HORIZONS

BDO'S GLOBAL VIEW OF MID-MARKET DEAL ACTIVITY

MERGERS&ACQUISITIONS

ISSUE 4 | 2022

PRIVATE EQUITY LOOKS TO ESG FOR VALUE CREATION

DEAL ACTIVITY FALL BACK TO PRE-COVID LEVELS

REGIONAL VIEW

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REAL ESTATE
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TMT

BDO

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BDO GLOBAL CORPORATE FINANCE

2,020 COMPLETED DEALS IN 2021

WITH A TOTAL DEAL VALUE OF **$128.6bn**

36% PRIVATE EQUITY DEAL INVOLVEMENT

26% OF OUR DEALS ARE CROSS BORDER

ONE OF THE MOST ACTIVE ADVISERS GLOBALLY*

2,500 CORPORATE FINANCE PROFESSIONALS

120 COUNTRIES PROVIDING DEDICATED CORPORATE FINANCE SERVICES

*1st most active M&A Advisor Globally – Pitchbook league tables 2021
1st most active Advisor & Accountant Globally 2021 – Pitchbook league tables 2021
2nd leading Financial Due Diligence provider Globally – Mergermarket global accountant league tables 2021

WELCOME

WELCOME TO THE LAST EDITION OF HORIZONS IN 2022, IN WHICH BDO M&A PROFESSIONALS AROUND THE WORLD PRESENT THEIR INSIGHTS ON MID-MARKET DEAL ACTIVITY AND TRENDS

"Trick or Treat" this year is looking more like Trick for general economic conditions. With the ever growing list of bad news, global inflation, political uncertainty, war, free market experiments that go wrong, should we brace ourselves for a global recession?

The expectation of going back to the roaring Twenties feeling after taming COVID-19 in a large part of the world has not quite materialised. Travel has normalised and airlines are having a bump year, but in many other areas of the economy conditions are not so rosy.

M&A practitioners are still busy, but global deal activity has gone down to pre-COVID-19 levels. However, Private Equity has continued to make up a larger proportion of completed deals at levels that are higher to pre-COVID, both in volume and value. The special article of this Horizons edition is a taster of the latest BDO USA Private Equity survey, which highlights ESG's role as a prime contributor to value creation.

In our sector view, we look at Real Estate, Natural Resources and TMT.

Our Real Estate experts comment on whether central banks fight against inflation will send the market into recession.

In natural Resources, the energy crisis is driving investment and renewables. And, finally, on TMT investment and M&A point to next-generation upskilling and Edtech solutions.

We hope that you enjoy this edition of Horizons and keep safe.

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GLOBAL VIEW

DEAL ACTIVITY FALLS BACK TO PRE-COVID-19 LEVELS

After seven straight quarters that saw very high levels of deal activity in the wake of the original onset of COVID-19, deal activity has now fallen back to pre-COVID-19 levels. That in itself is not a bad thing but it is fair to say the two-year boom in M&A was always likely to be unsustainable at that level and has corrected itself. Given the current economic conditions it is also not altogether surprising. Post-COVID-19 we have seen supply chain issues and rising commodity prices. This situation has been exacerbated by the Ukraine invasion and ongoing war, which has created energy and foodstuff shortages and rising levels of inflation. As governments around the world seek to curb inflation, interest rates have started to rise, which has started to compress private equity returns. What does remain different in the current economic situation are labour shortages and lower levels of unemployment in many countries.

Looking at the deal data for Q3 2022, we see that overall deal volume dipped below 2,000 transactions, with the decline in private equity deal activity being much more noticeable than that of trade acquirers. Again, that doesn't really surprise us as private equity activity was the bigger driver of the immediate post-COVID-19 boom. Rising interest rates across the world may well cause private equity to pause for breath. The impact of inflation on company trading and forecasts may also cause private equity to pause to see how rising prices for business can be passed onto customers.

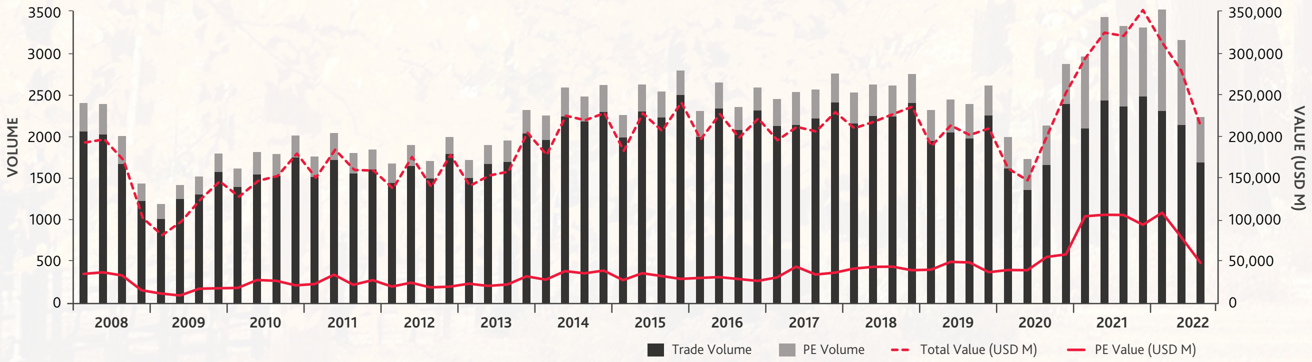
That said, private equity deal activity in Q3 2022 was still higher than it was pre-COVID-19, representing just under 25% of total deal activity, which is higher that pre-COVID-19 proportions. Indeed, given the record levels of uninvested capital, we expect private equity to continue to invest and for there to be a pickup in investing as we go into 2023. In value terms, the aggregate amount of private equity funds invested in Q3 2022 did not decline as much as deal volume and the aggregate private equity funds invested still represented around 23% of total deal activity.

Trade deal activity held up better than private equity in the quarter and we expect that to continue with companies having cash to deploy and many taking a longer-term strategic view. What we do expect to see is that a change in the bid-ask equation will cause deal multiples to decline from recent record levels. Falling share prices on the capital markets are likely to support this deal value adjustment.

In terms of sectors, the greatest decline in deal activity was seen in TMT, where price multiples have been the highest post-COVID-19. TMT's share of deal activity fell from over 30% in previous quarters to closer to a quarter of all deal activity in Q3 2022. Industrials & Chemicals also saw a marked drop in deal activity but its proportion of overall deal activity was up at just over 20%. Deal activity in the Consumer, Energy, Mining & Utilities and Financial Services sectors was higher in the quarter.

Looking around the world, most regions saw a decline in deal activity in Q3 2022. This was most pronounced in North America, Southern Europe and the Nordics. Greater China's share of global deal activity increased in Q3 2022.

GLOBAL MID MARKET M&A



GLOBAL HEAT CHART BY REAGION AND SECTOR

	TMT	Industrials & Chemicals	Business Services	Pharma, Medical & Biotech	Consumer	Financial Service	Energy, Mining & Utilities	Leisure	Real Estate	TOTAL	%*
North America	626	230	278	411	182	241	146	26	7	2,147	24%
Greater China	220	563	193	139	120	153	143	38	105	1,674	19%
CEE	179	124	67	28	94	54	38	23	10	617	7%
Southern Europe	162	146	96	54	123	48	50	37	14	730	8%
India	81	51	31	49	42	49	19	4	3	329	4%
Latin America	207	31	76	37	38	76	56	18	5	544	6%
Nordic	71	51	20	31	19	9	14	5	4	224	3%
UK/Ireland	177	86	63	31	81	56	33	26	7	560	6%
Australasia	55	52	42	27	52	37	53	22	10	350	4%
DACH	93	86	34	60	34	19	15	1	2	344	4%
Other Asia	65	53	16	13	21	20	6	19	2	215	2%
South East Asia	102	63	53	46	56	55	55	20	21	471	5%
Japan	24	46	15	10	19	10	4	11	1	140	2%
Middle East	40	10	16	7	9	19	10	2	5	118	1%
Africa	25	31	32	3	20	18	19	1	4	153	2%
Benelux	33	26	13	20	16	11	7	3	1	130	1%
Israel	25	33	12	11	19	9	3	3	10	125	1%
TOTAL	2,185	1,682	1,057	977	945	884	671	259	211	8,871	

*** Percentage figures are rounded up to the nearest one throughout this publication.**

Note: The Intelligence Heat Charts are based on "companies for sale" tracked by Mergermarket in the respective regions between 1 January 2022 and 30 June 2022. Opportunities are captured according to the dominant geography and sector of the potential target company. Mergermarket's Heat Chart of predicted deal flow is based on the intelligence collected in our database relating to companies rumoured to be for sale, or officially up for sale in the respective regions. It is therefore indicative of areas that are likely to be active in the months to come. The intelligence comes from a range of sources, including press reports, company statements and our own team of journalists gathering proprietary intelligence from M&A across the regions. The data does **not differentiate between small and large transactions, nor between deals that could happen in the short or long-term.**between small and large transactions, nor between deals that could happen in the short or long-term.

OUTLOOK SUPPORTS GOOD LEVELS OF M&A ACTIVITY INTO NEXT YEAR

Whilst Q3 2022 undoubtedly saw a dip in deal activity, the outlook remains okay. For the second quarter in a row, rumoured deal activity has dipped below 10,000 deals but this still compares favourably with the historic numbers of c8,000 deals in a quarter. North America and Greater China have the highest levels of rumoured deal activity around the world.

We expect this picture to be supported by the availability of cash in private equity and on corporate balance sheets despite interest rates rising from very low levels.

GLOBAL THEMES INFLUENCING M&A

Despite the negative impact of inflationary pressures, the availability of cash to invest should continue to fuel M&A activity but multiples may adjust downwards a little from the very high levels previously recorded. The continued growth of private equity funds should remain a major factor despite interest rate rises. We also expect strategic buyers to continue to be active in the market as they seek to add to capability and take a longer-term view. Finally we continue to see the growth of ESG investing as companies and funds seek to acquire businesses with activities that benefit the carbon footprint of the world.

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PRIVATE EQUITY LOOKS TO ESG FOR VALUE CREATION

BDO USA'S LATEST PRIVATE EQUITY SURVEY HIGHLIGHTS ESG'S ROLE AS A PRIME CONTRIBUTOR TO VALUE CREATION. SIMULTANEOUSLY, ESG MAY BE KEY TO SOLVING SOME OF THE CHALLENGES FACING PRIVATE EQUITY FIRMS AND THEIR PORTFOLIO COMPANIES.

BDO's latest Private Capital Pulse Survey, published in June, reveals U.S. private equity (PE) fund managers' views of the industry's current and near future states. It underlines the growing role of ESG (environmental, social, and governance) within PE firms and their portfolio companies. No longer simply a risk evaluation framework, ESG is considered a central value driver across deal, fund, and portfolio activities. ESG is integrated across all functions, from deal evaluation and due diligence, through workforce strategy and portfolio performance improvement to deal exit.

Furthermore, 50% of fund managers said they will direct the most capital toward setting up impact funds or investing in targets with ESG-focused themes in the next six months, and 95% said they evaluate targets' ESG potential as part of due diligence.

