



Q4 2023

North American M&A Report



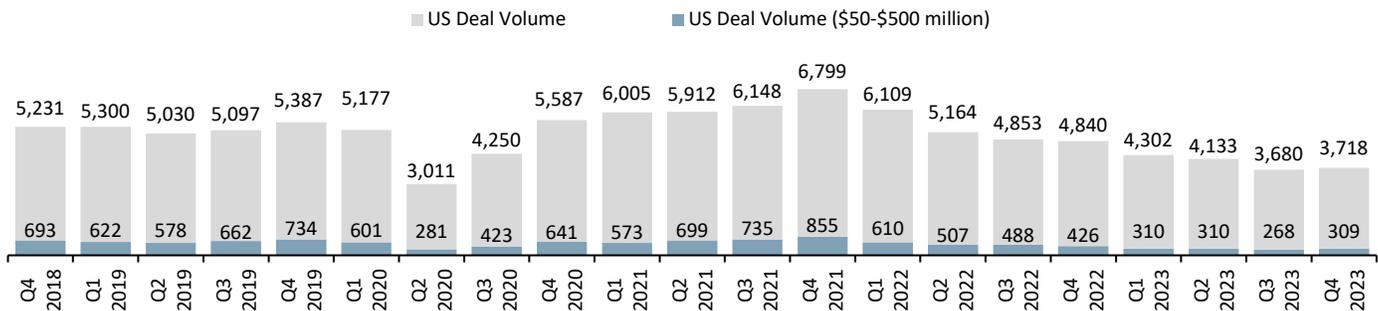
Highlights:

- ▶ *North American M&A volumes were down 23% in 2023 and the Middle Market transactions (\$50-\$500 million) were down an even steeper 37%*
- ▶ *Over the past 5 years M&A activity in Industrials and Financials has been relatively stable while Utilities and Real Estate have seen the sharpest declines*
- ▶ *In 2024, interest rates should be a catalyst for increased M&A activity while politics will be a damper*
- ▶ *Agriculture cycle should start to recover in 2024 and be a catalyst for activity*
- ▶ *Education sector in Canada wrestles with political and regulatory upheaval*
- ▶ *Environmental and sustainability continues to enjoy tailwinds from 2022 fiscal stimulus*
- ▶ *Healthcare recovers from massive dislocation of the pandemic and should find surer footing in 2024*
- ▶ *Industrials building momentum as supply chains normalize and onshoring continues*
- ▶ *AI is leading most discussion in the Technology sector and driving enormous valuations*

THE NORTH AMERICAN MIDDLE MARKET

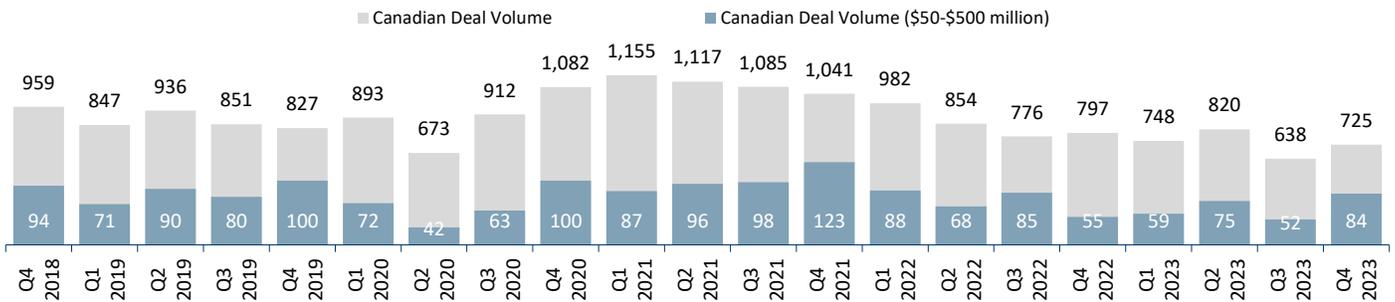
The market continued to grapple with subdued deal volume in 2023, with the year as a whole seeing the lowest level of middle market activity in the US and Canada in years. The persistent decline since 2022 underscored an enduring cautiousness among buyers and sellers, where liquidity and adaptability remained paramount. An improved outlook on interest rates for 2024 may have helped drive modest quarter over quarter improvement in Q4/2023 and be the green shoots of optimism heading into 2024.

Total US Deal Volume (Q4 2018 — Q4 2023)



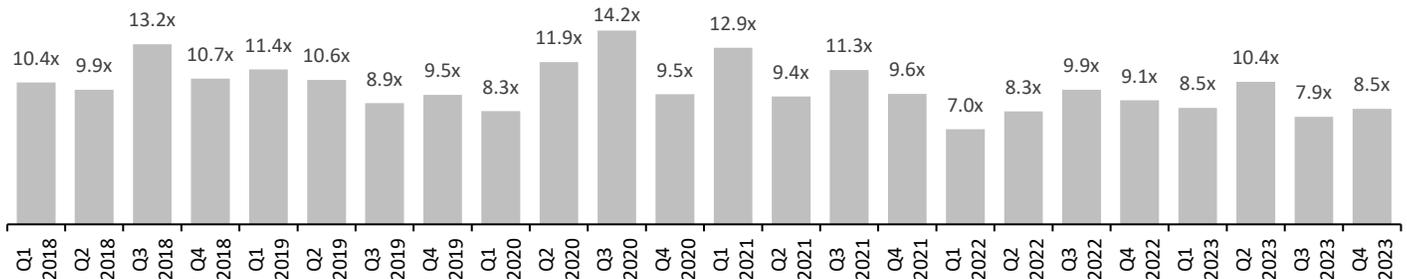
Source: S&P CapitalIQ.

Total Canadian Deal Volume (Q4 2018 — Q4 2023)



Source: S&P CapitalIQ.

North American Quarterly Valuations (EV/EBITDA)



Source: Pitchbook

Valuations appear to be returning to more typical historical levels.

