most sectors was down over the fourth quarter in pre-pandemic years, several held up: industrials, which has shown resilience in both volume and valuations, healthcare, financials and technology. Origin’s practice leads provide further sector insights on pages 5-21.



Outlook for 2023

In the wake of the Q4/22 slowdown, we are seeing an uptick in activity in the early weeks of 2023, both in our own practice, and in reports of increasing deal flow from our sponsor relationships. We are cautiously optimistic that middle market activity will pick up through the first two quarters of 2023 for the following reasons:

Buyer interest remains high

For business owners, there are still many potential buyers — financial sponsors and strategics (corporate buyers) — looking to acquire companies. Many of these purchasers have significant capital, often raised in the accommodative market environment of the past few years, that they are looking to deploy. Further, strategic purchasers are looking to grow via acquisition, while some financial sponsors believe the current market may be a more supportive environment in which to complete transactions.

Strong deal pipeline

There is an ample supply of business owners looking to transition, owing to demographic factors (only 1/3 of business owners have a robust succession plan), macroeconomic conditions and a need for liquidity and/or support for ongoing growth plans.

Middle market benefits from shift in focus

Big bank credit has tightened, particularly for mega-sized transactions. With leverage more readily available in the middle market, many large funds are shifting their sights to pursue add-ons through 2023, rather than new platforms. This dynamic has the potential to heighten competitive tension for middle market businesses, providing support for valuation levels.

Valuations holding up for quality targets

There has been some valuation pullback in sectors that may have been overheated during COVID. We are not, however, seeing a material change in valuations for most of our transactions — in sectors including industrials, business services and food & ag — nor do we expect a pullback in 2023.

The reason? As already noted, we continue to see many potential buyers in the market, many of whom are still hungry for strong, resilient businesses. In addition, there is the potential for heightened competition for middle market businesses through 2023.

Public markets losing their appeal

Smaller cap public companies performed poorly through 2022. As a result, private enterprises that might have considered an IPO are likely to look at a sale or merger instead. In addition, many smaller cap public companies may rethink the need to be publicly listed, which will drive further transaction activity.

Manufacturing at home

Supply chain issues that have persisted over the last few years will continue to haunt companies, driving further investment — by buying or building — into onshoring manufacturing processes in 2023. Companies are demanding greater flexibility in scheduling, fewer logistical constraints and more control over product quality. Manufacturing at home helps check many of these boxes.

North America remains an attractive market

We continue to see strong interest in the North American market from our international buyer relationships, and that interest shows no sign of waning. Overall, Canada and North America are viewed as desirable markets, and in our first-hand experience, many global corporate and financial entities are highly interested in expanding in our region.

Sector Insights

Agrifood



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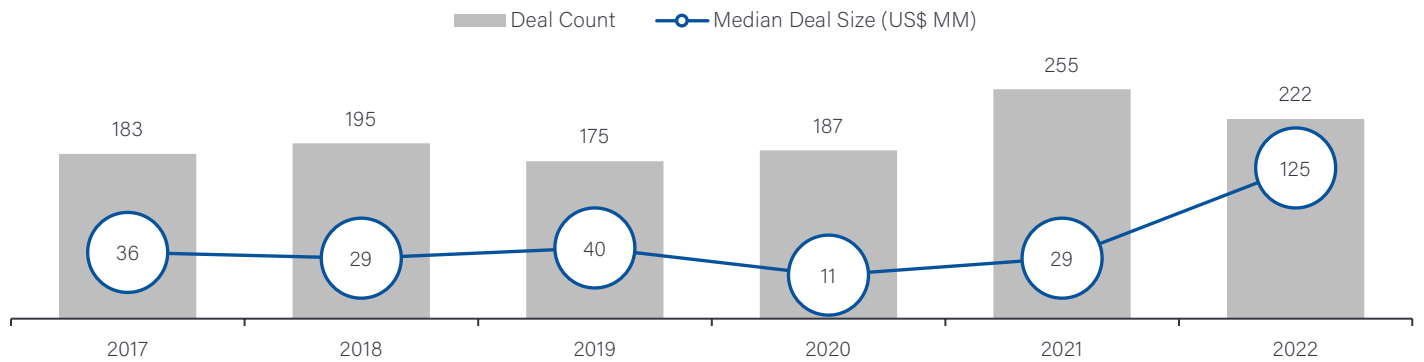


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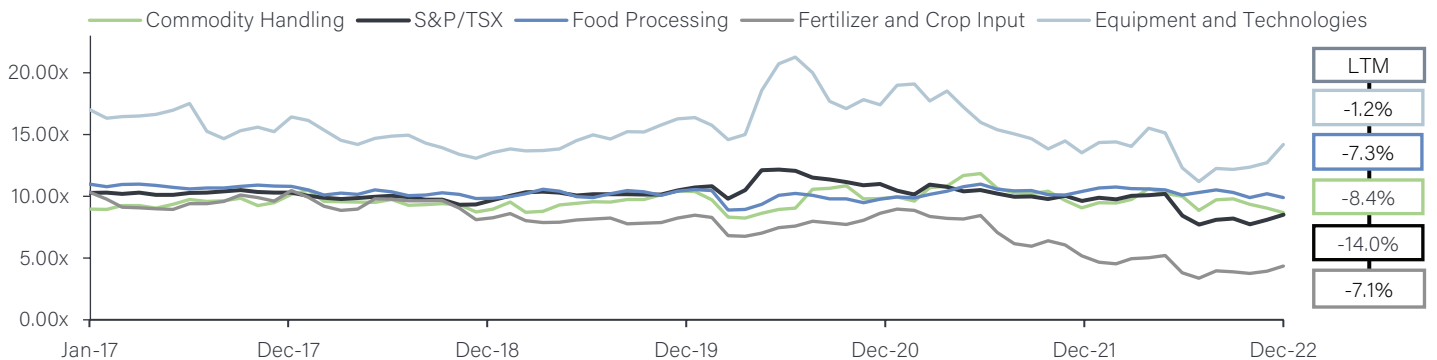
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Agrifood Sector Market Activity (2017 – 2022)



Source: Pitchbook.

Agrifood Sector EV/EBITDA Multiples



Source: S&P CapitalIQ.