Just 12% of surveyed managers said they would direct the most capital to new deals outside of ESG, indicating how macroeconomic uncertainties, like rising interest rates and inflation, may be influencing PE fund managers' investment approaches.

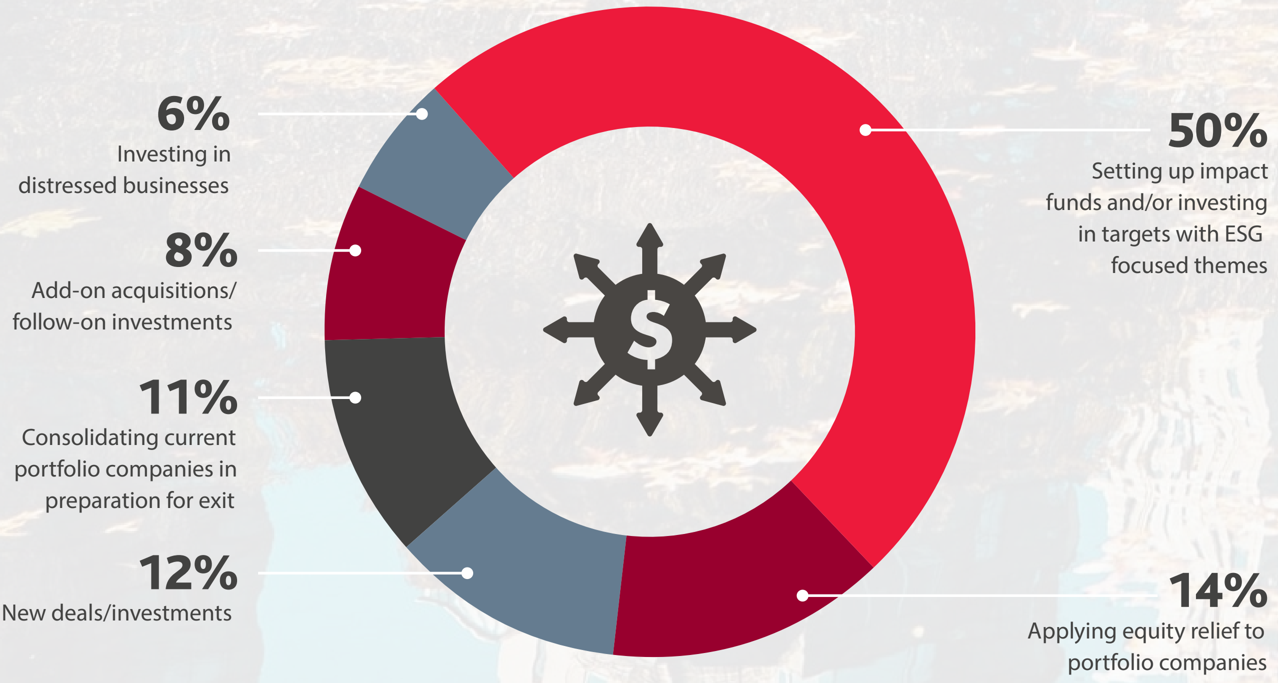
In response, PE firms are developing diverse strategies to bolster performance and exit prospects.

BROAD USES OF ESG IN PE

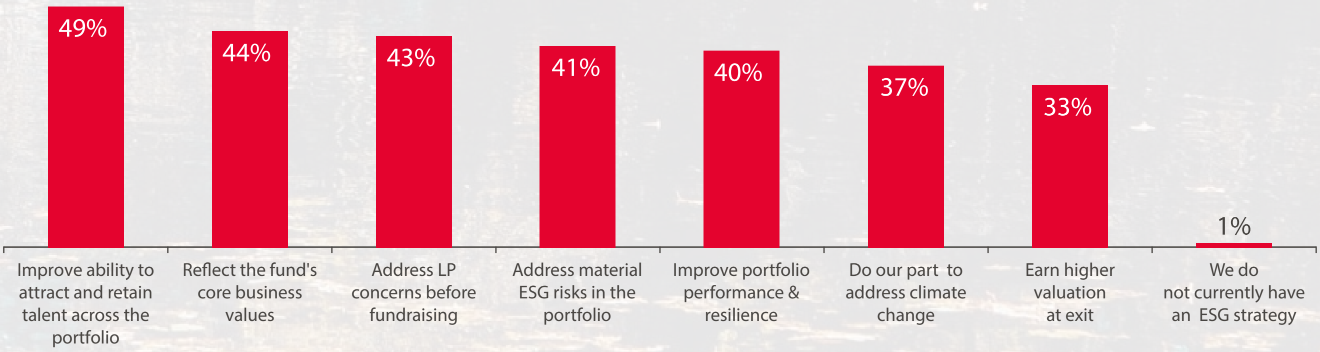
This latest issue of the Private Capital Pulse Survey is the first to include an ESG answer category to the question, "Where will you direct the most capital in the next six months?" However, the fact that 50% of fund managers answer impact funds and ESG speaks volumes.

The 200 managers interviewed for the survey also highlight the multifaceted advantages PE firms see in ESG initiatives and strategies.

WHERE FUND MANAGERS WILL DIRECT THE MOST CAPITAL IN THE NEXT SIX MONTHS



MAIN OBJECTIVES IN DEVELOPING AN ESG STRATEGY



The main objectives for ESG strategies include attracting and retaining talent, improving portfolio performance and resilience, and earning higher exit valuations.

PE firms seem to be increasing focus on optimising operations and structures within existing portfolio companies. This observation seems underscored by the fact that only 8% of fund managers will direct the most capital to add-on acquisitions and a marked drop (from 43% to 12%) in managers who expect to direct the most capital to new deals. As the survey was first to include an ESG-focused category for directing the most capital, it is not a direct apples-to-apples comparison. However, it strongly indicates that fund managers are likely adjusting their priorities.

NAVIGATING A CHANGING ECONOMIC LANDSCAPE

PE firms and portfolio companies face a rapidly changing economic landscape. Inflation and rising interest rates challenge value creation, as does the high valuation deal environment.

The surveyed fund managers see regulatory changes as the most critical area where economic instability is concerned, followed by geopolitical or social instability, unemployment rates and the availability of talent, inflation, and interest rate increases. These factors, in turn, influence fund managers' views on deal negotiations and the M&A landscape.

ECONOMIC INSTABILITY AREAS OF CONCERN, RANKED

#1 Regulatory changes

#2 Geopolitical or social instability

#3 Unemployment rates & the availability of talent

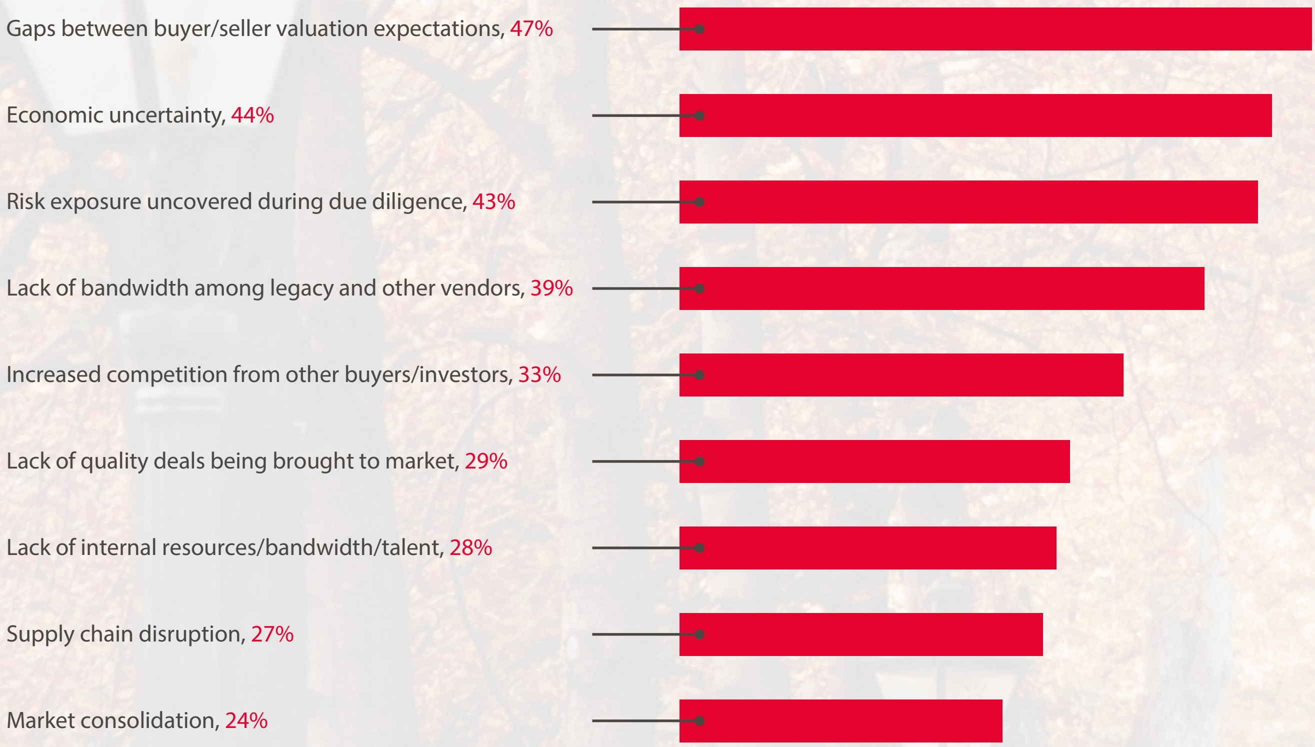
#4 Inflation

#5 Interest rate increases

#6 Consumer spending

#7 Income & wage trends

TOP CHALLENGES TO CLOSING DEALS



However, competition for quality assets remains high. PE fund managers expect prices for such companies will remain elevated. At the same time, economic fluctuations may be exacerbating differences in expectations that buyers and sellers have in terms of asset pricing. Fund managers said that gaps between buyer and seller valuation expectations were their top challenge to closing deals (47%), followed by economic uncertainty (44%) and risk exposure uncovered during due diligence (43%).

ESG is an important factor in determining the value of a company: 54% of fund managers said they perform a high-level ESG assessment, and 41% say they perform an in-depth assessment during due diligence.

EXIT STRATEGIES EVOLVING FOR PES

Generating a return under uncertain market conditions can be challenging. PE firms are deploying a variety of tactics to create value, and fund managers simultaneously are gravitating toward more hands-on approaches.

Nearly half (47%) of fund managers identified performance improvement, reducing costs, and enhancing revenue as their top post-acquisition challenges, followed by operational improvements and realising deal synergies, which tied for second place.

TOP POST-M&A CHALLENGES OVER THE NEXT 12 MONTHS

	SPRING 2021	FALL 2021	SPRING 2022
Performance improvement/reducing costs/enhancing revenue	42%	43%	47%
Operational improvements (order to cash, procure to pay, supply chain)	45%	38%	42%
Realizing deal synergies and transaction-related savings within allotted time/budget	38%	35%	42%
Technology/ERP integration and optimization	41%	39%	39%
Exit readiness/sell-side due diligence	22%	17%	30%
HR/Culture integrations/Return to office	23%	30%	27%
Tax optimization (tax strategy)	23%	27%	19%

In practice, we are seeing concerns that inflation will lead to increased costs that companies cannot recover by passing them on to their customers. Margins may become compressed, leading to further pressure on value creation strategies. As a result, fund managers are more focused on exit strategies at very early stages of deal considerations.