ACTIVITY BY SECTOR

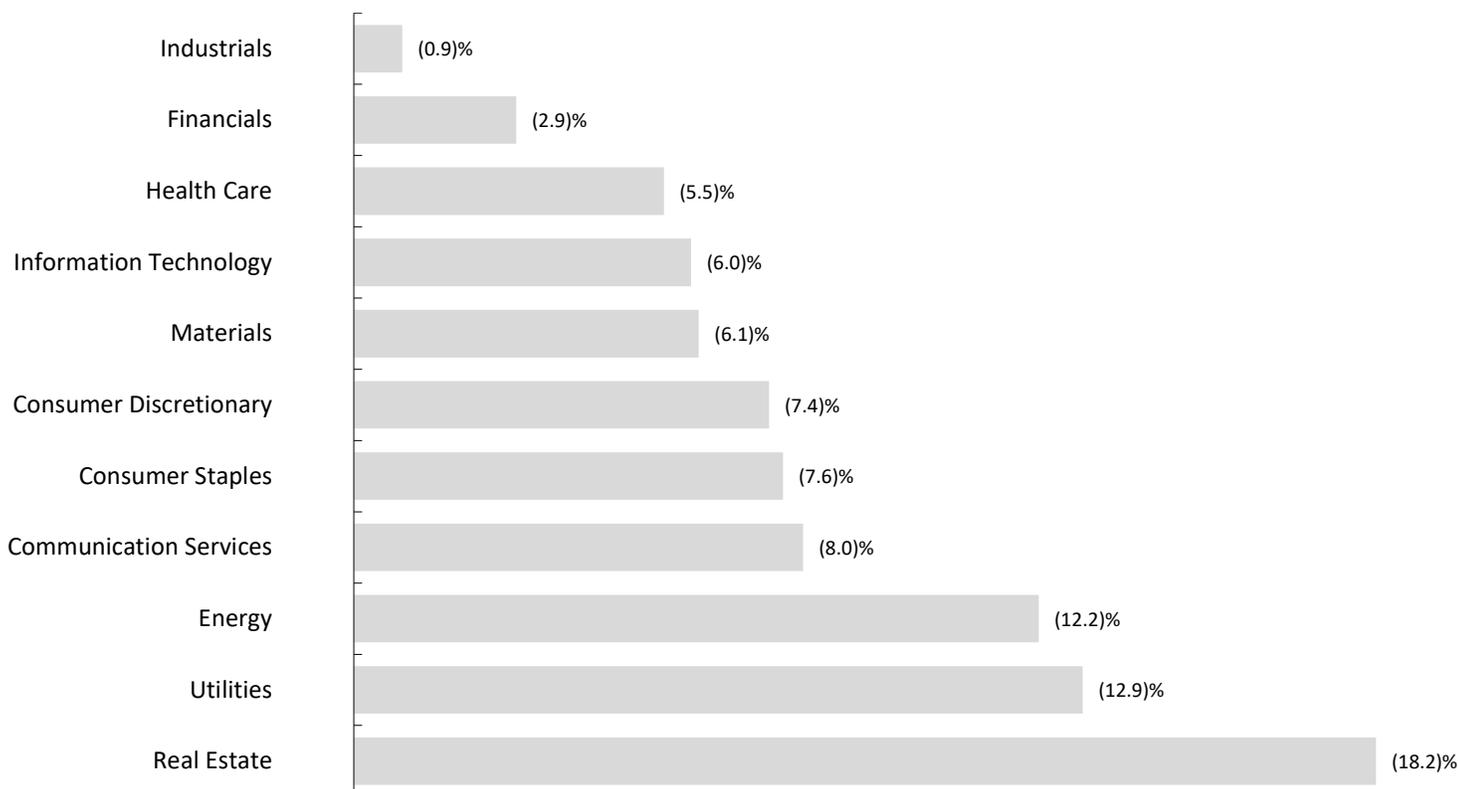
Over the 5-year period spanning from 2018 to 2023, there has been a general deceleration in activity across all sectors, although Industrials and Financials have demonstrated greater resilience compared to others. Industrials has consistently been the largest and most dynamic sector for M&A.

While Technology has experienced a slowdown, it remains a significant and active market for M&A, mirroring the trend observed in the preceding quarter. On the other hand, the Real Estate sector has encountered the most substantial decline over the 5-year period. Factors such as elevated interest rates, a constrained credit market, and unfavorable commercial vacancy rates have collectively contributed to a dampening effect on M&A within this sector.

Examining the peak-to-trough sector activity during the period from Q4 2021 to Q4 2023, Industrials and Financials have exhibited comparatively milder declines, registering reductions of 32.8% and 38.6%, respectively. This decline reflects a shifting emphasis in the market towards value and cash flow. In contrast, Real Estate activity witnessed the most substantial decrease, plummeting by 69.0%. Healthcare falls in the middle ground, experiencing a decline of 43.7% over the same period. These trends highlight the sector-specific dynamics and shifting priorities influencing M&A activities in the given timeframe.

Origin’s practice senior leads provide further sector insights on pages 5-22.

North American M&A Activity by Sector 5-Year CAGR (2018-2023)



Source: S&P CapitalIQ.

M&A ENTERS "PRESIDENTIAL YEARS"



JIM OSLER
MANAGING DIRECTOR

M&A faced significant mounting headwinds and a notable decline in activity in 2023. By Q4 of 2023, M&A activity in the US and Canada dropped by 45.3% and 30.4%, respectively, from the peak levels observed in Q4 2021. The correlation between M&A activity and economic performance became evident, with the deceleration attributed to the Federal Reserve's unprecedented 500 bps rate hike throughout the year. Money quickly became more expensive and while buyers were pricing deals for future, more expensive markets, vendors were holding out hope for the prices they saw their peers get in recent years.

As we enter 2024, the interest rate hikes appear to be behind us and are being digested by the markets. While some borrowers managed to lock in lower rates for extended terms, as debt begins to roll over, there will be increasing pressure to engage in

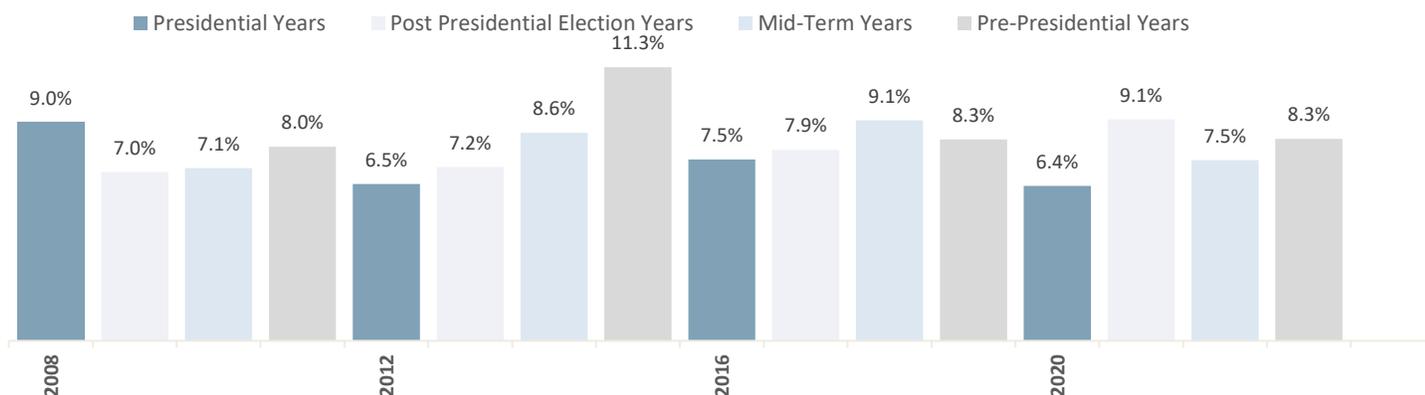
transactions. As value expectations begin to align, there is potential for better ROI in acquisitions than in paying off low-cost debt. Sellers who can secure a favorable return on their proceeds may find themselves more inclined to sell. This shift implies that interest rates, which were previously a headwind, could turn into a tailwind for M&A activity in the coming year, irrespective of whether rates actually decrease.

The challenge for M&A markets in 2024 may be political. M&A hates uncertainty. Increasingly politics is producing uncertain and challenging expectations for the future. An examination of recent presidential cycles reveals a pattern where "presidential years" coincide with a general pullback in M&A activities, while pre and post-presidential years tend to see larger spikes in M&A activity. This trend suggests that markets tend to await the conclusion of political debates and form investment decisions around a more certain political outlook. The intersection of

politics and M&A dynamics may introduce an additional layer of complexity to the landscape in the coming year.

The US election is not the only source of political uncertainty. Time Magazine points out that this is the "Ultimate Election Year" with 64 countries and 49% of the world population involved in some form of national election¹. While political uncertainty may continue to weigh down activity in the early part of 2024, this is already one of the longest down cycles for M&A and the counter pressures are building. Demographics, innovation, and investor constraints continue to be long term drivers of M&A and as the year progresses, we would expect there will be increasing catalysts driving greater M&A activity including a more stable interest rate environment and a clearer political outlook.