- ▶ The chart above tracks our public company Agrifood indices, which we update monthly in our Ag Flash report. While average multiples in all segments were down over the past twelve months, they uniformly outperformed the S&P/TSX index, which saw its average multiple decline 14% over the same period
- ▶ The Russia/Ukraine conflict created exceptional commodity price volatility through the first half of 2022, escalating demand for Canadian grain; the volatility subsided through the second half of the year, mitigated in part by Russian agreement to a grain export corridor out of Ukraine, as well as by a return to more normal crop volumes in Canada and many regions of the US
- ▶ This volatility, along with ongoing supply chain issues, contributed to spiking food inflation, and highlighted a pressing global need to secure safe, affordable and reliable food supplies
- ▶ The focus on addressing climate change intensified through 2022 from government and from large CPG companies, the latter driven by consumer demand for food with a low/neutral carbon footprint. These forces created more impetus for farmers to find solutions to reduce carbon emissions

2023 Outlook

We are cautiously optimistic about the M&A market for food and agriculture, both based on the strength of our internal pipeline and on the following sector-specific themes:

- ▶ The Russia/Ukraine conflict and recent supply chain challenges are driving an “on-shoring” push for local production in geopolitically stable regions (such as North America)
- ▶ Food security and climate change questions are bringing a heightened focus on sustainability across the food value-chain (across all stages of companies and all relevant stakeholders)
- ▶ Corporates (Strategic Agrifood companies) and financial sponsors boast impressive balance sheets and are focused on deploying capital in the Agrifood space
- ▶ Ongoing interest in agtech and specifically Controlled Environment Agriculture driven by several of these key themes will accelerate; focused pools of capital are leading the development of many of these early-stage ventures

Highlighted Agrifood Transactions

 <p>Has received an equity investment from</p>  & 	 <p>Divestiture of Shortline Railway assets to</p>  	 <p>Divestiture of CHS Larsen Cooperative to</p> 	 <p>Divestiture of 10 US Grain Facilities to</p> 	 <p>Has entered into a strategic partnership with</p> 
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Highlighted Agrifood Reports

December 2022

Industry Highlights on

Food & Agriculture



Leading Independent North American Financial Advisor to the Food & Agriculture Sector



MAY 2020



KEY CONSUMER TRENDS IN FOOD & AGRICULTURE

WE NEED TO EAT!

THE TRANSFORMATION OF GLOBAL SUPPLY CHAINS IN A POST-COVID WORLD



INSIGHT FROM SENIOR ADVISOR, STEVE BROMLEY

ORIGIN MERCHANT PARTNERS

We're all familiar with the short-term impact of COVID-19 on the food business and life in general. While groceries are flying off the shelves at retail as foods consumed at home, the food service sector has, in large part, been decimated, shut down, with the exception of takeout and delivery. Consumer behaviors have changed and will continue to transition during the pandemic, as we slowly return to a "new normal". While food service will recover over time, strong demand at retail will likely be sustained, combined with increased interest in alternate forms of food delivery including on-line, outside pick-up, and other technological innovations yet to be fully understood.

Behind this consumption are the global food supply chains that have continued to operate through the pandemic, though not without challenge. Suppliers have implemented increased health and safety measures to mitigate virus risk, and faced transportation, logistics and labor challenges from harvest through distribution and points of sale. With the additional support of governments around the globe prioritizing critical food supply chains, food has, for the most part, continued to arrive on grocery store shelves, in store and in warehouses to facilitate various forms of delivery.

As consumers, we buy and eat, often without thinking about the complex supply chains that facilitate this food getting to our stores and restaurants. As the impacts of COVID-19 are felt across global supply chains for years to come, there is benefit to understanding how food supply chains have fared to date, and what we might expect over the medium and longer term, as our food journeys from field to table in the "new normal."

WINTER 2021



KEY CONSUMER TRENDS IN FOOD & AGRICULTURE

IF HINDSIGHT IS "2020", WHAT WILL 2021 BRING US?

WE LOOK AT HOW COVID-19 IMPACTED OUR "KEY TRENDS FOR 2020 AND BEYOND" AND SHAPED THE CONSUMER FOOD TRENDS THAT WILL BE PREVALENT THROUGH 2021 & BEYOND.



INSIGHT FROM ORIGIN MERCHANT PARTNERS SENIOR ADVISOR, STEVE BROMLEY

As we headed into 2020 and the dawn of a new decade, we noted that consumer preferences had been and were continuing to undergo significant change. We also noted our belief that many of these changes would only accelerate heading into the new decade. And then, along came the COVID-19 pandemic, changing almost every aspect of our lives, including our food preferences and what we eat, where we eat and how we get our food. The changes have been profound and how the future will unfold is currently less than certain. As one food executive said, "If hindsight is 2020, then it is anybody's guess what 2021 will bring!"

In this report we look back on the key trends we identified for "2020 and beyond", assess how these have evolved over the past year and consider how emerging pandemic trends may impact the course of these trends and others into the future.

OUR KEY TRENDS FOR 2020 AND BEYOND

1. Continued growth of alternative food options
2. Demand for sustainability/transparent/traceability
3. Emergence of cannabis-based foods and beverages
4. Personalized eating - "Eating for Me"
5. Pressure on iconic foods brands

EMERGING COVID-19 TRENDS TO WATCH

1. Home cooking - the rise of the "home chef"
2. Proactive self-health and self-care - "Food as medicine"
3. Multi-channel delivery options - "what and where I want it"
4. Plant-based foods - driven by health and sustainability
5. Value, value, value!

Education



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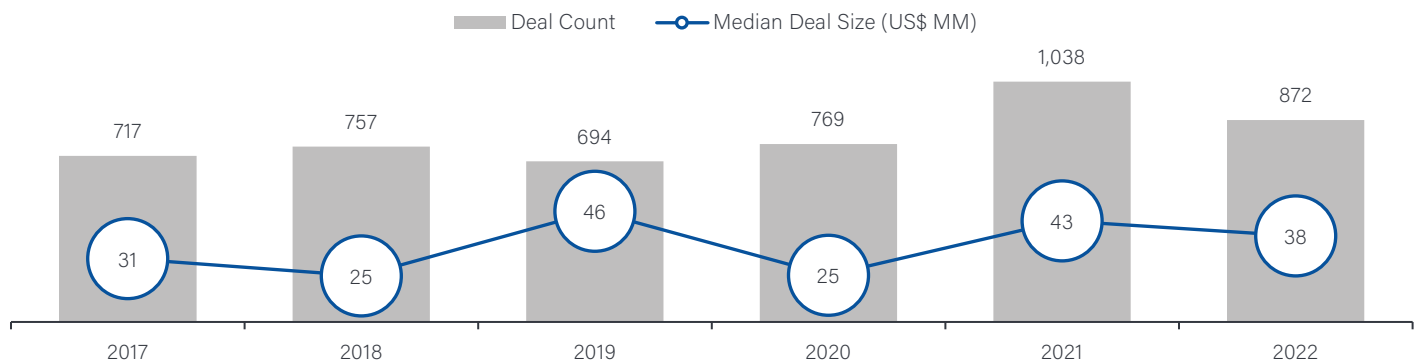


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Education Sector Market Activity (2017 – 2022)



Source: Pitchbook.