Adopting an ESG strategy and reporting program is among fund managers' top five tactics to facilitate their exit strategy. That list is topped by broader use of data analytics to better measure financial and operational performance. Simultaneously, fund managers are also investing in relationships, working closer with investment banks on deals, and investing in more business development professionals.

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GLOBAL

8,871 RUMOURED TRANSACTIONS

P09 | **NORTH AMERICA**

SIGNIFICANT HEADWINDS EMERGE

P11 | **LATIN AMERICA**

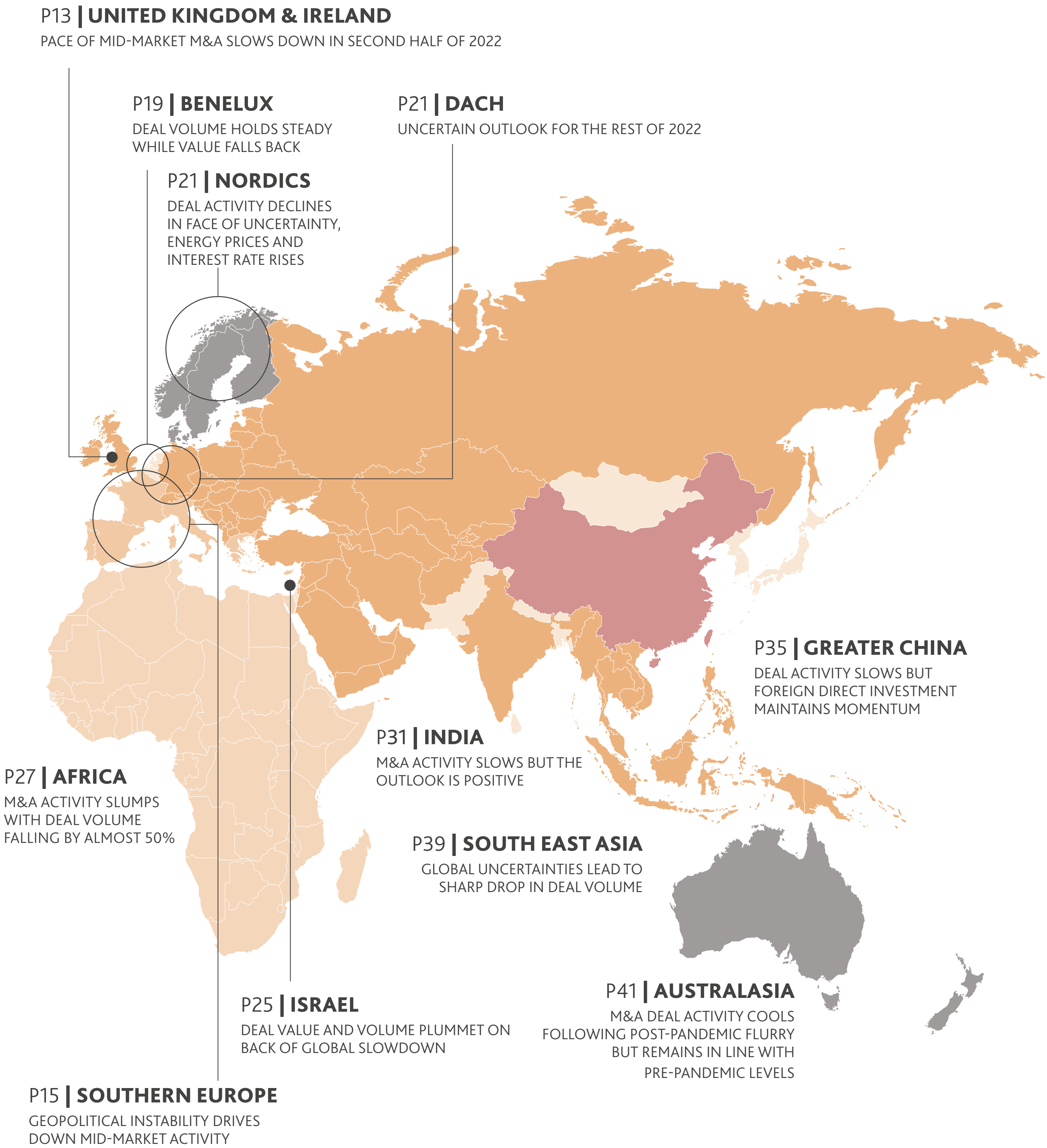
M&A NUMBERS FALL BUT AVERAGE DEAL VALUE RISES

SECTOR VIEW

REAL ESTATE | **P47**

NATURAL RESOURCES | **P49**

TMT | **P53**



Key % movement

-40% to -21%	-20% to -11%	-10% to -1%	0
1% to 10%	11% to 20%	21% to 30%	31-40%

Note: The colouring illustrates the movement of expected transactions compared to the expected transactions in the previous quarter.

NORTH AMERICA

SIGNIFICANT HEADWINDS EMERGE

BIG PICTURE

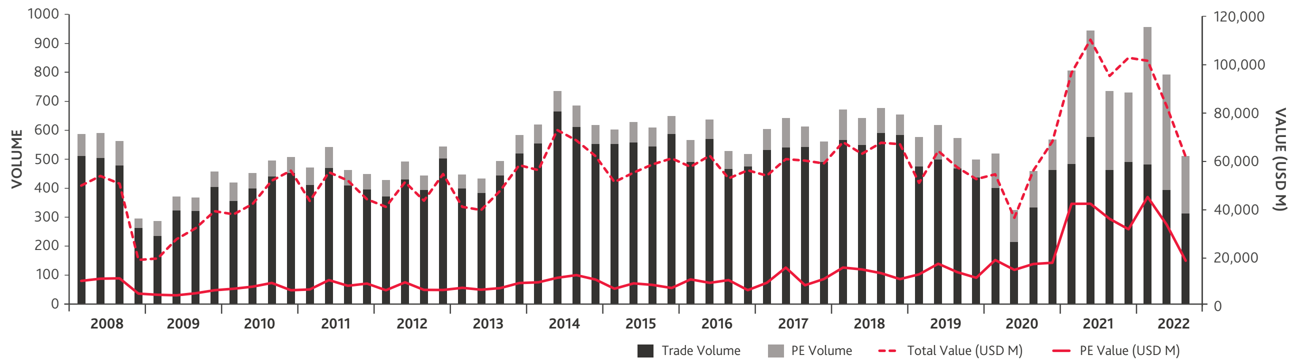
- Overall dollar volume and number of deals slowed dramatically in Q3
- Inflationary pressures and recession worries create uncertainty for deal-making
- Corporate buyers not willing to make aggressive bets on M&A
- Private equity activity slows as debt markets contract.

The pace of overall middle-market M&A activity slowed considerably in Q3 2022 as market participants assessed soaring inflation, rising interest rates and the prospects of an economic recession. The number of middle-market M&A deals fell from 718 in Q3 2021 to 498 in Q3 2022 while the dollar volume of deals in Q3 2022 fell by over $30 billion over the comparable period. While third quarter activity suffered from sky-high comparisons to last year's record-breaking volumes which were hard to replicate, there is no question the uncertainty from geopolitical tensions, high inflation, rising interest rates and a rapidly tightening credit environment severely dampened M&A activity in the year-to-date period as well as prospects for the immediate future.

The 30% to 35% drop in dealmaking in 2022 follows a record year when stimulus measures implemented to quell the aftershocks of the pandemic led to booming equity markets and record dealmaking levels. Conversely, severe stock market declines in 2022 have made it more expensive for public companies to use the power of their market capitalization to acquire competitors or smaller rivals. Market dislocation is also prevalent in the IPO, high yield and syndicated debt markets indicating the impact geopolitical events and rising interest rates had on capital markets across the board. Private equity-related activity saw the lowest number of deals in Q3 2022 since the height of the pandemic in Q2 2020 despite an immense amount of dry powder available to put to work.

Stubborn and pro-longed inflation is the root cause for much of the stagnation in M&A activity as market observers have debated from month-to-month over the balance of 2022 on whether high prices have peaked and whether the Federal Reserve will pivot on rate policy. Unfortunately, inflation has remained high due to rising energy and food costs and the Fed has adopted an aggressive rate hike posture in an effort to tame inflationary pressures. In doing so, many have argued that the Fed will need to continue to raise rates and force the economy into recession in order to truly bring inflation down to targeted levels. Such sentiment has caused most buyers to take a more conservative stance on potential acquisitions and to adopt a "risk-off" mentality to M&A.

PE/TRADE VOLUME & VALUE



The significant drop in the public equity markets due to lower earnings expectations for North American corporates has caused valuations for most companies to fall during 2022. At the same time, leverage multiples and the cost of debt has risen significantly in a short period of time resulting in buyers having less access to attractive financing. Given the continued fiscal tightening amongst central banks, most market participants are now pricing in a moderate recession into their valuation models. The confluence of these factors has result in falling purchase price multiples and more structured deals causing would-be sellers to remain on the sidelines until conditions moderate or improve. The hardest hit sectors have been technology and life sciences and companies susceptible to cyclical trends and influencers.

The torrid pace of technology M&A activity, which typically accounts for a big share of deals, slumped by more than half in Q3 2022 versus Q3 2021, as big tech companies took a breather from the pandemic-fuelled deal frenzy and a dramatic rise in valuations and adopted a more cautious strategic approach due to the market volatility caused by the market setback and inflation concerns.

As for the remainder of 2022, North American M&A activity will likely remain muted as dealmakers absorb the results of the US election in November and the Fed's continuing war with inflation. Economic statistics will be watched very closely for signs that inflation, the economy and job creation are finally slowing just enough to moderate the pace of inflation and rising interest rates without suffering a prolonged moderate to severe recession. In the meantime, value and distressed M&A should see significant activity as credit defaults rise and prices for assets fall.