M&A Value as % of U.S. GDP



¹ <https://time.com/6550920/world-elections-2024/>

SECTOR INSIGHTS

Agrifood



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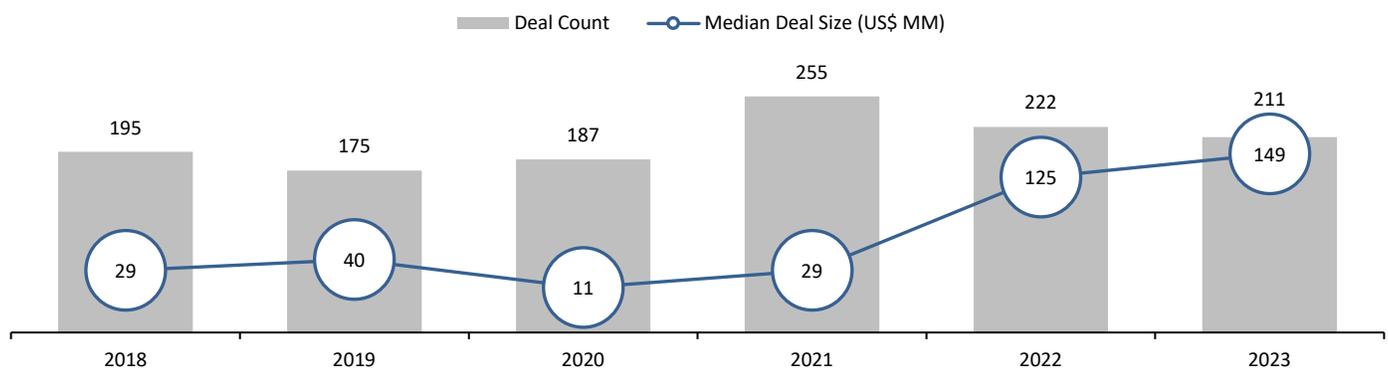


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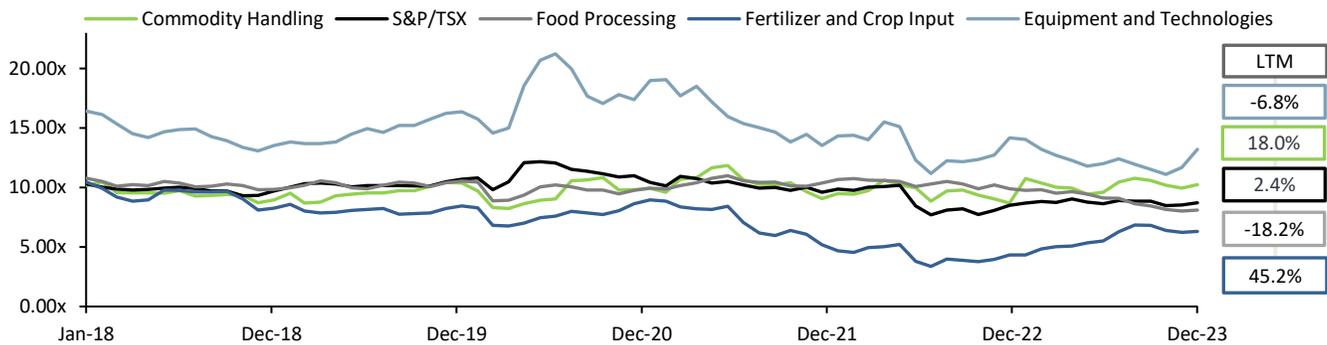
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Agrifood Sector Market Activity (2018—2023)



Source: Pitchbook.

Agrifood Sector EV/EBITDA Multiples



- ▶ The chart above tracks our public company Agrifood indices, which we update monthly in our Ag Flash report. Share price performance in all segments were down over the past twelve months, and also lagged the S&P/TSX index which saw performance climb marginally by 2.4%
- ▶ Despite multiples compressing through 2023, top-tier assets and industry-leading brands with outsized growth and margin profiles continued to realize premium valuations and multiples in 2023
- ▶ The Russia/Ukraine conflict continues to put pressure on the global food supply chain as commodity prices saw volatility in the first half of the year but have subsided in H2 2023
- ▶ Poor growing conditions, bumper crops in other key growing regions and domestic canola crush programs all continue to be key themes affecting competition for grain volume and underlying margins for Canadian grain businesses
- ▶ Food and ingredient businesses continue to face inflationary pressures on key cost inputs and are forced to utilize price increases as a means of managing margin levels; consumers are making wallet-tightening decisions at the grocery stores including switching to “value” options and searching out discount products
- ▶ Elevated interest rate levels put pressures on debt service costs affecting bottom-line performance for Agrifood companies; companies are being forced to make tough capital structure allocation decisions to manage leverage and performance

2024 Outlook

- ▶ We are 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 continue to drive 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) are reviewing their balance sheets and operational portfolios and making capital allocation decisions; Financial sponsors still have considerable capital to deploy, and many seem focused on deploying in the Agrifood space, in particular the ingredients and food manufacturing verticals

Highlighted Agrifood Transactions

 <p>Has been acquired by</p> 	 <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> 

Highlighted Agrifood Reports

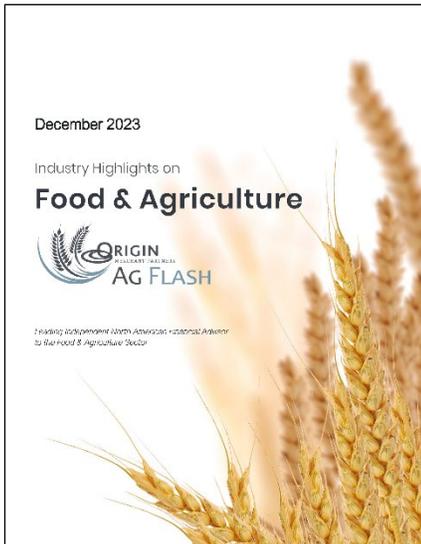
December 2023

Industry Highlights on

Food & Agriculture



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



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 next decade. And then, along came the COVID-19 pandemic, changing in almost every aspect of our lives, including our foods 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	EMERGING COVID-19 TRENDS TO WATCH
<ul style="list-style-type: none"> Continued growth of alternative food options Demand for sustainability/traceability Emergence of cannabis-based foods and beverages Personalized eating – "eating for me" Pressure on iconic foods brands 	<ul style="list-style-type: none"> Home cooking – the rise of the "home chef" Proactive self-health and self-care – "food as medicine" Multi-channel delivery options – "when and where I want it" Plant-based foods – driven by health and sustainability Value, value, value!

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 grocers are firing off the shelves at retail as food is 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 change and will continue to evolve 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, curbside 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 point 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 as our food journeys from field to table in the "new normal".

Education



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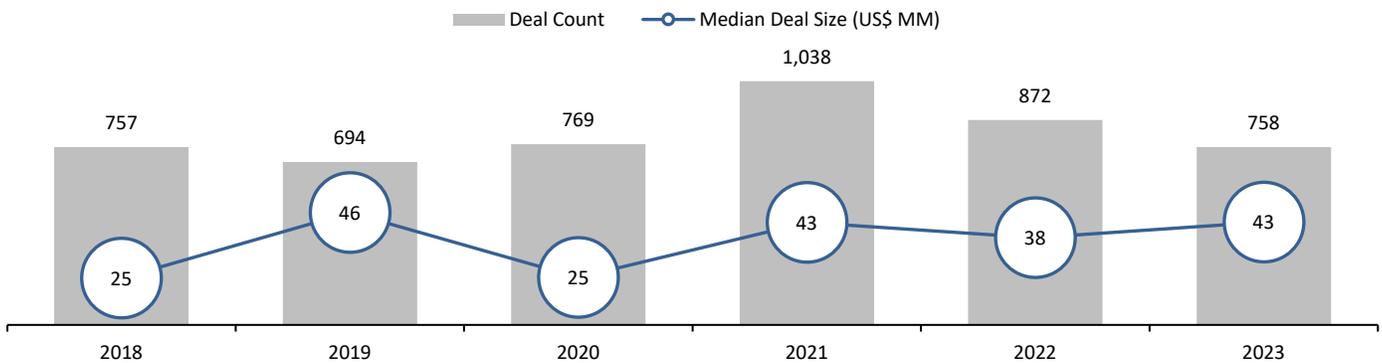


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Education Sector Market Activity (2018—2023)



Source: Pitchbook.