- ▶ Overall, demand for private education businesses has remained robust, and we've witnessed ongoing strength for well-run businesses across the entire education spectrum, with Canada being a sought-after market
- ▶ The significant interest in Canada as a target market is driven by the country's long-standing focus on education, international attractiveness to students and perceived safety and stability
- ▶ Buyers typically look for schools and other education providers that provide stability, with strong growth prospects, a diversified program offering and a healthy student demographic, and such businesses often receive premium valuations
- ▶ Both operators and buyers continue to look for size, driving interest in any large opportunities that are available in the market
- ▶ The Canadian government is looking to drive ongoing immigration to the country and address an acute lack of skilled workers in many industries, creating a favourable macro backdrop for the sector
- ▶ The COVID-driven adoption of remote learning and hybrid delivery has spurred interest in edtech providers addressing this need and for institutions that have proactively adopted solutions
- ▶ Activity in Edtech pulled back through 2022, however, commensurate with the retraction in the broader tech sector

2023 Outlook

- ▶ We believe 2023 will be another strong year for Canadian private education; Origin is actively in the market with multiple education mandates, working with a variety of buyers and sellers across early childhood education, K-12 and post-secondary, as well as more specialized training providers
- ▶ As border restrictions from COVID have eased, international student are accelerating their return to Canada, bolstering operational performance for many institutions, and reducing the perceived risk around some operations
- ▶ Education continues to be a focal point for many investors, and fits neatly into the ongoing desire for ESG-related investments, driving interest from an increasing pool of investors

Highlighted Education Transactions

<p><i>In Progress</i></p> <p>Buy-Side Advisory</p> <p>International post-secondary school group</p>	<p><i>In Progress</i></p> <p>Sell-Side Advisory</p> <p>Canadian K-12 school</p>	<p><i>In Progress</i></p> <p>Sell-Side Advisory</p> <p>Canadian post-secondary school</p>	<p><i>Pending</i></p> <p>Sell-Side Advisory</p> <p>Canadian Edtech</p>	<p>Yorkville Education Company, parent of</p> <p>Toronto Film School YORKVILLE UNIVERSITY</p> <p>Investment by</p>  <p>BIRCH HILL equity partners</p>
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Highlighted Education Reports

Spring 2021

ORIGIN MERCHANT PARTNERS

M&A SPOTLIGHT ON EDUCATION



Welcome to the Spring edition of M&A Spotlight on Education. In many respects, it has been a year of reinvention for educational institutions. Pre-COVID, most K-12 schools, colleges and universities logged in innovation and adopting new technologies. And then came the pandemic. As Aliza Lezhani, Regional CEO and Dean of Northeastern University (NU) – Toronto puts it, “COVID caused an inflection point” for educational institutions. We see that in the sector now (p. 2) – in IPO, M&A and financing activity – as online platforms and tech innovations play a starring role in the sector’s accelerated transformation.

In addition to our regular features, this Spring issue includes an interview with Aliza Lezhani (p. 5-6). Aliza shares her experience guiding the NU – Toronto campus through the pandemic, leveraging technology, innovation and to focus on the student experience to drive continued growth including in international student enrollment. Additionally she draws on that experience to provide a broader sector perspective and outlook.

The Education Team at Origin continues to work on mandates and close deals in the sector. If you would like to discuss this report, or learn more about our practice please reach out. We would be delighted to discuss further in a conversation.

Jim Meloche Principal
Jim Osler Principal

Fall 2020

ORIGIN MERCHANT PARTNERS

M&A SPOTLIGHT ON EDUCATION



Recent News Highlights

How a COVID Gap Year Will Be Different Than Previous Gap Year Experiences

The idea of taking a gap year between high school and college has been available, albeit a niche idea to many. About 40,000 students out of 2 million this time completed only half their grade-level goals in math and fewer than three-quarters of their goals in reading during COVID.

How Schools Will Need to Restart in Fall

Continuity of student learning has varied wildly between schools, compounding disparity between students. Some researchers expect students will have completed only half their grade-level goals in math and fewer than three-quarters of their goals in reading during COVID.

Quality formative assessments will be especially important for closing COVID learning gaps. In order to adjust to the new normal, schools will need to:

- Have the flexibility to administer assessments with teacher support without compromising the accuracy of results
- Have actionable data that include specific recommendations that match students’ needs with options for differentiating instruction
- Have ongoing, comprehensive access to results in order to monitor progress

Experts say that gap years are typically done by students who don’t know what they want to major in. However, for many students this year it was due to an aversion to paying the full price of residential college as many residential aspects will be unavailable, limited, or delayed.

Source: EdEdge, Metum

Winter 2022

ORIGIN MERCHANT PARTNERS

INDUSTRY SPOTLIGHT ON EDUCATION



Welcome to the Winter 2022 Education Industry Spotlight. Focus on EdTech. In this issue, you will find:

- 1 EdTech Industry Overview (p.2)
- 2 Current Market Commentary (p.3)
- 3 Significant EdTech IPOs (p.4)
- 4 EdTech Index and Comps (p.5)
- 5 EdTech Historic M&A (p.6)
- 6 Recent EdTech News (p.7)
- 7 Select OMP Transactions (p.8)

Technology has allowed teachers to engage and transform their classrooms into a more interactive environment, as well as to create a more personalized learning experience for students. With new technologies on the horizon, supported by strong investor interest, the education industry will continue to evolve, increasing its overall effectiveness.

The Education Team at Origin continues to work on mandates and close deals in the sector. If you would like to discuss this report or learn more about our practice, please reach out. We would be delighted to discuss further in a conversation.

Watch for our Education Industry Spotlight, Focus on K-12, in Spring 2022.