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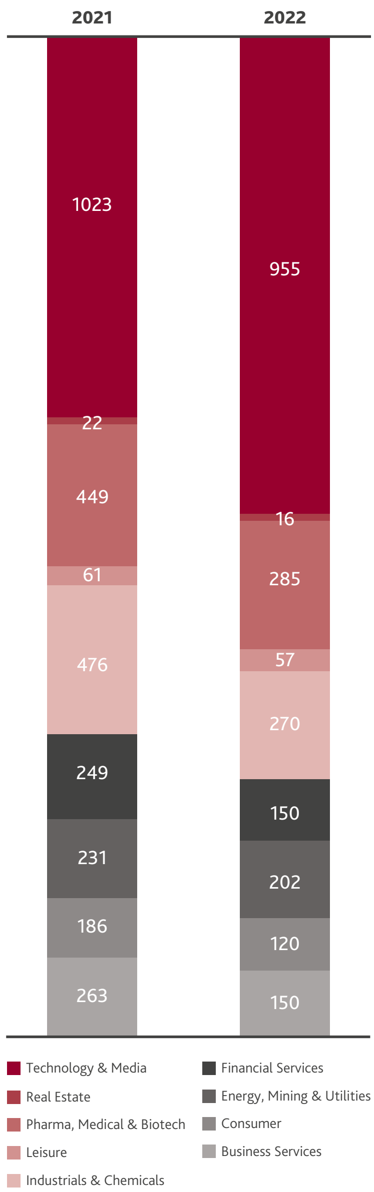
NORTH AMERICA
HEAT CHART BY SECTOR

TMT	626	29%
Pharma, Medical & Biotech	411	19%
Business Services	278	13%
Financial Services	241	11%
Industrials & Chemicals	230	11%
Consumer	182	8%
Energy, Mining & Utilities	146	7%
Leisure	26	1%
Real Estate	7	0%
TOTAL	**2,147**	

NORTH AMERICA
MID MARKET VOLUMES BY SECTOR



LATIN AMERICA

M&A NUMBERS FALL BUT AVERAGE DEAL VALUE RISES

BIG PICTURE

- Deal numbers and value dropped by 49.7% and 54.5% respectively compared to the corresponding quarter in 2021
- PE represented 16.3% of deals and 10.8% of deal value
- The top 20 deals amounted to USD 5,737m: Brazil accounted for 64% of the quarterly value with 13 deals and Mexico 16% with three deals
- The BDO Heat chart suggests there are 544 deals announced or in progress, with TMT, Financial Services, Business Services, Energy, Mining & Utilities and Consumer set to lead sector activity.

Mid-market M&A activity in Latin America recorded a total of 80 deals worth USD 8,111m in Q3 2022, which represented a decrease of 17.5% in deal numbers compared to the previous quarter and a rise of 9.4% in deal value. In comparison with the same quarter in 2021, deal numbers and value fell by 49.7% and 54.5% respectively. Looking at the accumulated number of deals over the last 12 months, there were 445 deals with a value of USD 41,198m, which compares with a total of 457 deals and USD 44,289m for the same period in the previous year, showing a decrease of 2.6% in deal numbers and a decrease of 7.5% in deal value.

Looking at the performance of PE firms in the quarter, there were 13 transactions worth USD 878m, representing 16.3% of the quarterly deal count and 10.8% of deal value. The average value per PE deal was USD 67.57m versus USD 107.95m for non-PE transactions.

Overall, the average value per deal in the quarter was USD 101.4m, which represented an increase of 32.7% compared with the previous quarter.

KEY DEALS AND SECTORS

The top 20 deals in Q3 2022 totalled USD 5,737m, with Brazil leading the ranking in terms of target country with a total of 13 deals worth USD 3,662m, followed by Mexico with three deals worth USD 1,050m. Argentinean M&A activity did not account for any of the top 20 deals.

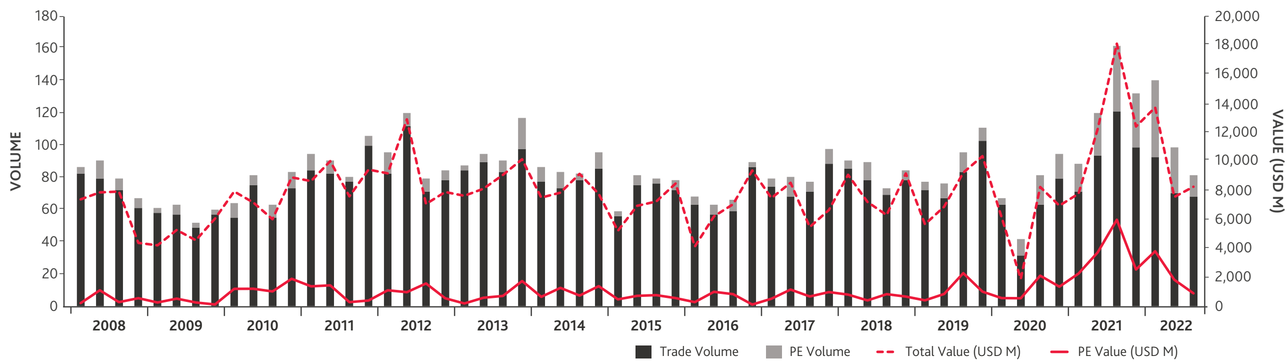
Looking at the bidder countries in the quarter, 65.7% of investments come from inside the region, with Brazil leading the rankings with purchases worth USD 2,155m. All the investments from Brazil were in their own country. The remaining investments came mainly from the UK, which led the way with purchases worth USD 710m, followed by Canada (USD 610m), Chile (USD 519m) and Mexico (USD 481m).

In terms of the sector value achieved during Q3 2022, the rankings were led by Energy, Mining & Utilities and Industrials & Chemicals, with USD 1,330m and USD 1,151m respectively.

POLITICAL AND ECONOMIC CONTEXT

The war between Ukraine and Russia and it impacts on Europe's energy sector are providing opportunities to develop Latin America's energy sector. After the ongoing tensions between European countries and Russia, many nations in the northern hemisphere are worried that they may not be able to meet their country's gas demand in the winter months. It may well be true that this European winter is too early for Argentina to be able supply the demand left by the cessation of the Russian supply, but it undoubtedly represents a great opportunity for the sector to develop from this point on, so that Argentina not only ceases importing gas, but starts exporting it.

PE/TRADE VOLUME & VALUE



LATIN AMERICA
HEAT CHART BY SECTOR

TMT	207	38%
Financial Services	76	14%
Business Services	76	14%
Energy, Mining & Utilities	56	10%
Consumer	38	7%
Pharma, Medical & Biotech	37	7%
Industrials & Chemicals	31	6%
Leisure	18	3%
Real Estate	5	1%
TOTAL	**544**	

Continuing with this theme, Energy, Mining & Utilities, together with TMT, have been among the most important sectors in Argentina's M&A market in recent months. With two lithium projects already under way, out of 20 under development, in addition to being the second largest lithium reserve in the world, the country is already positioned as the fourth largest lithium producer in the world. Some examples are Zange Mining Co., which, after acquiring a majority stake in the Laguna Verde project, has already announced investments of more than USD 40m in the coming years. Similarly, Navion Capital Inc. announced that it wants to take over the operation of four lithium projects in the Argentinean province of Salta. In the energy sector, SCC Power acquired Stoneway Capital's business, which consists of four power generation plants located in the country, with an installed capacity of 737MW. Furthermore, Helmerich & Payne announced a USD 33m investment in Galileo Technologies, a company that uses a unique way of capturing natural gas from any source and converting it into liquefied natural gas.

Finally, while there are still multi-national companies threatening to leave Argentina, the presidential elections are just around the corner or to be more precise, one year away. The polls continue to show that the ruling party has been weakened and this means that there is a glimmer of hope for the many companies that believe that a new government can change course and free up the market to facilitate the operation of current and future new businesses. That is why it is possible that the companies that have not yet left the country may stay another year to see how this story pans out.

LOOKING AHEAD

The BDO Heat Chart shows that there are a total of 544 deals announced/in progress for the region, which represents 6.1% of the Global Heat Chart. Deal opportunities are likely to be concentrated in the TMT, Financial Services, Business Services, Energy, Mining & Utilities and Consumer sectors with a predicted total of 207, 76, 76, 56 and 38 deals, respectively.

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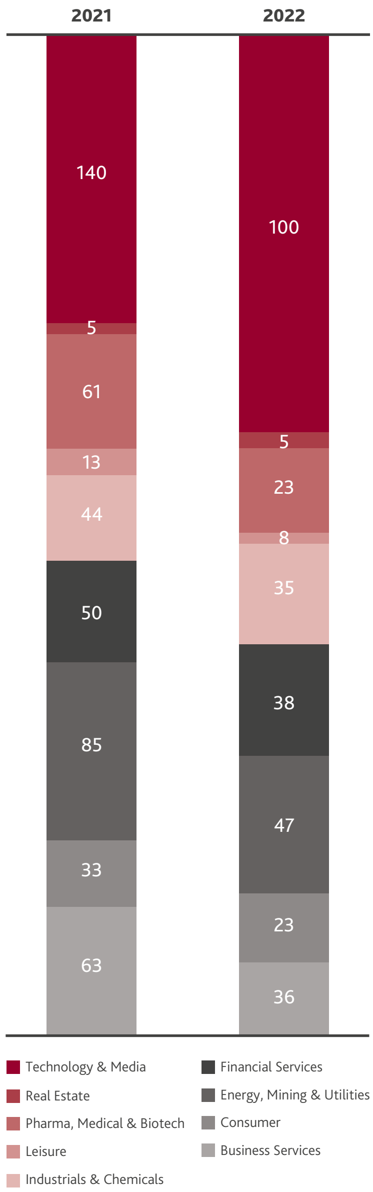
LATIN AMERICA
MID MARKET VOLUMES BY SECTOR



UNITED KINGDOM & IRELAND

PACE OF MID-MARKET M&A SLOWS DOWN IN SECOND HALF OF 2022

BIG PICTURE

- Slowdown in both trade and PE deals.
- TMT sector still the most active
- Political crisis in the UK adds risk of distressed transactions.

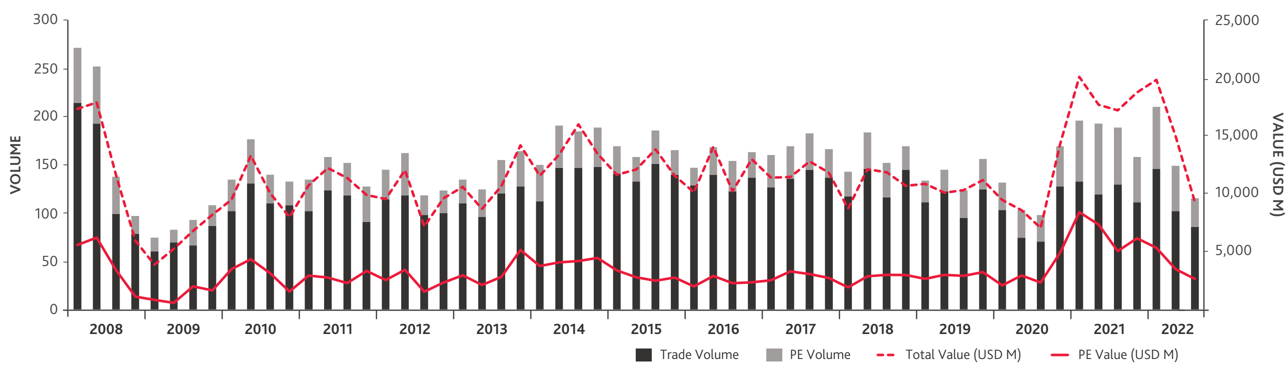
After record breaking levels of M&A activity in 2021, it was anticipated that 2022 would be another impressive year. With continued pent-up demand and excessive capital, dealmaking was forecast to maintain momentum. However the invasion of Ukraine resulted in the M&A market becoming more volatile and fragile. Despite relatively steady first half to the year, the pace of overall mid-market M&A activity in UK and Ireland significantly slowed in Q3 2022 as companies assessed the impact of the war and soaring inflation. During the quarter there were 113 transactions reported with aggregate value of USD9.1bn, down from 146 deals in Q2 and the lowest level of activity since the covid crisis two years ago. While some additional transactions will be reported after date of writing, there is notable increase in number of transactions not disclosing deal consideration which is likely to be influenced by a reluctance to disclose valuations during these uncertain times.