- ▶ 2023 was a tumultuous year for private education in Canada. Pressure from regulators and the shifting court of public opinion was driven largely by concerns around international students; both the number coming to Canada and the experience they receive once they arrive
- ▶ There is a degree of uncertainty around the regulatory landscape, with a number of proposals and changes coming into effect in 2024 including the newly announced 2-year cap on international student admissions and the reduction of postgraduate work permits
- ▶ The changes are designed to provide greater transparency to regulators regarding international students, with corresponding changes to the post-graduate work permit regime
- ▶ On a positive note, several notable transactions were completed during the year, including two Origin-led transactions: a successful capital raise process for International Business University, a new entrant into the post-secondary landscape and the sale of Kivuto Solutions, an Ottawa-based edtech company
- ▶ Another notable transaction included the acquisition of University of Fredericton by IU Group
- ▶ Additionally, international acquirers and knowledgeable financial sponsors continue to have an interest in Canadian education businesses

2024 Outlook

- ▶ While the reforms noted above mark large changes in the Canadian landscape, we believe that the M&A and financing environment remains robust for reputable, established education providers and that the changes may actually be positive for established providers as tighter quality control standards will help better differentiate the leading schools
- ▶ In addition, the uptick in M&A activity in the sector has drawn interest from a wider group of potential acquirers, bringing new potential partners for education company owners looking to exit and/or bring on new partners
- ▶ New opportunities may arise as institutions look to diversify programs and launch campuses in provinces with capacity headroom
- ▶ Origin remains active on a number of mandates in the sector and our team is happy to connect to provide further background

Highlighted Education Reports

<p><i>In Progress</i></p> <p><i>Sell-side Advisory</i></p> <p>Canadian K-12 school</p>	<p><i>In Progress</i></p> <p><i>Sell-side Advisory</i></p> <p>Canadian post-secondary school</p>	<p>VEGA.education</p> <p>IBU International Business University</p> <p>Raised growth capital from a group of investors lead by</p> <p>JKR</p>	<p>Kivuto®</p> <p>Has been acquired by</p> <p>VALSOFT</p>	<p>Yorkville Education Company, parent of</p> <p>Toronto Film School YORKVILLE</p> <p>Investment by</p> <p>BIRCH HILL equity partners</p>
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Highlighted Education Reports

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.6)**
- 5 **EdTech Historic M&A (p.8)**
- 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 efficiencies.

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 2023.

Jim Mabeche
MANAGING DIRECTOR

Shaun Quenell
DIRECTOR

Jim Oler
MANAGING DIRECTOR

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 lagged in innovation and adopting new technologies. And then came the pandemic. At Aliza Lalakani, Regional CEO and Dean of Northeastern University (NU) - Toronto said, "COVID caused an inflection point" for educational institutions. We see that in the sector news (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 Lalakani (p. 5-6). Aliza shares her experience guiding the NU - Toronto campus through the pandemic, leveraging technology, innovation and a focus on the student experience as drivers of continued growth, including an 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 Mabeche
MANAGING DIRECTOR

Jim Oler
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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 freshmen college students each year in the United States do some form of gap year.

The COVID-19 pandemic has created a rush of interest in the gap year however, as many campuses have not opened for traditional classes this fall. Statista website traffic for the Gap Year Association is seeing a huge spike in people looking into the idea, with website traffic up approximately 150 percent compared to the same time last year.

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.

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 see 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

Source: Statista, Weber

Environmental & Sustainability

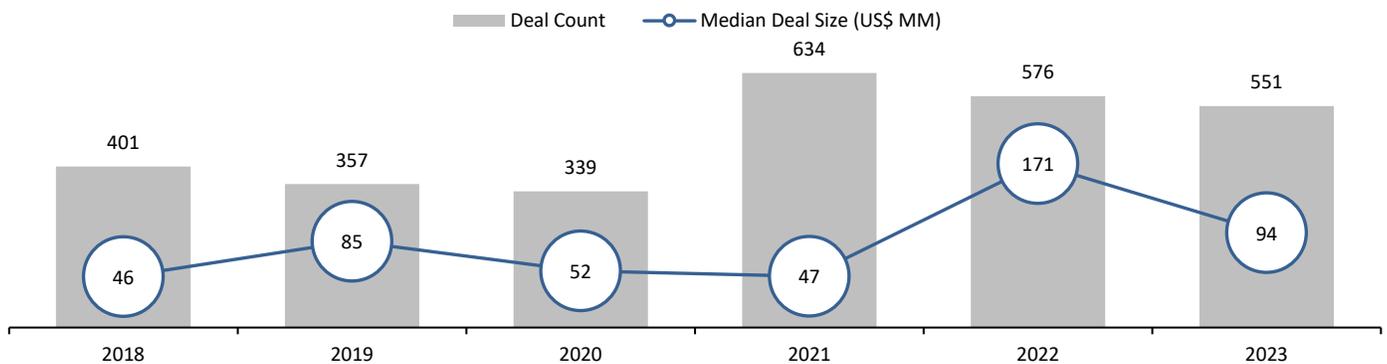


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Environmental & Sustainability Sector Market Activity (2018—2023)



Source: Pitchbook.

- ▶ 2023 saw environmental & sustainability M&A activity increase 47% in terms of total deal value compared to the average from the previous 5 years, with a total estimated value of US\$52B. This change is driven by increased government funding, tax breaks for cleantech companies, and a continued environmental/sustainability focus among investors
- ▶ There continues to be significant 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 2023 represented approximately 10% of all PE and VC investments, or US\$41.5B globally
- ▶ Environmental/sustainability/impact funds have significant dry-powder after record years of fundraising in 2021-22 which was somewhat more muted in 2023 with an estimated US\$25.7B as of Q3 2023; however, several large PE funds raised new multi-billion impact/related funds during 2023 including Apollo, Blackrock, Brookfield, Goldman Sachs, KKR, and TPG
- ▶ The 2022 US Inflation Reduction Act continued to be a significant driver of deal-related activities in 2023; since the IRA passed, 265 clean energy and manufacturing projects worth US\$100B+ have been announced
- ▶ Canada introduced Clean Investment Tax Credits in 2023 covering multiple sectors and expecting to total C\$60B to accelerate Canada’s transition to a green economy

2024 Outlook

- ▶ We expect the themes that supported deal activity in 2021-23 to accelerate in 2024 as investors identify the companies that are necessary to lead the energy transition and M&A accelerates as large strategics and large PE funds deploy capital
- ▶ This is substantiated by our own level of environmental/sustainability deal activity as we have a half dozen current M&A/financing engagements and a robust pipeline across several subsectors including circular economy, waste/recycling, EV ecosystem, energy transition, and decarbonization
- ▶ Rob Fedrock and Lindsay Adam Weiss will be providing further insights after recently attending the Cleantech Forum North America in San Diego, where they interacted with over 600 leading environmental/sustainability companies, entrepreneurs and investors to discuss key sector trends/opportunities; look out for a tailored follow up report coming soon

Highlighted Environmental/Sustainability Transactions

<p><i>In Progress</i></p> <p><i>Sell-side Advisory</i></p> <p><i>Waste/Recycling, Circular Economy</i></p>	<p><i>In Progress</i></p> <p><i>Sell-side Advisory</i></p> <p><i>Industrial-Process Innovation, EV Ecosystem</i></p>	<p><i>In Progress</i></p> <p><i>Restructuring</i></p> <p><i>Industrial-Process Innovation</i></p>	 <p><i>eCycle has been acquired by</i></p> 
 <p><i>Has received an equity investment from</i></p> 	 <p><i>Sale of a Minority Interest to</i></p> 	 <p><i>Exclusive Financial Advisor on its Minority Investment from</i></p> 	