Jim Meloche Principal
Shaun Quennell Director
Jim Osler Principal

Environmental & Sustainability



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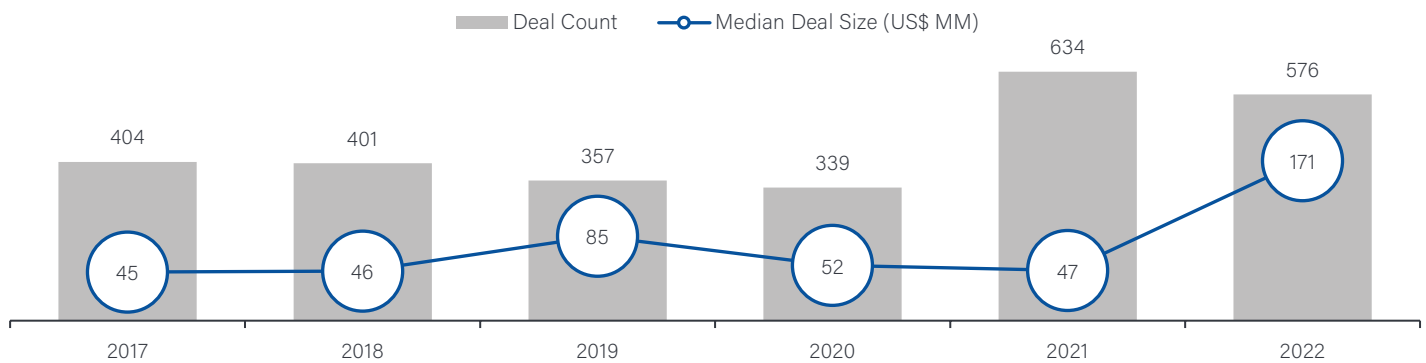


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Environmental & Sustainability Sector Market Activity (2017 – 2022)



Source: Pitchbook.

- ▶ While deal activity dropped off from 2021, volume was well above all prior years, reflecting a government and industry focus on addressing climate change and supporting the circular economy; in addition the median deal size jumped >3.5x versus the prior year reflecting some of the same trends
- ▶ There was considerably more transaction activity focused on financing earlier stage companies, which should foster growth and pave the way for M&A activity down the road; for example, climate tech investment in the first 3 quarters of 2022 represented approximately a quarter of every venture dollar invested, or US\$52 billion globally
- ▶ The \$370 billion US Inflation Reduction Act was signed into law, providing significant funding directed at addressing climate change, to be delivered via direct investment, tax credits, and research support; in the wake of this development, Canada tabled two new federal tax credits for clean technology and low-emitting hydrogen production, with a view to furthering Canada’s transition to a green economy
- ▶ Russia’s invasion of Ukraine broke a key link in Europe’s natural gas supply chain, accelerating the drive to find and develop renewable fuel alternatives

- ▶ There was and continues to be strong investor interest throughout the EV ecosystem, along the supply chain, as well as into supporting infrastructure
- ▶ Consumer demand for neutral/negative carbon footprint products and services accelerated, driving heightened investor interest in related businesses

2023 Outlook

- ▶ We expect the themes that supported deal activity in 2021 and 2022 to be sustained through 2023
- ▶ Global awareness of the need to address climate change, with doubt rendered undeniable by extreme weather events and food scarcity, will keep the public and private sectors focused on finding solutions which, in turn, will drive a need for financing and M&A within the environmental and sustainability space

Highlighted Environmental & Sustainability Transactions




eCycle has been acquired by





Has received an equity investment from






Sale of a Minority Interest to



Origin's Environmental and Sustainability Brochure

Environmental/Sustainability-Focused Company Transaction Capabilities

A NEW AND EXCITING PRACTICE AREA FOR ORIGIN FOCUSED ON M&A AND CAPITAL RAISING

Other among several Environmental/Sustainability mandates and engaging with a broad range of industry stakeholders, we have gained valuable insights into trends and transaction interests.

We continue to see robust interest. From both strategic and financial buyers, in clients with Environmental/Sustainability exposure.

KEY SECTOR FOCUS — ENVIRONMENTAL & ENERGY TRANSITION ALONGSIDE ADDITIONAL IMPACT/SUSTAINABLE OPPORTUNITIES



The listed sectors above represent where Origin is currently engaged or in discussions with companies regarding capital raise or subsequent advisory mandates.

BREADTH OF TRANSACTIONS

As a result of recent mandates, we have identified, talked to or are speaking with strategic to completion with over 200 focused Impact/Sustainability funds that are keen to deploy capital in the following transaction types:



Our Advantage: There is tremendous interest in all transaction types for Environmental/Sustainability-centric companies, including those engaged in recycling, entire E2EV ecosystems, renewables and supporting the circular economy, amongst other key subsectors. Origin is well positioned to advise these companies, matching them with the optimal capital provider partners as they look to fuel their growth or seek an exit.

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Environmental/Sustainability-Focused Company Transaction Capabilities

CANADA'S LEADING INVESTMENT BANKING BOUTIQUE

At Origin Merchant Partners ("Origin"), we pride ourselves on developing creative and strategic solutions tailored to the unique objectives of every client, as a longstanding team of entrepreneurs, we understand the distinctive needs of business leaders.

Our Commitment: Origin clients always receive thoughtful, conflict-free counsel from our veteran M&A/capital raising Principals, with senior leadership guiding every step of the deal process. We are there for our clients when expertise, innovative thinking and an expansive network of domestic and global relationships matter most.

Key Service Offerings: Origin clients always receive thoughtful, conflict-free counsel from our veteran M&A/capital raising Principals, with senior leadership guiding every step of the deal process. We are there for our clients when expertise, innovative thinking and an expansive network of domestic and global relationships matter most.

- Mergers & Acquisitions and Recapitalizations and
- Restructuring
- ESOPs
- Capital Raising
- ESOPs and our affiliate, Origin Merchant Securities Inc. (EMSI) provide a broad array of financing related services including:
 - Placement of equity and debt securities
 - Managing the financing process independent of leading institutions, ensuring competition among providers of capital

SELECT ENVIRONMENTAL/SUSTAINABILITY-CENTRIC TRANSACTIONS



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Environmental/Sustainability-Focused Company Transaction Capabilities

DEAL HIGHLIGHT — ECYCLE SOLUTIONS

eCycle Solutions ("eCycle") is a leading Canadian waste recycler with fully integrated operations across Canada and, with its focus on the circular economy, diverts 99% of processed waste from entering landfills.

Horizon Capital Holdings ("Horizon") part of the Martin Family Office, owned 100% of eCycle and liquidated their position for eCycle's best fit of growth.

JX Nippon Mining & Metals ("JNM") is a leading Japan-based supplier of consumable materials and one of the world's largest, global enterprise active in a wide array of businesses including petroleum products, non-ferrous metals and specialty electronic materials.