The slowdown in deal activity is across both trade and financial buyers which is surprising given the level of dry powder available in the market. Private equity transactions dropped to 29 reported deals with aggregate value of USD2.6bn, representing 26% of total activity. Trade volumes held steady at 84 deals, as corporates continue to consolidate their market positions through M&A. While the pressure is on Private equity to deploy capital, in our experience transactions are taking longer as buyers take their time going through the due diligence process. Deal structures are also changing with higher number of earnouts and deferred consideration as buyers and sellers seek to bridge the gap in valuation expectations.

In terms of sector activity TMT remains the most active with 34 transactions reported during the quarter, representing 30% of all activity. TMT continues to increase in proportion to all activity representing 35% of year to date transactions, up from 32% in 2021 and 30% in 2020. This trend will continue with increasing number of TMT transactions, although the focus for tech companies has certainly shifted to generating profits rather than loss-making with potential for scale! AI, Cyber security and fintech are all attracting high levels of investment. TMT represented five of the top twenty transactions during the quarter with deals such as The Access Group acquisition of Pay360 and the buyout of Sepura Limited by Epiris private equity.

Business Services was the next most active sector during the quarter with 18 deals (up from 16 in prior quarter). One of the notable transactions in this sector was Marks & Spencer's acquisition of its logistic provider Gist for USD305m in an effort to secure its supply chain. We are likely to see further consolidation across the logistics sector both in UK and Ireland as operators merge to achieve scale and extract synergies during these turbulent times.

PE/TRADE VOLUME & VALUE



The Industrial & Chemicals sector was also steady with 15 reported transactions followed by Financial services with 14 deals, no change from prior quarter.

During the last quarter the top 20 transactions totalled USD5.5bn, representing nearly 60% of total reported values in the mid-market. There is still strong inbound activity with seven of the buyers from US, three of which were in the pharma and healthcare space; Arcutis Biotherapeutics acquisition of Ducentis BioTherapeutics Ltd for USD430m, Gilead Sciences acquisition of MiroBio Ltd for USD405m and the USD160m investment by Kairos HQ into Cera Care.

As the UK navigates through the current political crisis we are likely to see increase in distressed transactions as COVID-related government supports are withdrawn and opportunistic buyers avail of weakening currency and lower valuations. Ireland's outlook is more positive with strong economic indicators and continued foreign direct investment across the tech, financial services and life-science sectors.

LOOKING AHEAD

The final quarter of 2022 is likely to see subdued levels of midmarket M&A as companies grapple with challenges of rising inflation, supply chain disruption and talent shortage. According to the BDO Heat Chart there still is strong appetite for deals in the UK & Ireland with 540 rumoured deals although some of these transactions may be postponed until 2023. TMT is predicted to continue to be the dominant sector with 117 deals, followed by Industrials & Chemicals (86) and Consumer (81). Inflationary growth, the cost of living crisis and weaker consumer confidence combined with higher borrowing costs will all be at forefront of deal-makers minds when considering whether timing is right for M&A.

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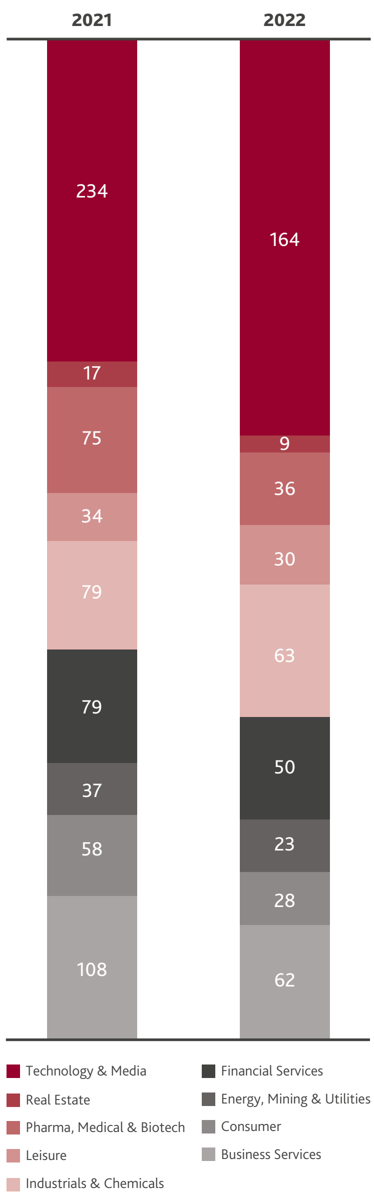
UNITED KINGDOM & IRELAND
HEAT CHART BY SECTOR

TMT	177	32%
Industrials & Chemicals	86	15%
Consumer	81	14%
Business Services	63	11%
Financial Services	56	10%
Energy, Mining & Utilities	33	6%
Pharma, Medical & Biotech	31	6%
Leisure	26	5%
Real Estate	7	1%
TOTAL	**560**	

UNITED KINGDOM & IRELAND
MID MARKET VOLUMES BY SECTOR



SOUTHERN EUROPE

GEOPOLITICAL INSTABILITY DRIVES DOWN MID-MARKET ACTIVITY

BIG PICTURE

- Mid-market M&A activity fell in Q3 2022 driven by geopolitical instability, rising inflation, supply chain issues and interest rates spikes
- Deal volume dropped by 28% in Q3 2022 compared to Q3 2021
- Deal volumes remained above pre-pandemic levels.

Southern Europe's mid-market M&A activity in Q3 2022 saw a total of 146 transactions. Although this figure represented a sharp decrease compared with the previous quarter (240 deals), the total deal volume in Q3 2022 matched pre-pandemic levels, which is notable given the current geopolitical and economic uncertainty. As well as a decline of 39% in deal numbers, deal value also fell by 20% compared to Q2 2022.

In Q3 2022 PE activity accounted for 44 deals, a big drop compared with the 93 PE transactions achieved in Q2 2022. As a result, PE's proportion of overall deals fell but nevertheless when comparing this quarter with pre-pandemic deal numbers, PE's proportion of total deal numbers was still higher in Q3 2022 (24% in Q3 2019). As mentioned earlier, the fall in PE activity can be attributed to the current economic and political uncertainty.

Comparing the PE deal value of USD 4.9bn in Q3 2022 with the previous quarter, we can see that it was down 21%. However, PE deal value in the quarter was still in line with the pre-pandemic figure of USD 4.7bn in Q3 2019.

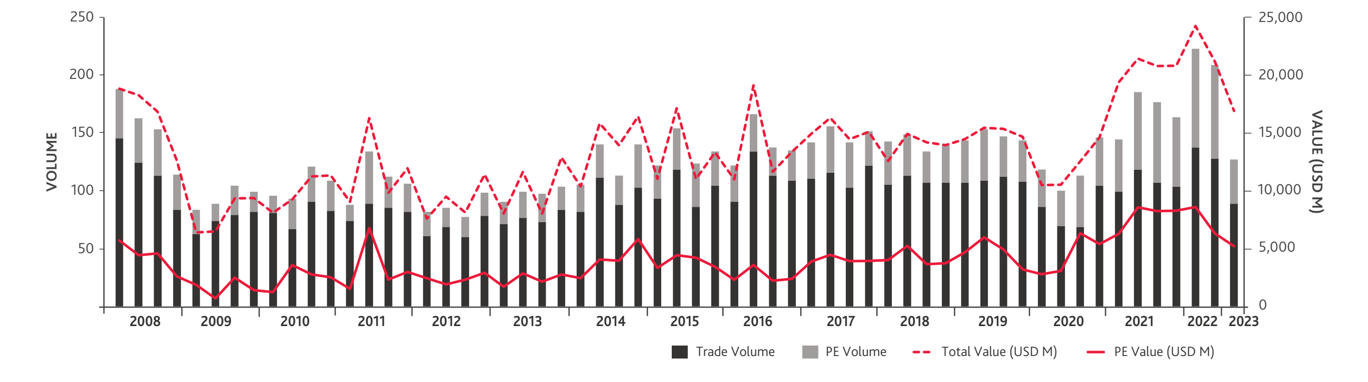
KEY SECTORS AND DEALS

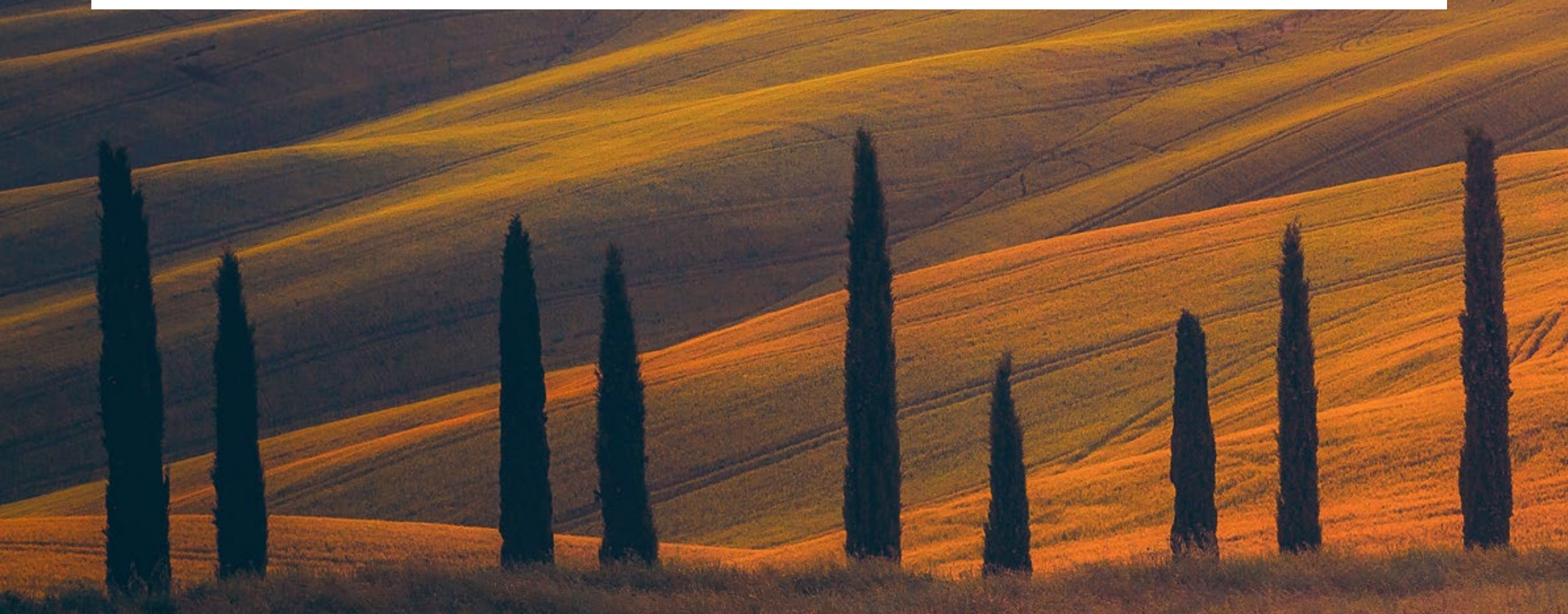
Industrials & Chemicals regained top spot as the region's most active sector, with 31 deals in the quarter (and 131 overall in 2022 so far), representing 21% of the total deal count. Industrials & Chemicals was followed by TMT with 28 deals, which accounted for 19% of the region's transactions, a drop from the sector's 29% share of deals in Q2 2022.