Origin's Environmental and Sustainability Brochure



Healthcare

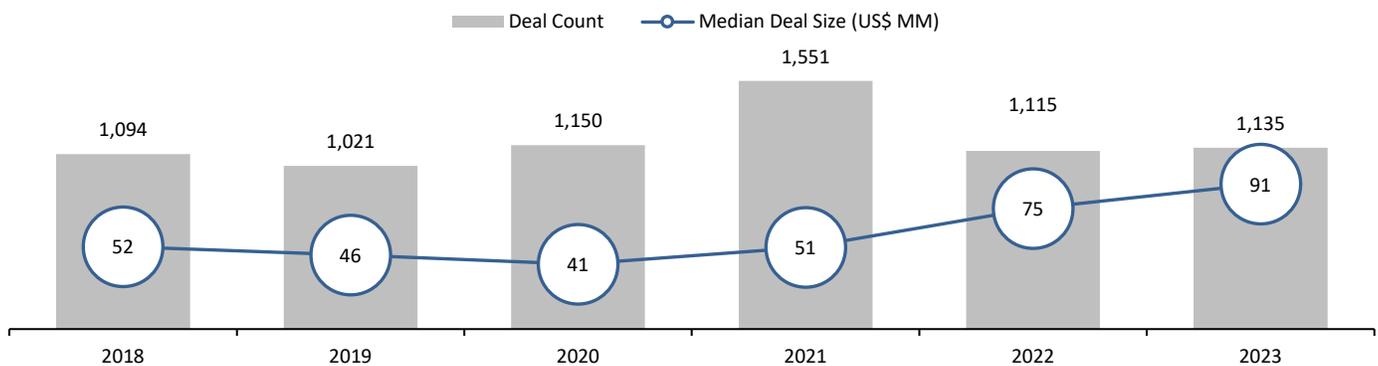


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Healthcare Sector Market Activity (2018 — 2023)



Source: Pitchbook.

- ▶ Along with the broader market, the pace of healthcare deal activity took a breather in 2023, while businesses reset in response to continued macroeconomic headwinds
- ▶ Key themes on repeat – AI/ML, GLP-1s, staff shortages, and financings:
 - > The industry remained focused on leveraging AI and ML technologies to enhance diagnostics, treatment planning, and overall operational efficiency
 - > GLP-1s remained a key focus area with the continued interest in these drugs suggesting ongoing developments and innovations in diabetes management and treatment
 - > Workforce challenges, particularly shortages in skilled healthcare professionals, emerged as a persistent concern, becoming a significant factor influencing strategic decision making and growth plans
 - > Financial considerations played a pivotal role in sharpening the 2023 landscape in healthcare – securing funding, managing capital, and navigating financial structures became critical components of the industry’s ongoing narrative
- ▶ Wage inflation and employee retention came into sharper focus, as limited numbers with skilled talent weighed on growth and became more costly to attract/retain

- ▶ Digital solutions are clearly table stakes, enabling improved efficiencies and better healthcare outcomes across healthcare. Buyers and investors are keying in on a well-defined ROI to drive adoption along with a credible plan for sustainable, profitable growth
- ▶ Connecting clinicians, patients and healthcare sites in any permutation and wherever they are is yielding vast pools of data, fueling ever-expanding applications for artificial intelligence and data analytics. Lots of opportunity for new standard of care tools to emerge

2024 Outlook

- ▶ Looking ahead to 2024, we see many healthcare companies who have taken 2023 as an opportunity to course-correct, tighten up operations, and fix their balance sheet and are ready to get back to doing deals

Highlighted Healthcare Transactions

PCP Persistence Capital Partners



Exclusive Financial Advisor to Persistence & Management Shareholders of Centricity on its sale to



BACK in MOTION HEALTH

A portfolio company of



Has been acquired by



on behalf of its Yorkville Healthcare Fund, Yorkville Private Equity LP, and Yorkville Private Lending LP



Exclusive Financial Advisor on Convertible Debenture & Private Placement





Has been acquired by





\$75 million Acquisition of the Long-Term Care Pharmacy Division of Medical Pharmacies Group Limited



Highlighted Healthcare Reports

November 2023

Industry Highlights on Healthcare



Insights, Analysis, Commentary
North America & Global Markets M&A Industry Outlook



Pharmaceuticals and Med Tech

- ▶ In November 2023, **Amgen (NASDAQ:AMGN)** announced that it has entered into a definitive agreement to acquire **Horizon Therapeutics (NASDAQ:HZNP)** for \$1.5 billion in cash and stock. The acquisition is expected to be completed in the second quarter of 2024.
- ▶ In November 2023, **Novartis (NYSE:NVY)** announced that it has entered into a definitive agreement to acquire **Alkermes (NASDAQ:AKR)** for \$1.2 billion in cash and stock. The acquisition is expected to be completed in the second quarter of 2024.
- ▶ In November 2023, **AbbVie (NYSE:ABBV)** announced that it has entered into a definitive agreement to acquire **Horizon Therapeutics (NASDAQ:HZNP)** for \$1.5 billion in cash and stock. The acquisition is expected to be completed in the second quarter of 2024.
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Company	Market Cap	TBY Revenue		TBY EBITDA		P/E Ratio
		2022	2023E	2022	2023E	
Novartis	\$240B	\$12.5B	\$13.5B	\$3.5B	\$4.5B	15.5x
Alkermes	\$12B	\$1.2B	\$1.3B	\$0.3B	\$0.4B	12.5x
Horizon Therapeutics	\$1.5B	\$1.5B	\$1.6B	\$0.4B	\$0.5B	10.5x
Novartis (incl. Alkermes)	\$252B	\$13.7B	\$14.8B	\$3.8B	\$4.9B	14.5x
Novartis (incl. Horizon)	\$253.5B	\$14.0B	\$15.1B	\$4.1B	\$5.2B	14.5x
Novartis (incl. Alkermes & Horizon)	\$255B	\$15.2B	\$16.4B	\$4.5B	\$5.6B	14.5x



HVACR

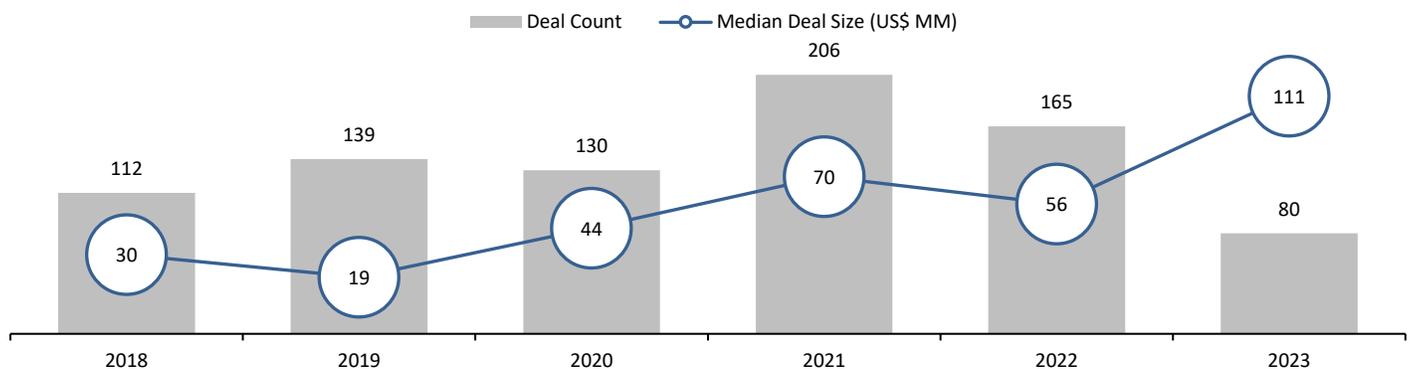


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HVACR Sector Market Activity (2018—2023)



Source: Pitchbook.