Origin facilitated a broad but tailored outreach that included strategic and financial parties worldwide, tapping parties with complementary operations to eCycle, or parties actively pursuing sustainability portfolio investments.

The process generated significant interest and heightened competitive tension, driven by eCycle's strong management, rapid and sustained growth, its focus on the circular economy and reputation as a responsible investor. JK, with its clear understanding of eCycle's value proposition, emerged as the successful bidder.

"The Origin team truly went above and beyond. Further to generating financial results that exceeded expectations, the entire team has a strong work ethic, are attentive and thorough. They truly invested their time to understand the intricacies of the business operations and complexities of the industry, with a very proactive and practical approach. It was a real pleasure working with eCycle, not just the entire Origin team. Extremely professional and innovative in structuring the deal. We certainly are impressed by the caliber of their team guided us throughout the process."

— Michael Collier, President and CEO of eCycle Solutions

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Healthcare



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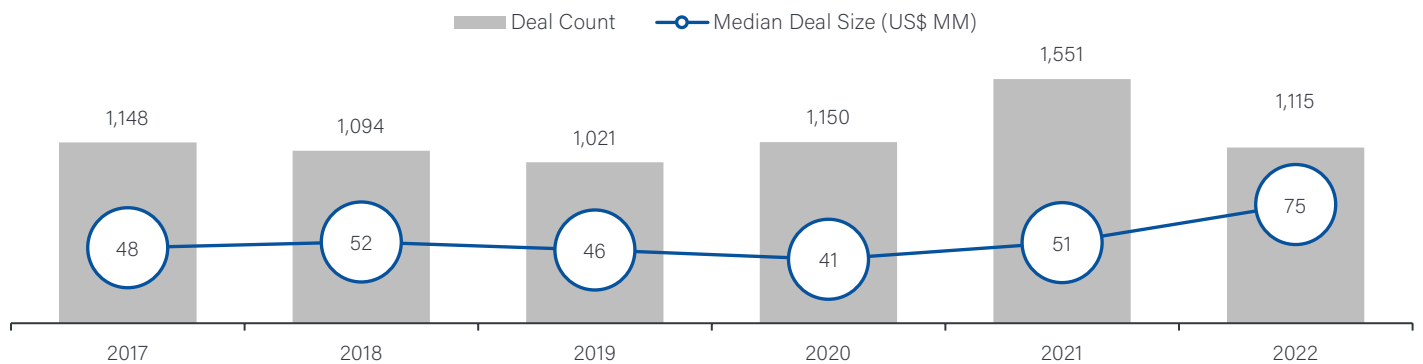


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Healthcare Sector Market Activity (2017 – 2022)



Source: Pitchbook.

- ▶ 2022 continued to be a very active year for healthcare, especially for multi-site healthcare services and digital healthcare businesses with solid fundamentals
- ▶ Moving through the year, strategics' and financial sponsors' interest declined with respect to companies pursuing revenue growth at all costs
- ▶ The lasting impact of the pandemic was evident in the accelerated adoption of digital healthcare; forecasts suggest digital health spending in Canada will more than double, increasing from its current 3% of global healthcare expenditures to an estimated 8% by 2030
- ▶ Valuations have been quite resilient for healthcare companies with attractive growth profiles and positive EBITDA
- ▶ Companies with excessive leverage or EBITDA losses have seen their valuations decline to reflect the higher cost of capital, returning to or dropping below pre-pandemic levels

HVACR

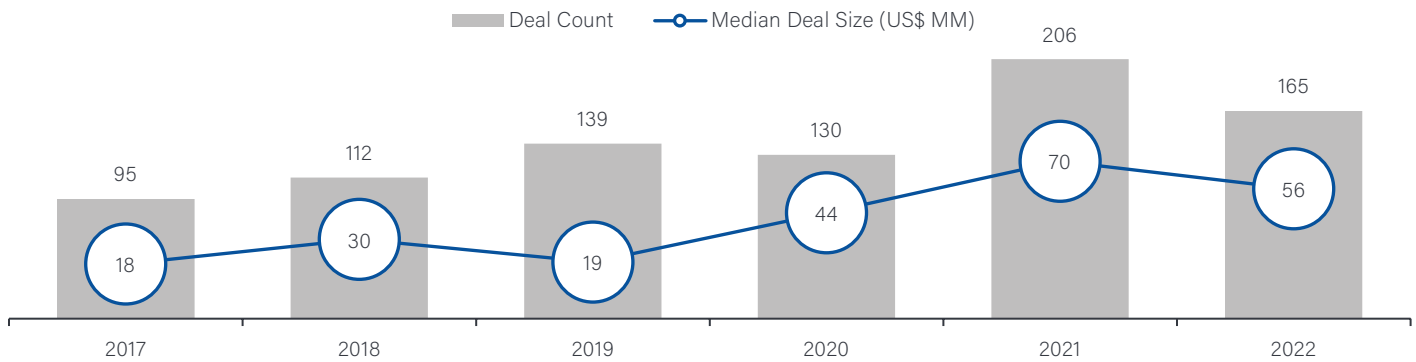


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HVACR Sector Market Activity (2017 – 2022)



Source: Pitchbook.

- ▶ HVACR transaction volume remained comparatively healthy through 2022, relative to pre-pandemic levels in 2018 and 2019
- ▶ Demand remained strong for HVACR equipment and related services to support replacements, retrofits, and upgrades underpinned by technological innovation and energy efficiency
- ▶ Valuations also remained comparatively healthy relative to pre-pandemic levels, supported by strong demand for quality businesses from:
 - › Foreign and domestic strategic buyers seeking to supplement organic growth with acquisitions to strengthen their market positions
 - › Global private equity firms seeking to deploy capital, which, while off its record highs, remains abundant
 - › A meaningful and increasing number of family offices pursuing direct investment opportunities

2023 Outlook

- ▶ Transactions will be driven by the demand to replace the current installed base of HVACR equipment with more-efficient units buoyed by tax incentives
- ▶ Companies will use M&A to ensure the long-term reliability of materials and components
- ▶ M&A will accelerate to alleviate labor shortages due, in part, to an aging work force
- ▶ Consolidation will continue unabated in the HVACR services segment

Highlighted HVACR Transactions

<p>Braeburn[®]</p> <p>Has been recapitalized by a strategic investor</p>	<p>WYSE</p> <p>Has received an equity investment from</p> <p>ONCAP</p>
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Highlighted HVACR Reports

ORIGIN
MERCHANT PARTNERS

Q3 2022

M&A SPOTLIGHT ON HVACR

Spring 2020

ORIGIN
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M&A SPOTLIGHT ON **HVAC**