The third most active sector was Business Services with 19 deals, followed by Consumer and Pharma Medical & Biotech, with 17 deals each.

Combined, these five sectors accounted for total of 112 deals, a significant reduction

PE/TRADE VOLUME & VALUE





from the sectors' 183 deals in the previous quarter, but overall they reinforced their positions as the region's main dealmaking sectors with 77% of total M&A activity.

The top 10 mid-market deals in Southern Europe totalled USD 4.25bn, representing 26% of the quarter's overall transactions.

The biggest deal took place in Business Services and saw United Parcel Service, Inc. (UPS) acquire the Italian industry-leading multinational healthcare logistics provider Bomi SPA for USD 499m. The transaction will result in the addition of temperature-controlled facilities in 14 countries and nearly 3,000 Bomi Group team members to the UPS Healthcare network in Europe and Latin America.

The next biggest transaction was the acquisition of a 95% stake in the Exxelia Group, a French Industrials & Chemicals company, by HEICO Corporation, which purchased the stake from UK PE firm IK partners for USD 475m. Exxelia is a global leader in the design, manufacture and sale of electronic components and rotary joint assemblies, mostly for aerospace and defence applications, in addition to other high-end applications, such as medical and energy use.

In another important deal, Italian company ERG S.p.A completed the acquisition of a 100% stake in a 172MW operating wind portfolio from EDP Renováveis, S.A., which has seven operational wind parks located in Basilicata, Campania and Calabria, in Italy .The wind parks have been online since 2018 and 2021 and benefit from a 20-year contract-for-difference (CfD) with the Italian network agency Gestore dei Servizi Energetici GSE. Together, the wind parks are capable of generating 400 GWh per year.

The quarter's top 10 deals were spread among several sectors, with Industrials & Chemicals leading the way with four deals, followed by Energy, Mining & Utilities and Business Services, each with two deals.

French companies appeared five times as targets in the top 10, with the combined deals totalling USD 2.1bn. Of the remaining five, four Italian companies were targeted, with a total deal value of USD 1.7bn and there was one Spanish company targeted, with a deal value of USD 496m.

Cross-border transactions represented the majority of the quarter's top 10 deals, with bidders coming from several continents. US companies led the list of bidders with three deals, followed by Italian companies with two deals.

LOOKING AHEAD

The BDO Heat Chart indicates that the Southern Europe region may reach 730 new transactions, amounting to 8% of the total possible global deals. TMT, with a predicted 162 deals and Industrial & Chemicals with 146, are expected to solidify their roles as the region's leading sectors, representing 22% and 20% of the total deals respectively. Combined with Consumer (17% of future deals) and Business Services (13%), these four sectors are expected to account for 72% of the potential future deals in Southern Europe.

Although M&A dealmaking appeared to slow down in Q3 2022 due to a variety of factors such as inflation, geopolitical instability and interest rates spikes, M&A deal activity generally remained at healthy levels and there are likely to be opportunities for both corporate and PE deals in the near future that will drive high levels of M&A activity.

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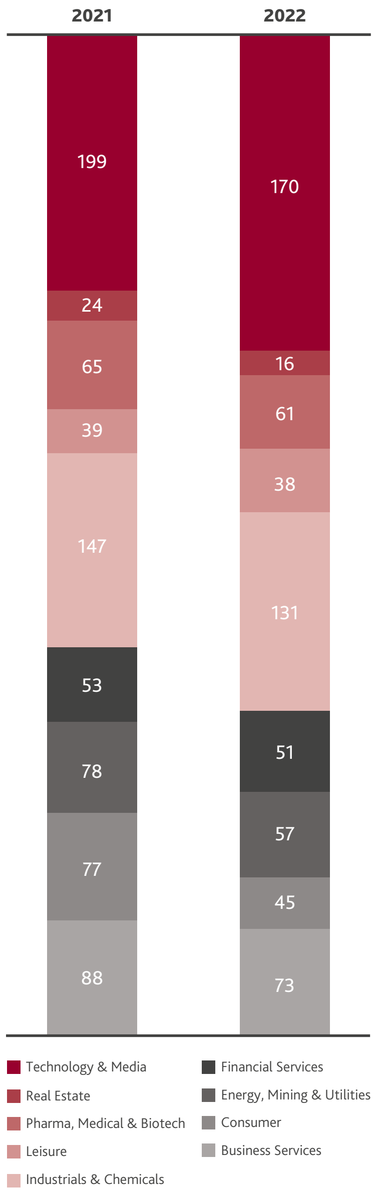
SOUTHERN EUROPE
HEAT CHART BY SECTOR

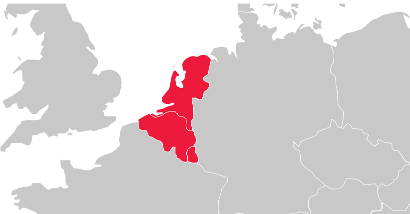
TMT	162	22%
Industrials & Chemicals	146	20%
Consumer	123	17%
Business Services	96	13%
Pharma, Medical & Biotech	54	7%
Energy, Mining & Utilities	50	7%
Financial Services	48	7%
Leisure	37	5%
Real Estate	14	2%
TOTAL	**730**	

SOUTHERN EUROPE
MID MARKET VOLUMES BY SECTOR



BENELUX

DEAL VOLUME HOLDS STEADY WHILE VALUE FALLS BACK



BIG PICTURE

- Deal volume increased slightly compared to Q2 2022 from 39 to 41 deals. 32% of deals involved PE firms, a slight decrease compared to the last two years' quarterly average of 38%
- 67% of total deal value was related to the region's top 10 transactions
- TMT, Industrials & Chemicals and Pharma, Medical & Biotech accounted for 66% of all deals
- The BDO Heat Chart shows that there are currently 130 deals planned or in progress in the Benelux.

M&A activity in the Benelux mid-market recorded a slowdown in deal value compared to Q2 2022 (from USD 3,868m to USD 2,622m), while there was a marginal increase in deal volume (from 39 to 41).

PE players were involved in 13 deals during the quarter (the same as Q2 2022), representing 32% of the total deal volume (versus 38% over the last two years) and 13% of the overall deal value (versus 31% over the last two years). Transactions involving PE recorded an average deal value of USD 27.1m, significantly below 2021's quarterly deal average of USD 81.1m.

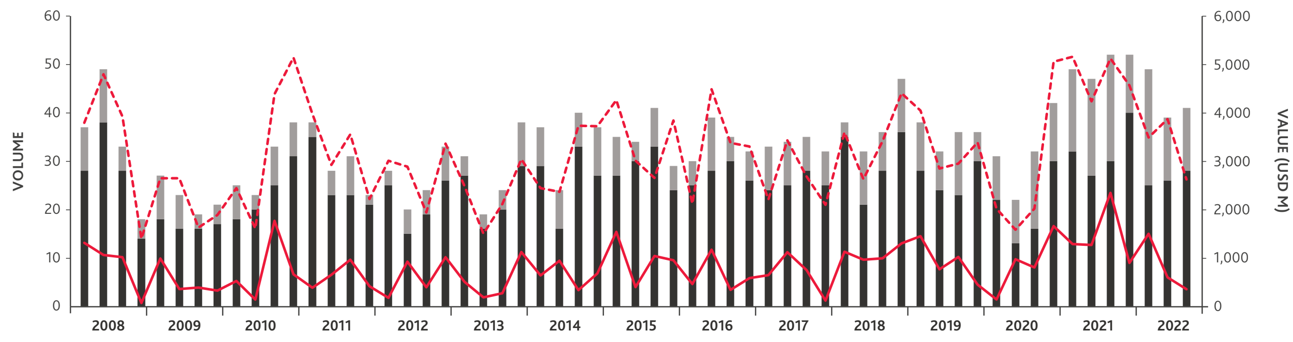
KEY SECTORS AND DEALS

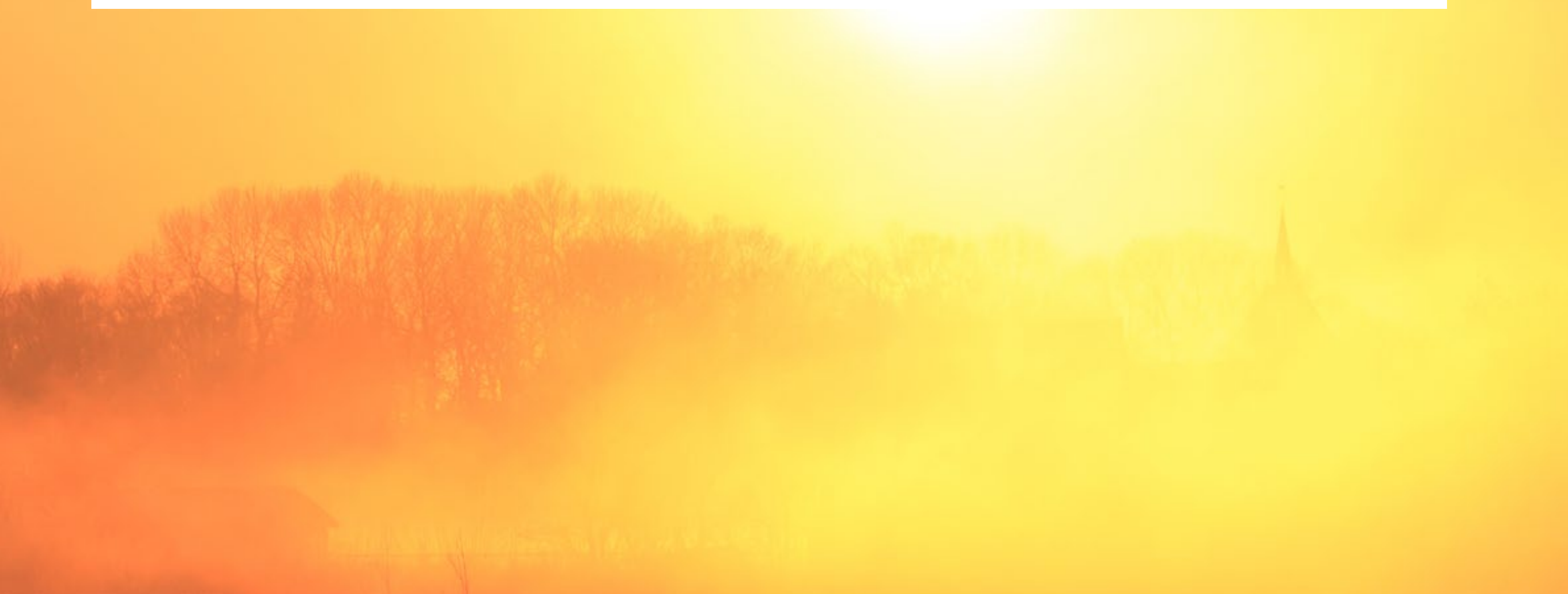
A total of 11 deals were closed in TMT, making it the most active sector in Q3 2022, followed by Industrial & Chemicals (with nine deals), Pharma, Medical & Biotech (seven) and Consumer (five). No deals were closed in the Real Estate sector.