- ▶ HVACR transaction volume was down in 2023 as companies grappled with macroeconomic headwinds
- ▶ Median deal size was significantly higher in 2023 indicating that demand and competition for growing, differentiated HVACR businesses was high, while other assets struggled to gain traction in the market
 - > It is critical for owners to understand that sophisticated buyers and investors focus on key operating characteristics, including strength and depth of the team, product and service offering, customer/supplier mix, distribution capabilities, reputation, and brand awareness when analyzing potential acquisitions

2024 M&A Outlook

- ▶ Transition to low global warming potential refrigerants will play a part in M&A activity
- ▶ Consolidation of manufacturer representatives and distributors will persist
- ▶ Growth from decarbonization initiatives will attract a broad array of investors and buyers
- ▶ M&A in the services segment will continue as investors seek both platforms and add-ons to complement their buy and build strategy
- ▶ Demand will remain strong for HVACR equipment and related services to support replacements, retrofits, and upgrades underpinned by technological innovation, and energy efficiency
- ▶ Depressed transaction volume in 2023 suggests a robust M&A environment in 2024 as sellers return from the sidelines

Highlighted HVACR Transactions

 <p><i>Provided acquisition services</i></p>	<p style="text-align: right;">*</p>  <p><i>Has been recapitalized by a strategic investor</i></p>	 <p><i>Has received an equity investment from</i></p> 
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Highlighted HVACR Reports



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

Industrials



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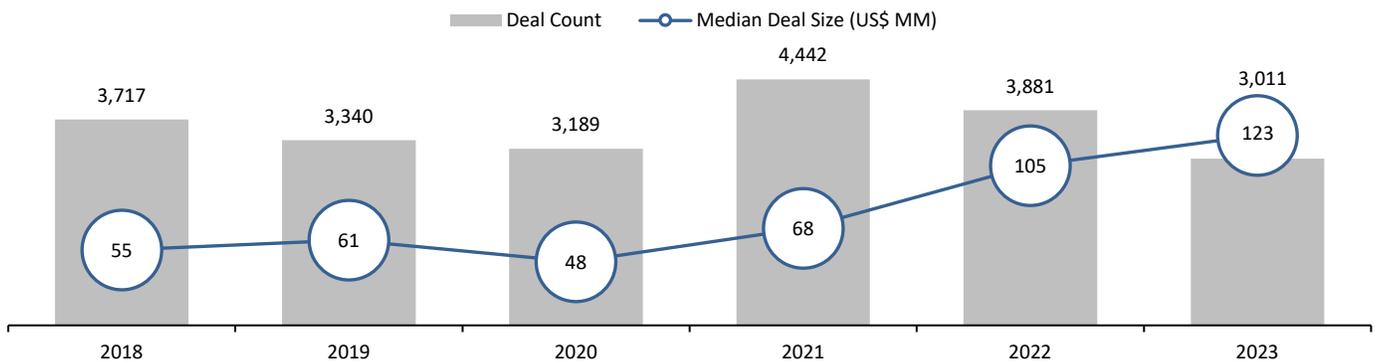


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Industrials Sector Market Activity (2018 — 2023)



Source: Pitchbook.

- ▶ In H2, many supply chain difficulties that had previously impacted the industry in H1, including inconsistent raw material availability and logistical difficulties with freight became less of an issue as both global and domestic supply adjusted
- ▶ Interest rate instability negatively affected capital intensive manufacturers and suppliers, both in terms of their end-markets and their ability to manage their own operating cash flow and working capital needs
- ▶ Private equity investors redoubled their focus on trending industrials sectors such as value-added manufacturing, aerospace & defense, infrastructure services, and utility services
- ▶ Overall, buyers continue to be disciplined in their acquisition strategies

2024 Outlook

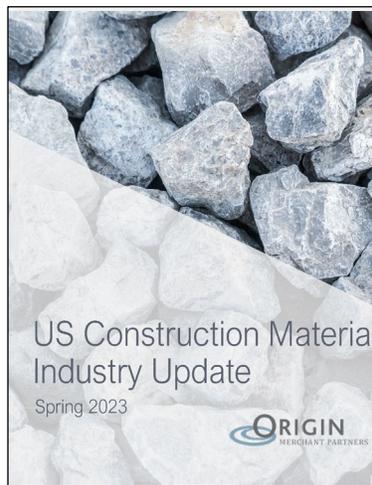
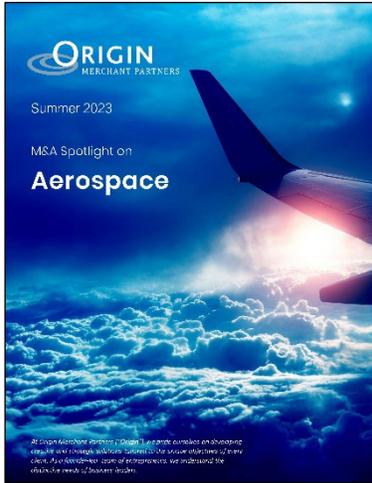
- ▶ In 2024, interest rate stability should drive increased M&A activity in multiple sectors
- ▶ Sectors of interest will likely continue to be aerospace & defense (with very large backlogs for commercial orders and geopolitical issues driving defense sales); infrastructure and utility services; and manufacturing and warehouse automation
- ▶ We expect the building products and construction materials sectors to have increased interest as supply chain issues and consumer demand normalizes

Highlighted Industrials Transactions

 <p><i>Has been acquired by</i></p>  <p><i>a portfolio company of</i></p>  <p>Precision Components</p>	 <p><i>Has been sold to</i></p>  <p>Aerospace & Defense</p>	 <p><i>Has been acquired by</i></p>  <p>Building & Infrastructure</p>	 <p><i>Has been acquired by</i></p>  <p>Fluid Power</p>
 <p><i>Has been acquired by</i></p>  <p><i>a subsidiary of</i></p>  <p>Fluid Power</p>	  <p><i>Has been acquired by</i></p>  <p>Metals</p>	 <p><i>Has been acquired by</i></p>  <p><i>a subsidiary of</i></p>  <p>Precision Components</p>	 <p><i>Exclusive Financial Advisor on its sale to</i></p>  <p>Building & Infrastructure</p>

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

Highlighted Industrials Reports



Technology



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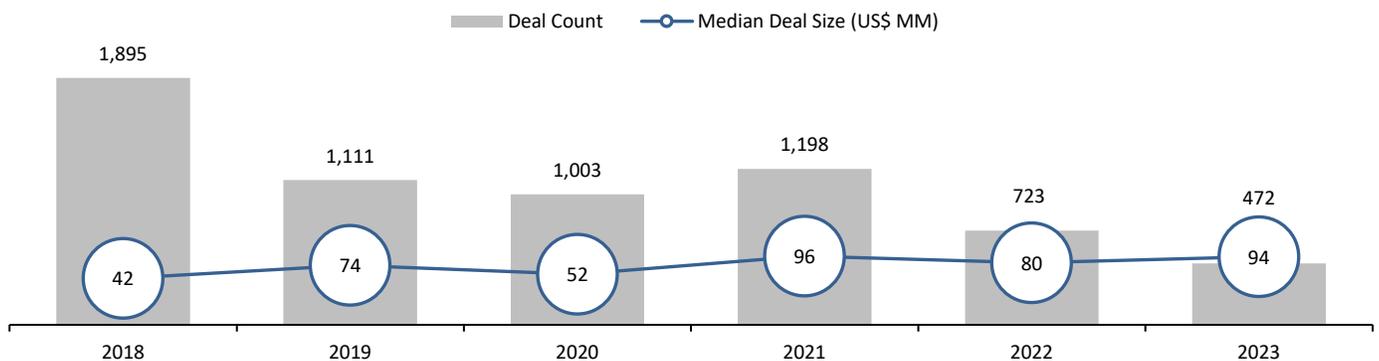


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Technology Sector Market Activity (2018 – 2023)



Source: Pitchbook.