Notable HVAC M&A Activity

- On March 21st, Air Prox Residential and Commercial Air Conditioning Services ("Air Prox") announced the acquisition of Summer's Heating and Cooling, based in Fort Lauderdale, Florida.
 - On January 23rd, Air Prox also announced the acquisition of Climate Solutions LLC, an HVAC service company based in Colorado Springs, Colorado.
- On March 11th, The Wrench Group, recently acquired by private equity firm Leonard Green and Partners, announced the acquisition of Jacksonville-based DeLeon Heat and Air Inc.
 - On March 2nd, The Wrench Group also acquired Florida Cool Inc., continuing its expansion into the Southwest Florida market.
- On March 9th, Comfort Systems USA announced it had entered into an agreement to acquire TAS Energy Inc. ("TAS"), a leading provider of modular construction systems based in Houston Texas. TAS is expected to contribute ~US\$180 million in revenue and ~US\$16 million in EBITDA per year.
 - On February 10th, Comfort Systems USA announced the acquisition of Starr Electric Company ("Starr"), headquartered in Greensboro, North Carolina. Starr is expected to contribute ~US\$95 million in revenue and ~US\$5 million in EBITDA per year.
- On January 14th, Carebna LLC, a global private equity firm, announced a C\$75 million investment over the next three years in UNIBOY Climate Systems, a newly formed HVAC engineering and manufacturing company based in Montreal and focused on sustainable solutions.
- On November 13th, SPX Corporation, an engineering products supplier and manufacturer, acquired Patterson-Kelly, a manufacturer and distributor of commercial boilers and water heaters based in East Stroudsburg, Pennsylvania for US\$60 million.

HVAC M&A news continued on the next page...

INDUSTRY PERSPECTIVE:
Air Purification Equipment & Filtration Media

February 2021

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Industrials



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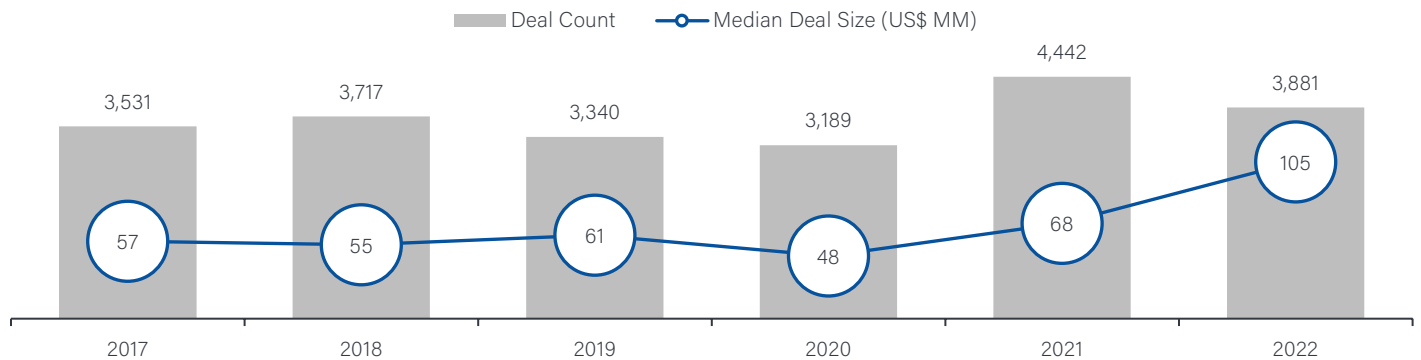


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Industrials Sector Market Activity (2017 – 2022)



Source: Pitchbook.

- ▶ Post-Covid economic recovery, combined with a significant on-shoring trend, drove strong financial performance and considerable M&A activity for middle market manufacturers, despite broader economic concerns related to inflation and rising interest rates
- ▶ Companies that produce precision components and have invested in automation benefited the most from the macro trends, outperforming their competitors
- ▶ Substantial multi-year investments continued in large municipal infrastructure (transportation, utilities, healthcare) – attributable to need (pressures from population growth as well as volatile weather) and access to government spending; this drove M&A activity in supporting services and products
- ▶ Many private equity investors and strategic buyers actively pursued well-run companies, but rising interest rates enabled well-capitalized strategics to be more effective bidders

- ▶ Origin's industrial team observed significant premiums being paid by both private equity and strategic buyers, ranging from 20-40% over the past 12 months (compared to what these assets would historically trade at) across the entire Industrial sector
- ▶ Overall, valuations in the middle market remained stable and debt capital readily available—albeit at increased rates—compared to large cap deals that have seen a drop in available financing
- ▶ Strategic buyers that generated significant cash reserves from a strong performance in the Covid recovery period were more aggressive in pursuing acquisitions that would position the company for greater long-term success
- ▶ Many large private equity groups were actively pursuing a roll-up strategy in infrastructure products and services, enabling them to be quite competitive with respect to synergies available to pure strategics

2023 Outlook

- ▶ Engineered/precision product companies that generate superior EBITDA margins will continue to attract large numbers of bidders, along with premium valuations
- ▶ There will likely be an acceleration in spending (and resultant M&A and/or private equity investment) in well-run infrastructure products and services businesses
- ▶ Due to the interest rate environment, we will likely see consolidation of highly leveraged companies that can no longer sustain a considerable debt burden

Highlighted Industrials Transactions

 <p>Has been acquired by</p> 	 <p>Has been acquired by</p> 	 <p>Has been acquired by</p>  <p>a subsidiary of</p> 
 <p>SAMSON Roll Formed Products Company ISO 9001:2008 Certified</p> <p>Have been acquired by</p> 	 <p>Has been acquired by</p>  <p>A portfolio company of</p> 	 <p>PLP REDIMIX LTD.</p> <p>Exclusive Financial Advisor on its Sale to</p> 

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Highlighted Industrials Reports

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Q4 2022 Fluid Power and Flow Control Update