The total value of the top 20 deals in Q3 2022 was USD 2,308m, ranging from USD 34m to USD 469m (with an average of USD 115m per deal). Looking at the top 20 deals, only two involved domestic buyers, with all the others being cross-border transactions. The top 10 deals accounted for 66.7% of the quarterly total deal value.

The biggest deal in Q3 2022 in the Benelux involved Azenta, Inc., which acquired B Medical Systems S.á r.l and its subsidiaries for a total price of approximately USD 469m. B Medical is a market leader in temperature-controlled storage and transportation solutions that enable the delivery of life-saving treatments across the globe.

PE/TRADE VOLUME & VALUE





The second biggest deal involved wefox Germany, the Berlin-based digital insurance company, which agreed to purchase TAF B.V. from private equity firm Parcom Capital Management B.V. and private individual Edward Hollander. Acquired for a total price of approximately USD 399m, TAF is the Dutch market leader in term life insurance and a specialist in disability insurance.

Finally, the quarter's third biggest deal involved Czech-based Energetický a průmyslový holding, a.s., which acquired a 100% stake in the wholesale business unit of electric utilities provider PZEM N.V., comprising PZEM Energy Company B.V. and PZEM Pipe B.V., for a consideration of USD 144m. The Dutch wholesale business unit focuses on asset optimization and trade, analytics and the supply of energy products and services to the business market.

LOOKING AHEAD

The BDO Heat Chart for Benelux shows that there are currently 130 deals planned or in progress. Most of the transactions in the pipeline are related to the TMT sector (33 deals, accounting for 25% of all future deals) followed by Industrials & Chemicals (26 deals, 20%), Pharma, Medical & Biotech (20 deals, 15%), Consumer (16 deals, 12%), Business Services (13 deals, 10%) and finally Financial Services, with 11 deals accounting for 8% of future predicted deals.

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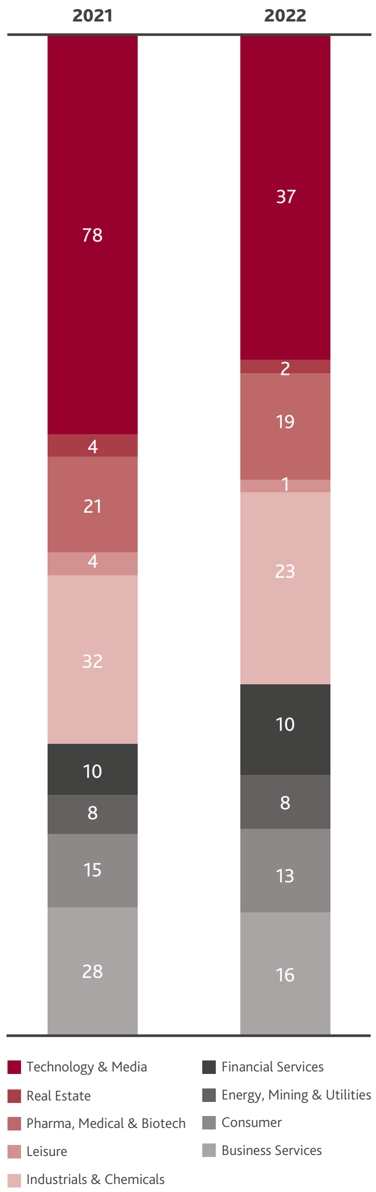
BENELUX
HEAT CHART BY SECTOR

TMT	33	25%
Industrials & Chemicals	26	20%
Pharma, Medical & Biotech	20	15%
Consumer	16	12%
Business Services	13	10%
Financial Services	11	8%
Energy, Mining & Utilities	7	5%
Leisure	3	2%
Real Estate	1	1%
TOTAL	**130**	

BENELUX
MID MARKET VOLUMES BY SECTOR



DACH

UNCERTAIN OUTLOOK FOR THE REST OF 2022

BIG PICTURE

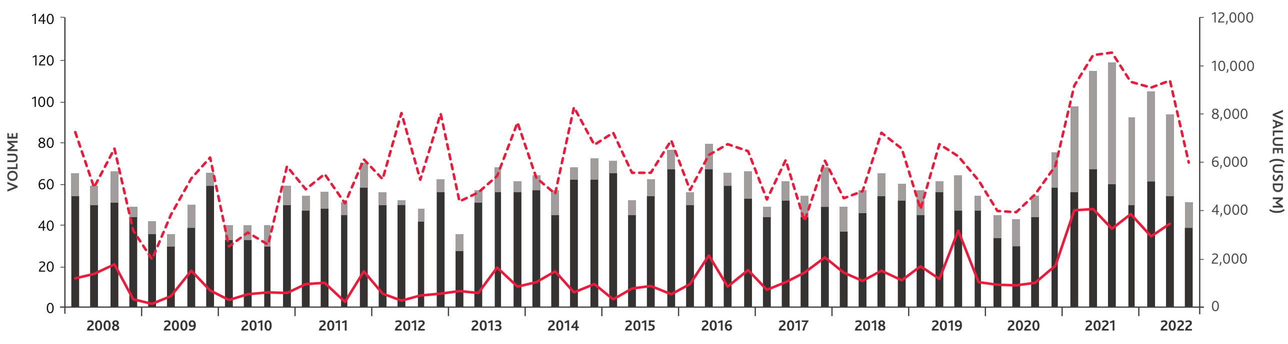
- Compared to the previous quarter, Mid-Market M&A-activity in DACH in Q3 2022 declined by approx. 46% in terms of deal volume, this is the biggest quarter on quarter fall since Q1 2008. Until Q3 Mid-Market M&A activity had help up comparatively well in DACH and the steepness of the fall may reflect a catch up but should be considered in the context of rapidly weakening business sentiment amongst all sectors in DACH over the last months.
- The number of transactions involving PEs declined over-proportionally, falling by 69% but remain an important component of DACH Mid-Market M&A, accounting for 24% of deals by number and 23.8% in value in Q3 2022.
- The TMT and Chemicals sectors remained the most active compared to Q2 2022 with over 50% of the total deal value in DACH, notwithstanding a significant fall in the number of deals in these sectors. The financial services sector activity grew compared to the previous quarter.
- Strong international interest in the DACH market continued with 80% of the top 20 deals involving a non-DACH acquirer comprised of 3 North American companies, 6 Asian companies and 7 European companies. Interest in targets was spread between Germany (85%), Switzerland (15%) and Austria (5%).

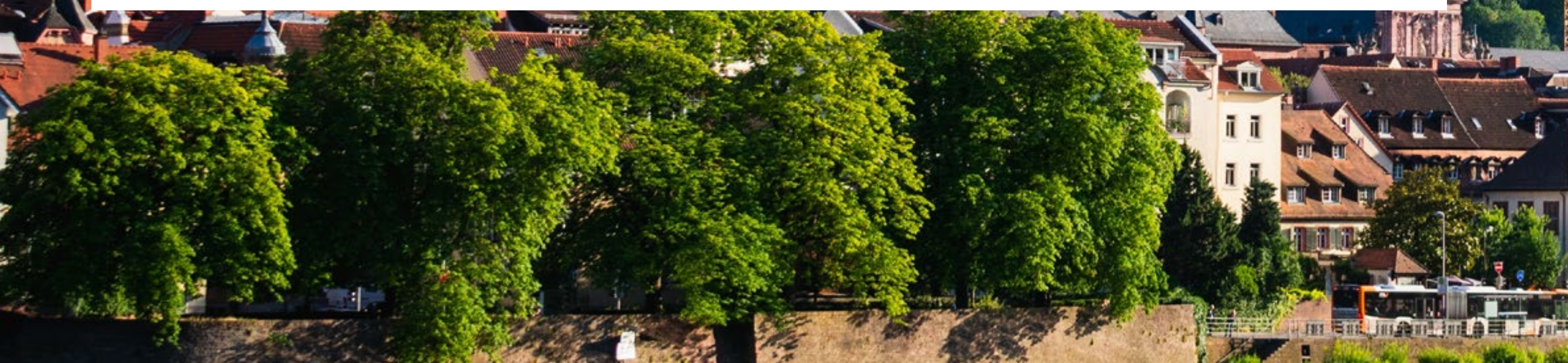
Weak economic and uncertain political background is now affecting deal appetite in the German M&A Mid-Market. Outlook for rest of 2022 uncertain given ongoing impact of war in Ukraine on economy.

The DACH M&A Mid-Market demonstrated similar trends to global Mid-Market M&A activity in Q3 2022 but the fall off in activity in the DACH Mid-Market compared to the previous quarter was steeper than global trends. In the global Mid-Market, the number of M&A deals declined by round about 29.3% compared to -45.7% in DACH. On a year-to-year comparison, the number of DACH Mid-Market M&A deals went down by 57.3% (Global -32.8%); DACH mid-market M&A transaction values were down by 36.3% (DACH -23.5%) compared to Q2 2022 and on a year-to-year basis the DACH Mid-Market M&A aggregate value of deals decreased by 43.3% (DACH -33.5%).

The size of the fall may reflect that until Q3 the DACH M&A mid-market had held up better than the Global Mid-Market M&A. The market outlook for DACH is expected to remain uncertain and mixed. At the same time the average deal size increased slightly.

PE/TRADE VOLUME & VALUE





DACH
HEAT CHART BY SECTOR

TMT	93	27%
Industrials & Chemicals	86	25%
Pharma, Medical & Biotech	60	17%
Consumer	34	10%
Business Services	34	10%
Financial Services	19	6%
Energy, Mining & Utilities	15	4%
Real Estate	2	1%
Leisure	1	0%
TOTAL	**344**	

KEY DEALS AND SECTORS

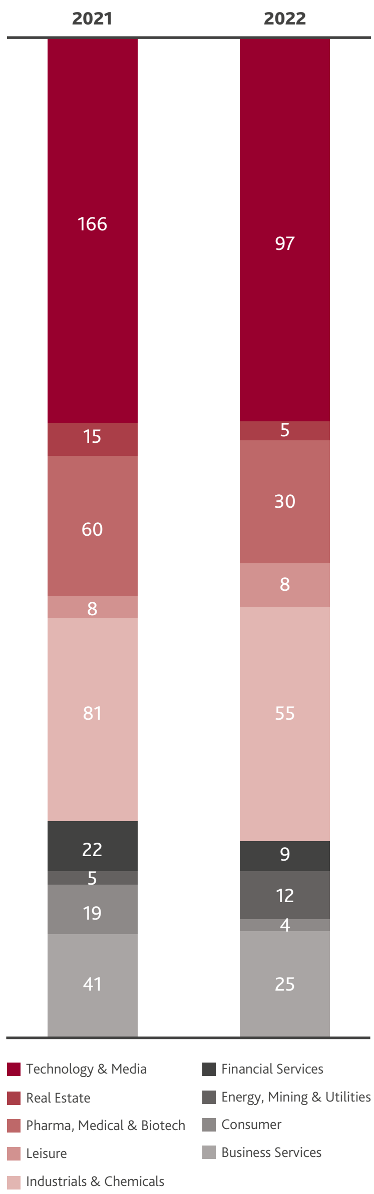
One of the largest Mid-Market transactions was the acquisition of the IT services business of Kontron AG – formerly S&T AG – a leading player in the field of IoT products in Europe by Vinci S.A. The agreement covered operations in Germany, Switzerland, Poland as well as eight other countries in central and eastern Europe to enable the acquirer to strengthen its position in the European TMT market. Overall transaction value was roughly $411m.