- ▶ Several factors, including higher costs due to inflation, rising interest rates, and weaker equity markets have led to overall higher costs of capital, contributing to a more conservative M&A market and fewer strategic transactions
- ▶ Financial sponsors and corporations alike continue to hold a near record amount of unspent capital, with many waiting for conditions to improve while others are being opportunistic, for example, pursuing companies that have seen their value fall since the highs of the pandemic
- ▶ Despite large transactions in Q3, many companies are looking at smaller transactions, such as tuck-in opportunities, filling product gaps or building their platform investments to better position themselves when markets recover
- ▶ Q4-2023 transaction volume (101 deals) in the North American technology sector was in line with Q3-2023 (103 deals) and continued to show signs of recovery after falling to its lowest point over the past six years in Q2-2023 (91 deals); total transaction value in 2023 (US\$471 billion) surpassed 2022 (US\$451 billion) by 4%, of which half is attributable to deals that closed in Q4-2023 including high profile mega-deals such as Broadcom’s acquisition of VMware and Microsoft’s acquisition of Activision Blizzard

2024 Outlook

- ▶ Excitement around AI continues to build, driving significant investment alongside its implementation in various industries including healthcare, financial services, real estate, education and hospitality
- ▶ Despite a slow start to 2023, there is optimism that deal activity will continue to recover in 2024, with strong corporate balance sheets and the cash reserves of private equity firms creating potential for an increase in deal activity even in the face of volatile debt financing markets

Highlighted Technology Transactions

<p><i>In Progress:</i></p> <p>8 Active Technology Mandates</p> <p>HealthTech, Consumer Tech, POS, Marketing & Loyalty</p>	 <p>Has acquired the Food Delivery business of</p> 	<p>coinsquare</p> <p>Has agreed to combine with</p>  <p>and</p> 	 <p>Has been acquired by</p> 	<p>Kivuto®</p> <p>Has been acquired by</p> 
 <p>Has entered into a strategic partnership with</p> 	 <p>Exclusive Financial Advisor on Convertible Debenture & Private Placement</p> 	 <p>Has received an equity investment from</p> 	<p>CBC Computer Systems</p>  <p>Exclusive Financial Advisor on its sale to</p> 	<p>Dapasoft Inc. including dapasoft Security</p> <p>\$83 million</p> <p>Exclusive Financial Advisor on its sale to</p> 

Highlighted Technology Reports

	
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Transportation & Logistics

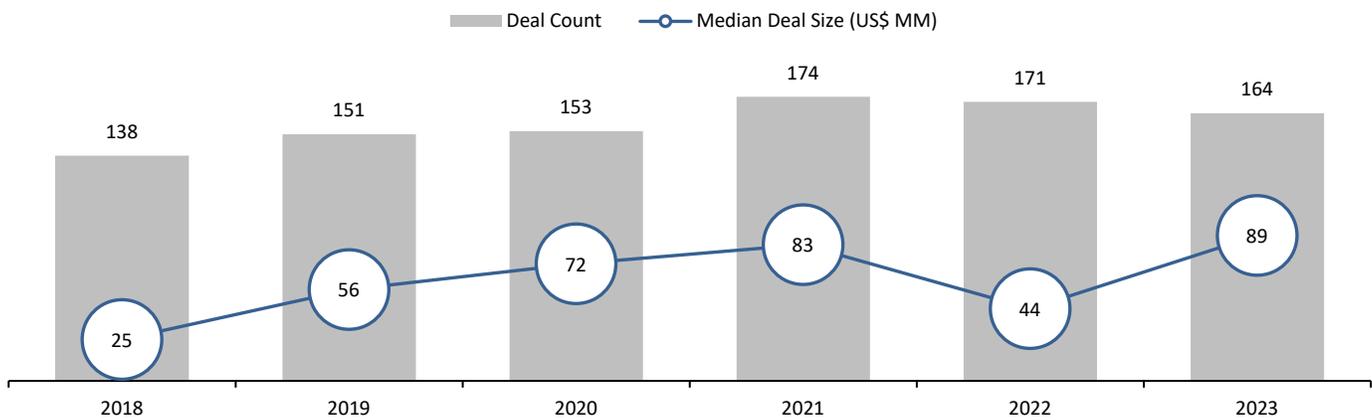


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T&L Sector Market Activity (2018—2023)



Source: Pitchbook.

- ▶ Deal count is down over 2022 and 2021 as lower buyer appetite given high-interest rates coupled with a difficult transportation & logistics operating cycle
- ▶ Freight recession was driven by a continued imbalance of capacity and demand, as flatbed load-to-truck ratios ended the year at ~5, below a high of 97 in 2021 and an average of 16 in 2019
- ▶ As inventory level destocking continued, and new warehouse capacity entered the market, warehouse vacancy rates have increased, stabilizing rental rates
- ▶ The recent influx of alternative couriers and final mile providers drove pricing pressure to win market share from incumbent, larger market leaders
- ▶ Notable transactions in the year included Knight-Swift’s \$1B acquisition of U.S. Express, TFI’s announced \$1.1B purchase of Daeske, and Forward Air and Omni Logistics \$3.2B merger in limbo
- ▶ Notable company wind-ups included Yellow Corp, a top 10 freight carrier, filing for bankruptcy in July, and technology brokerage platform, Convoy, shutting down in October

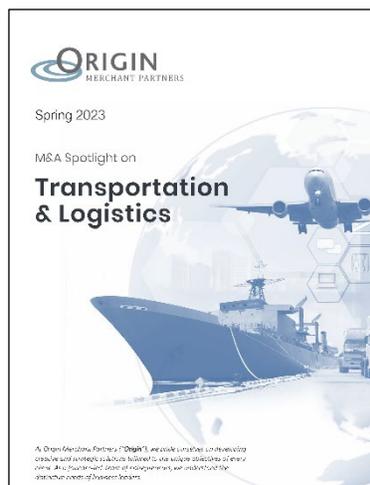
2024 Outlook

- ▶ As both debt capital and freight markets settle, M&A is expected to increase, driven by strategic buyers with strong balance sheets pursuing tuck-in acquisitions, as well as financial sponsors with dry-powder focusing on buy / build strategies
- ▶ Ocean freight spot rates have spiked since December 2023 and are expected to remain high for the foreseeable future as shipping vessels reroute to avoid the Red Sea conflict zone
- ▶ An end to the freight recession is in sight as overstocked inventory levels have largely right sized, leading to eventual restocking in line with historical averages
- ▶ Adoption of technology is anticipated to continue accelerating, as back-end supply chain processes (warehouse automation, driverless fleets, IoT integrations, etc.) begin to catch up to front-end customer automation
- ▶ Expectations are for a slower freight volume in H1 2024 similar to 2023, with a rebound in the second half, as interest rates are expected to decline and reduce pressure on consumers
- ▶ The industry is suffering from cost pressures coupled with revenue pressures due to lower volumes and excess capacity making it more of a buyers' market, with the expectation that larger well-capitalized companies will take advantage of the opportunity to make accretive acquisitions
- ▶ Given the outlook for the industry, we expect that transactions will be focused on well managed profitable companies versus underperformers

Highlighted Transportation & Logistics Transactions

<p><i>In Progress:</i></p> <p><i>Sell-side advisory</i></p> <p><i>Logistics & Supply Chain Management</i></p>	<p><i>In Progress:</i></p> <p><i>Sell-side advisory</i></p> <p><i>Transportation & Logistics</i></p>	 <p><i>Has been acquired by</i></p> 	 <p><i>Has been acquired by</i></p> 	 <p><i>Has been acquired by</i></p> 
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Highlighted T&L Reports



AND FROM ORIGIN'S ADVISORY PRACTICE...

We closed 17 transactions in 2023, out-numbering the record level set in 2021. Transactions spanned multiple sectors, including agrifood, education, environmental & sustainability, financial services, healthcare, industrials, real estate, metals & mining, and technology.