Hydraulic Market Perspectives

- Strong Demand Exhibited Through Q3 2022**
Following a Covid-related decline in 2020, industry demand returned in 2021, quickly driving sales and backlog beyond pre-Covid levels. Although that demand has continued through Q3 2022, there are some signs of slowing orders in Q4. However, if there is a slowdown, it is anticipated to be short-lived.
- Hydraulics Can Complement Battery Powered Mobile Platforms**
Due to the power and energy density requirements for most current hydraulic applications, hydraulics cannot realistically be displaced by current alternative electric power solutions; however, cylinders can be readily integrated into battery electric mobile platforms, effectively addressing OEM and customer goals.
- New Materials and Technologies Offer Benefits for OEMs and Operators**
Light weighting, through new materials such as aluminum, can potentially provide enhanced efficiency for mobile platform applications. Additionally, effective integration of electronics, digitalization and controller software can help:
 - Decrease emissions and reduce carbon footprints
 - Enhance operator safety and comfort
 - Extend longevity of equipment through better performance and maintenance monitoring
 - Improve efficiency, productivity and reliability
 - Spur the development of more reliable and cost competitive technology, such as cylinder positioning sensors
- Trend Toward Fluid Power Convergence**
Manufacturers and suppliers appear to be gradually embracing a full-system approach, integrating multiple hydraulic elements into customized systems. Strategic buyers are noted to have been selectively acquiring complementary hydraulic system products in strategically important investments.
- Macroeconomic Factors Driving Future Growth**
The hydraulics industry is expected to grow in the near- to intermediate-term, driven in part by public works projects connected with the 2022 Infrastructure Bill and increasing investment in automation across a wide range of end markets as a result of an extremely tight labor market.

INDUSTRY PERSPECTIVE:
Industrial Valve Manufacturing

January 2020



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INDUSTRY UPDATE:
Metal Fabrication

Q4 2020



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M&A SPOTLIGHT ON
TRANSPORTATION & LOGISTICS



TABLE OF CONTENTS

- North American Deal Landscape
- Origin Sector Perspective - Interview with Robert Fedrock
- Transportation & Logistics Index Performance
- Public Company Comparables
- Recent Deal Activity
- About Origin Merchant Partners

FLUID POWER:
Hydraulic Cylinder Sector Report

October 2021



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Technology

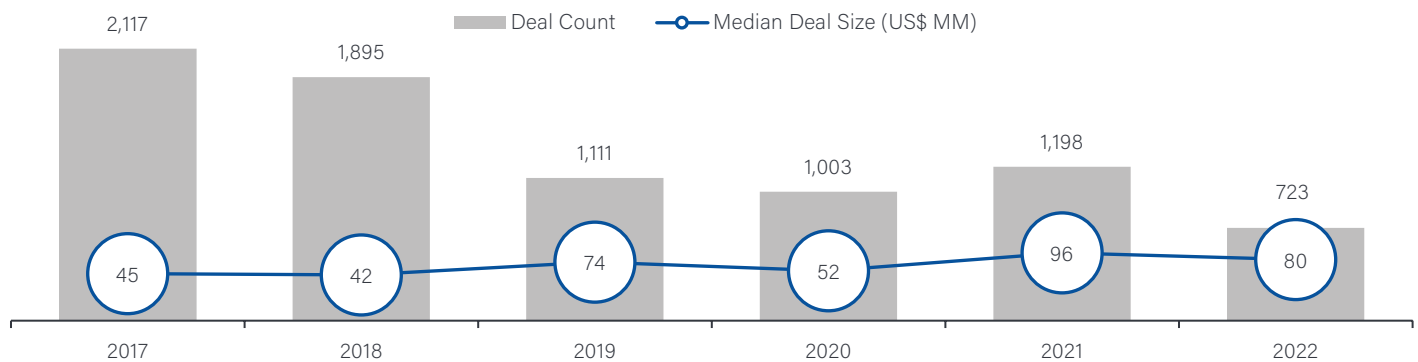


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Technology Sector Market Activity (2017 – 2022)



Source: Pitchbook.

- ▶ We saw a decline in technology financing and M&A activity, largely driven by concerns about an economic slowdown impacting consumer and enterprise spending
- ▶ Despite the drop-off in deal activity, several verticals stood out as bright spots through 2022 including cybersecurity, supply chain management, transportation /logistics, and HR/learning management
- ▶ Overall, valuations declined relative to the prior two years which saw a significant increase due to low interest rates and significant government stimulus
- ▶ Valuations have largely returned to pre-pandemic levels and remain steady, specifically for those businesses that demonstrate strong growth and profitability

2023 Outlook

- ▶ **Flight to Quality** — investors and buyers are focused on companies that demonstrate resiliency along with strong growth and profitability
- ▶ **Cash is King** — companies with strong balance sheets are well positioned to make strategic acquisitions and continue to be active in the M&A market
- ▶ Overall, despite headwinds, technology will continue to be a driving force to increase efficiency and reduce costs for enterprises and consumers through automation, artificial intelligence and digitization

Highlighted Technology Transactions

 <p>Has entered into a strategic partnership with</p> 	 <p>Exclusive Financial Advisor on Convertible Debenture & Private Placement</p> 	 <p>Exclusive Financial Advisor on its investment</p> <p>Financing led by</p> 	<p>CBC Computer Systems</p>  <p>Exclusive Financial Advisor on its Sale to</p> 	<p>Dapasoft Inc. including</p>  <p>\$83 million</p> <p>Exclusive Financial Advisor on its sale to</p> 
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Cannabis

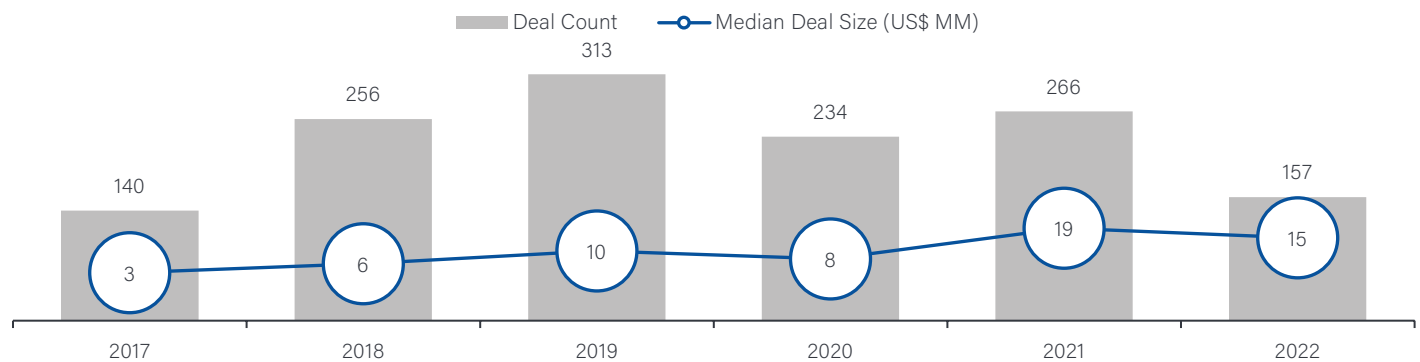


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Cannabis Sector Market Activity (2017 – 2022)



Source: Pitchbook.

- ▶ 2022 continued to starve the Cannabis sector of necessary capital inflows from the equity sector as companies struggled to reduce costs and overhaul their business models to achieve profitability
- ▶ Growth continued to be restrained by lack of capital, heavy regulatory costs, and product limitations (“regulatory recession”)
- ▶ Investors’ hopes for US legislation progress were muted after several “head fakes” from various comments from members of the House and Senate, and Biden himself
- ▶ Minimal capital availability reduced M&A activity in 2022, although consolidation themes percolated with distribution into Europe, positioning in the US and a key focus on manufacturing products and brands in Canada
- ▶ Research into, and usage of CBD and CBN products continued to increase across North America
- ▶ Canadian and US cannabis shares experienced relentless price declines throughout 2022 given the lack of profitability, significant write-downs, ‘head fakes’ from US regulatory reform, and minimal M&A activity
- ▶ Companies with strong fundamentals (profitable growth, leading brands/products, market share) weathered the storm better than their peers, but good news was met with liquidity selling in most instances
- ▶ 2022 finished with many cannabis companies hitting all time lows; we believe the depressed valuations are starting to look attractive to investors and the bottom is largely behind us

2023 Outlook

- ▶ We expect stronger cannabis companies to escape “survival mode” in 2023 as they focus their strategies in core areas and reduce historic excessive cost structures
- ▶ We believe M&A activity will pick up in 2023 as larger companies continue to acquire ‘niche’ products and brands to fit their focussed strategies
- ▶ We expect more global interest in the cannabis space as products mature and regulatory restrictions ultimately ease in North America and Europe

Highlighted Cannabis Transactions

<p><i>Pending</i></p> <p><i>Sell-Side Advisory</i></p> <p><i>Canadian cannabis product development, manufacturing & branding co.</i></p>	<p><i>Pending</i></p> <p><i>Sell-Side Advisory</i></p> <p><i>U.S. cannabis product development, manufacturing & branding co.</i></p>	<p><i>In Progress</i></p> <p><i>Buy-Side Advisory</i></p> <p><i>European cannabis distribution company</i></p>	 <p><i>Greenhouse Grown</i></p> <p><i>Exclusive Financial Advisor on its acquisition of the remaining stake in</i></p>  <p>PURE SUNFARMS</p>
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And from Origin's advisory practice...

We closed 14 transactions in 2022, just one short of the record level set in 2021. Transactions spanned multiple sectors, including agrifood, environmental & sustainability, healthcare, industrials and technology.

Transaction	Sector	Geography
ALS	Diversified	Buyer: 
		Seller: 
Modu-Loc	Industrials	Buyer: 
		Seller: 
Myland	Agtech	Investee: 
		Investor:  
G3	Agriculture Infrastructure	Buyer: 
		Seller: 
Concierge Plus	Technology	Buyer: 
		Seller: 
Back in Motion	Healthcare	Buyer: 
		Seller: 
Pacoma	Industrials	Buyer: 
		Seller: 
Daman	Industrials	Buyer: 
		Seller: 
Block Steel	Industrials	Buyer: 
		Seller: 
eCycle	Environmental & Sustainability	Buyer: 
		Seller: 
Elite	Industrials	Buyer: 
		Seller: 
Think Research	Healthcare	Investee: 
		Investor: 
Trafalgar	Healthcare	Buyer: 
		Seller: 
Powerline and PLP Redimix	Industrials	Buyer: 
		Seller: 

Visit our website for our full [transaction history](#).

Origin Merchant Partners' 2022 Transactions

 <p>Has acquired the Exploration Technologies Division of</p> 	 <p>Has been acquired by</p> 	 <p>Has received an equity investment from</p> 	 <p>Divestiture of Shortline Railway assets to</p> 	 <p>Has entered into a strategic partnership with</p> 
 <p>A portfolio company of</p>  <p>Has been acquired by</p>  <p>on behalf of its Yorkville Healthcare Fund, Yorkville Private Equity LP, and Yorkville Private Lending LP</p>	 <p>Hydraulic Technology</p> <p>Has been acquired by</p>  <p>a subsidiary of</p> 	 <p>Has been acquired by</p> 	  <p>Roll Formed Products Company ISO 9001:2008 Certified</p> <p>Have been acquired by</p> 	 <p>For a better world.</p>  <p>eCycle has been acquired by</p> 
 <p>Has been acquired by</p>  <p>A portfolio company of</p> 	 <p>Has received an equity investment and convertible debt from</p> 	 <p>Has been acquired by</p> 	  <p>Has been acquired by</p> 	

Weeks into the first quarter of 2023, our pipeline is full with sell-side and capital raising mandates. Please contact [Karen Fisman, Director of Business Development](#) to enquire about our current mandates.

* Securities transactions conducted through StillPoint Capital, LLC, Tampa, FL

Milestone 2022 Events

The firm grew dramatically through the year, launching a Quebec practice headed by finance industry veteran, **Alain Miquelon**, expanding our North American platform by combining with US-based **InterOcean Advisors** and adding new principals, **Peter Farrell** and **Lawrence Rhee**, in, respectively, the business services and technology sectors.

Quebec Practice Launch

In February, 2022, we launched our Montreal office led by finance industry veteran, Alain Miquelon. Read the Globe & Mail's coverage of the announcement [here](#). Reporting on the past year, Mr. Miquelon says: *"We now have a full team that can execute in French. We've been involved or been awarded mandates in industrial, tech, private education, Ag/food, financial services, and transport. All around it was a busy year!"*

Combination with US-based InterOcean Advisors

In June, 2022, we announced the expansion of our North American platform with the agreement to combine with US-based InterOcean Advisors, a middle market, industrials-focused investment bank. The combined firm, operating under the Origin Merchant Partners banner, is positioned to be one of Canada's only independent investment banks with a physical presence in the US market, and bankers in Chicago, Atlanta, Denver, Toronto and Montreal. Read the Globe & Mail's coverage of the announcement [here](#).

Nick Newlin, a principal in Chicago, comments, *"The combination has been a great fit for both firms. Together we are able to provide robust deal teams with extensive industrials expertise to clients throughout the US and Canada. The combination also led to immediate positive results, with the Industrials Group achieving a record second half of the year in 2022 and managing multiple current engagements entering 2023. Moreover, prospective client activity remains quite strong with many active dialogues."*

Watch for our Q1/23 M&A review, coming this spring.

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