Transaction	Transaction Type	Sector	Geography
Fantuan	Sell-side	Technology, Media & Telecom	Buyer: 
			Seller: 
Buhler Industries	Sell-side	Agrifood	Buyer: 
			Seller: 
Teck Resources	Sell-side	Metals & Mining	Buyer: 
			Seller: 
Extruded Aluminum *	Sell-side	Industrials	Buyer: 
			Seller: 
Velocity Trade	Sell-side	Financials	Investor: 
			Investee: 
Northview	Buy-side	Real Estate	Investor: 
			Investee: 
Dishon	Sell-side	Industrials	Buyer: 
			Seller: 
Coinsquare	Combination	Financial Services, Technology, Media & Telecom	Buyer: 
			Seller: 
Centricity	Sell-side	Healthcare & Pharmaceutical	Buyer: 
			Seller: 
MyLand Soil Health	Financing	Environmental & Sustainability, Food & Agriculture	Investor: 
			Investee: 
VEGA Education	Financing	Education & Skills Training	Investor: 
			Investee: 
Silverware POS	Sell-side	Technology, Media & Telecom	Buyer: 
			Seller: 
Copper Mountain	Sell-side	Metals & Mining	Buyer: 
			Seller: 
SDR Distribution	Sell-side	Industrials & Industrial Tech	Buyer: 
			Seller: 
Teck Resources	Board Advisory	Metals & Mining	
ICPEI	Sell-side	Financial Services	Buyer: 
			Seller: 
Kivuto	Sell-side	Education & Skills Training, Technology, Media & Telecom	Buyer: 
			Seller: 

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

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

ORIGIN MERCHANT PARTNERS' 2023 TRANSACTIONS

 <p>Has acquired the Food Delivery business of</p> 	 <p>Has been acquired by</p> 	 <p>\$12 billion Financial Advisor to the Special Committee with respect to the sale of Elk Valley Resources to Glencore plc</p>	 <p>Has been acquired by</p>  <p>a portfolio company of</p> 	 <p>Has received a significant investment from</p> 
 <p>\$742 million Financial Advisory to the Special Committee regarding the acquisition of three property portfolios and REIT conversion</p>	 <p>Has been sold to</p> 	 <p>Has agreed to combine with</p>  <p>and</p> 	 <p>Exclusive Financial Advisor to Persistence & Management Shareholders of Centricity on its sale to</p> 	 <p>Has received an equity investment from</p> 
 <p>US\$439 million Financial Advisor to the Special Committee and the Board of Directors on its combination with</p> 	 <p>IBU International Business University Raised growth capital from a group of investors lead by</p> 	 <p>Has been acquired by</p> 	 <p>Has been acquired by</p> 	 <p>Financial Advisor to the Special Committee with respect to the separation of Teck Resources into Teck Metals Corp. and Elk Valley Resources Ltd.</p>
 <p>Financial Advisor to the Special Committee with respect to the proposed unification of the Dual Class Share structure</p>	 <p>Financial Advisor to the Special Committee on the acquisition by a consortium led by</p> 	 <p>Has been acquired by</p> 		

Weeks into the first quarter of 2024, our pipeline is full with sell-side and capital raising mandates. Please contact any of our Managing Directors ([pg. 27](#)) to enquire about any of our current mandates by industry.

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

ORIGIN MERCHANT PARTNERS BOARD ADVISORY PRACTICE

Public companies are facing increasingly challenging environments where capital comes with a much more significant price. Public market valuations and operating environments have been erratic leading to complex strategic considerations whether with the use of cash on the balance sheet, sale of non-core assets, going privates and related party transactions or outright sale of the company. At a time where capital is at a premium and board decisions are facing intense public scrutiny, there has been increased interest in seeking true independent advice that often goes beyond a simple opinion mandate. Origin has been active in advising public companies through these complex decisions.

Highlighted 2023 Board Advisory Transactions

 <p>\$12 billion Financial Advisor to the Special Committee with respect to the sale of Elk Valley Resources to Glencore plc</p>	<h4>TECK RESOURCES</h4> <p>Origin acted as a Financial Advisor to the Special Committee of Teck Resources with respect to its sale of Elk Valley Resources to Glencore plc for \$12 billion.</p>	 <p>US\$439 million Financial Advisor to the Special Committee and the Board of Directors on its combination with</p> 	<h4>COPPER MOUNTAIN</h4> <p>Origin provided a Fairness Opinion to the Special Committee and Board of Directors of Copper Mountain Mining Corporation with respect to its combination with Hudbay Minerals Inc. The combination created the third largest copper producer in Canada.</p>
 <p>Financial Advisor to the Special Committee with respect to the separation of Teck Resources into Teck Metals Corp. and Elk Valley Resources Ltd.</p>	<h4>TECK RESOURCES</h4> <p>Origin provided a Fairness Opinion to the Special Committee of Teck Resources with respect to the reorganization of its business to separate Teck into two independent, publicly-listed companies: Teck Metals Corp. and Elk Valley Resources Ltd.</p>	 <p>Financial Advisor to the Special Committee with respect to the proposed unification of the Dual Class Share structure</p>	<h4>TECK RESOURCES</h4> <p>Origin provided a Fairness Opinion to the Special Committee of Teck Resources with respect to the proposed agreement to amend its 54 year old dual class share structure, and sunset its multi-voting shares in 6 years.</p>
 <p>\$742 million Financial Advisory to the Special Committee regarding the acquisition of three property portfolios and REIT conversion</p>	<h4>NORTHVIEW FUND</h4> <p>Origin acted as Financial Advisor to the Special Committee of Northview Fund, providing a fairness opinion and independent formal valuations with respect to a recapitalization transaction including the acquisition of three multi-family portfolios (the “Acquisitions”) for an aggregate purchase price of \$742 million, and Northview’s transformation into Northview Residential REIT. The Acquisitions are as follows:</p> <ul style="list-style-type: none"> » A Canadian portfolio with properties in Alberta, Ontario, Nova Scotia, and Quebec purchased from Galaxy Value Add Fund LP; » A portfolio of properties in Alberta and Ontario purchased from D.D. Acquisitions Partnership, an affiliate of Starlight Investments; » A portfolio of properties in Winnipeg, Manitoba purchased from two global, institutional investors. 		

2023 ORIGIN MILESTONES

TRANSACTIONS



Growth and record revenues in a market that contracted 23%



Ranked for the first time in the top 10 of the Canadian league tables for M&A



One of Canada's most active advisors with 17 successful transactions completed in 2023



AWARDS & RECOGNITION

The M&A Awards Gala Ontario celebrates successful Ontario dealmakers and advisory firms by highlighting exemplary transactions closed in the prior year. This year, Origin was celebrated for its expertise in M&A, with one deal highlighted as finalist and two deals highlighted as winners.



Deal of the Year, ESG

Advising eCycle Solutions and Horizon Capital Holdings on the sale of eCycle to JX Nippon Mining & Metals



Deal of the Year, Financial Advisor (\$100M+)

Advising eCycle Solutions and Horizon Capital Holdings on the sale of eCycle to JX Nippon Mining & Metals



Deal of the Year, Financial Advisor (\$40-100M)

Advising Modu-Loc Fence Rentals LP on its sale to Sunbelt Rentals Inc.

\$12 billion
Financial Advisor to the Special Committee with respect to the unsolicited offer from Glencore plc

ADVISED ON THE LARGEST DEFENSE ENGAGEMENT IN CANADA – the \$30 billion unsolicited offer by Glencore for Teck Resources and the subsequent \$12 billion sale of Teck's coal business

TEAM UPDATES

2023 saw the first promotions of tenured Origin professionals to Managing Director, **Greg Martin** and **Shaun Quennell**. We also added to our deep North American Technology team with veteran, Boston-based Managing Director, **Horacio Facca**.



GREG MARTIN
MANAGING DIRECTOR



SHAUN QUENNELL
MANAGING DIRECTOR



HORACIO FACCA
MANAGING DIRECTOR

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