Another relevant M&A deal was the expansion of DCC Healthcare with its largest expansion to date with a deal value of $245m. The acquisition of the Germany-based medical devices company Medi-Globe Technologies GmbH focused on instruments for minimally invasive procedures enables DCC to increase its presence in the European healthcare market. The company was sold by the PE firm Duke Street LLP.

With a deal value of $226m the Exact Group B.V. (backed by KKR) acquired a 71% stake in Weclapp SE, a subsidiary of the listed German energy and telecommunication company 3U Holding. The target provides comprehensive cloud ERP software focused on CRM, merchandise management and accounting for SMEs.

The sectors TMT (14), Industrials & Chemicals (13) and Pharma, Medical & Biotech (6) were the most active mid-market sectors in the DACH region in Q3 2022. All three sectors together account for approx. 65% of all deals in the DACH region. However, deal activity in TMT fell significantly Q3 by more than 50% of its previous level in Q2.

DACH
MID MARKET VOLUMES BY SECTOR



LOOKING AHEAD

It remains to be seen whether Mid-Market activity in DACH will pick up in Q4 or whether the activity in Q3 reflects an ongoing trend. All economic indicators suggest that the parameters for business are not likely to improve in the short term. The October IFO business sentiment Index showed a further decline (to lowest levels since 2018) across all sectors, industrial, construction, retail and services. Notwithstanding a Heat Chart which suggest there is stored pipeline activity, deal activity will be impacted if investors cannot get visibility on current trading and business plans and sellers who do not have a commercial / strategic imperative to sell believe there will be better valuations /more deal certainty if they wait.

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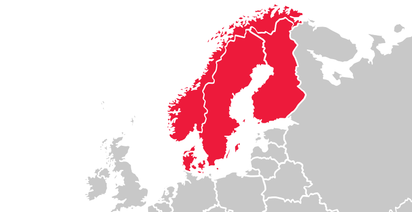
NORDICS

DEAL ACTIVITY DECLINES IN FACE OF UNCERTAINTY, ENERGY PRICES AND INTEREST RATE RISES



BIG PICTURE

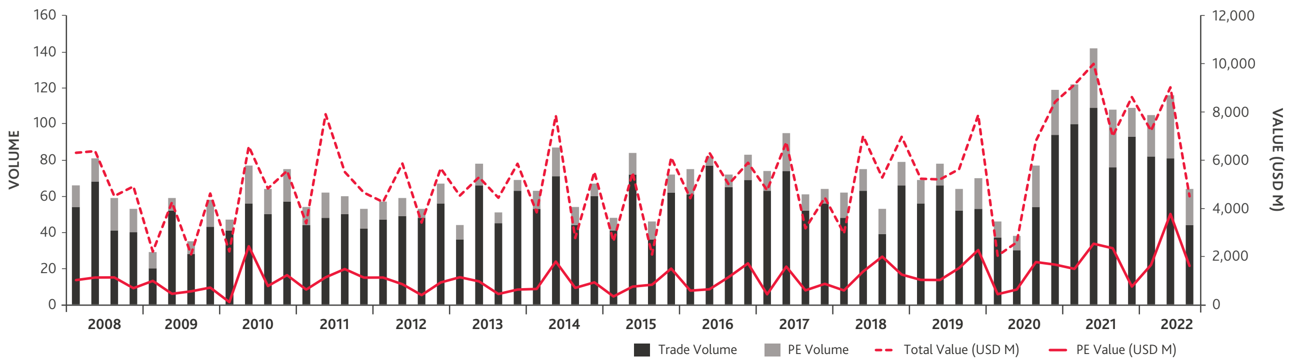
- Q3 2022 was considerably slower than the previous quarter with deal volume down by 44% and deal value down by 50%
- Deal volume fell comparatively for both strategic and PE acquirers compared to the same period last year by 42% and 37% respectively
- Some sectors experienced a sharp decline in volume compared to Q3 2021, with Consumer (down 75.0%), Financial Services (60.0%), Pharma, Medical & Biotech (72.7%) and Real Estate (75.0%) all seeing big falls
- The spike in energy prices is resulting in increased levels of investor interest in the Energy, Mining & Utilities sector and deal volume was up by 80% in Q3 2022.

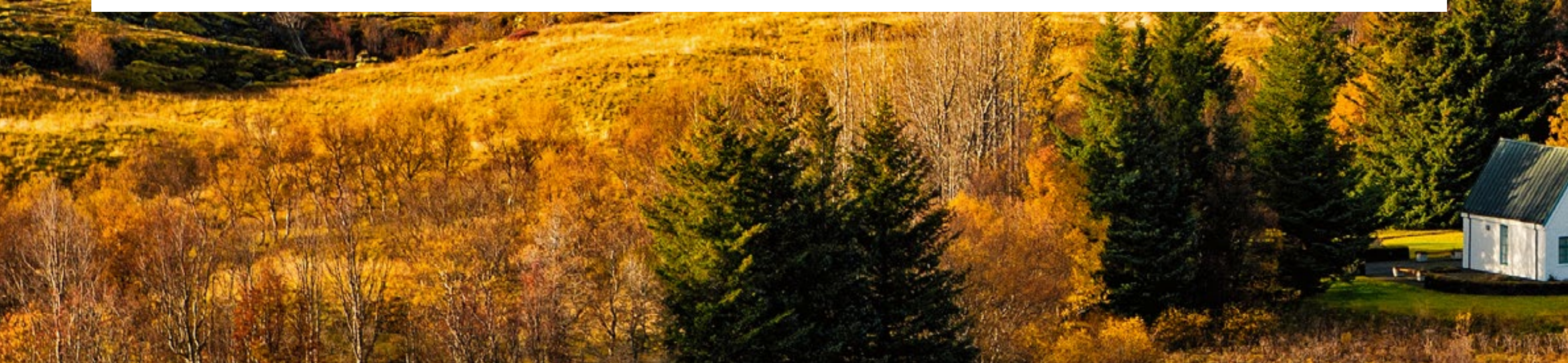
M&A deal activity in Q3 2022 fell substantially from the previous quarter. This was to be expected as third quarters are traditionally characterised by relatively low levels of transaction activity due to the summer holidays. Although the quarter was slower compared to the same period last year, it was historically more active than average in terms of both volume and deal value. While dealmaking activity in the first two quarters of 2022 remained largely at the high levels recorded in 2021, activity started to cool off in the third quarter. Given the current geopolitical tensions, increasing energy prices and rising interest rate expectations, we expect to see similar market-wide developments in the short-term. However, one sector did experience increased activity in the quarter as Energy, Mining & Utilities deals gained momentum due to the recent spike in energy prices and we expect this trend to continue going forward.

During Q3 2022, 64 registered transactions were completed in the Nordics with a total transaction value of USD 4.5bn. Even though Q3 is usually one of the slower periods of the year, this performance was barely above half (55.1%) of the total deal value recorded in the previous quarter. Compared to the same quarter last year, total deal value decreased by 35.8% and volume by 40.7%. However, it's worth bearing in mind that Q3 2021 was one of the most active third quarter periods recorded, only surpassed by Q3 2020. It would therefore seem natural for Q3 2022 to be comparatively slower. From a broader historical perspective, the levels of dealmaking in Q3 2022 were relatively normal and even slightly above the average Q3 level between 2008 and 2022, both in terms of deal volume and value.

PE buyers were less active in terms of volume (down 37.5%) and value (down 31.5%) compared to the corresponding quarter last year, signalling a loss in PE investment appetite. Changed fundamentals, such as increased interest rates and the uncertain geopolitical climate have resulted in reduced growth expectations. Additionally, 2021 was characterised by exceptionally high levels of PE activity. Having said that, PE-driven transactions still accounted for a higher share of overall transactions in Q3 2022 (35.6%) compared to Q3 2021 (33.4%).

PE/TRADE VOLUME & VALUE





Compared to the pre-pandemic Q3 2019, it's noteworthy that PE activity increased both in volume (66.7%) and deal value (6.0%) in Q3 2022. PE acquirers still have substantial dry powder to invest from recent capital raising, partially maintaining their momentum from the post-pandemic period.

In conclusion, after the boom in transactions seen during 2021 and the first half of 2022, the market is cooling off. The reduced deal activity could be a consequence of several different events and trends in the market. Firstly, the disruption of supply chains, following both the pandemic and during the ongoing war in Ukraine, has led to reduced supplies of raw materials, components, and other inputs. Naturally, the most affected industries are those dependent on supplies produced in Russia and Ukraine, such as vehicle components. Secondly, as growth expectations have dwindled throughout the year for both the Nordic and global markets, acquirers have become more selective in their capital allocation. Thirdly, increases in interest rates have spilled over into increased required return on capital, creating a downward pressure on valuations. We should, however, keep in mind that the summer months are traditionally slow periods for dealmaking and an improvement in activity in the final quarter of the year still remains a possibility. Traditionally, the last quarter of the year is a strong period for M&A and we could see a slightly more transaction-heavy quarter.

KEY SECTORS AND DEALS

Industrials & Chemicals (16 deals) and TMT (21 deals) maintained their positions as the largest contributors to M&A activity, with a combined share of over half (57.8%) of the recorded transaction volume in Q3 2022. Most industries lost momentum in the quarter, with Financial Services down 60.0% compared to both Q2 2022 and Q3 2021, Consumer down 87.5% and 75.0% compared to Q2 2022 and Q3 2021 respectively, Pharma, Medical & Biotech down 57.1% and 72.7% compared to Q2 2022 and Q3 2021, respectively and finally TMT, down 27.6% and 34.4% compared to Q2 2022 and Q3 2021 respectively. Energy, Mining & Utilities gained momentum in the quarter, accounting for the two largest deals this quarter in the Nordic region. The largest deal, with a deal value of USD 482m, was the purchase of a 49% stake in Fred. Olsen Renewables, which operates wind farms in Norway, Sweden and the UK. The second biggest deal was the acquisition of Suncor Energy Norge AS by Sval Energi AS.

TMT also accounted for several large deals in the quarter, with seven of the top 20 deals. With a total deal value of USD 1.0bn, the sector's biggest transaction was the acquisition of Semcon AB by Ratos AB. The target is a consulting firm specialising in engineering and marketing and Semcon AB aims, according to Ratos AB, to become a market-leading technology consulting company in the Nordics.

LOOKING AHEAD

Despite the cooldown in Q3 2022, the full-year 2022 could still be a relatively strong year for M&A activity in the Nordics. Due to the ongoing energy crisis affecting most industries it is difficult to predict future developments in activity levels. If the negative developments in market fundamentals continue then we expect to see a continued cooling of Nordic mid-market M&A compared to recent quarters. As a result, at least in the short term, we are expecting a slowdown in investor appetite compared to late 2020 and 2021.

Although the broader deal picture has somewhat darkened, there is increased acquisition interest in the Energy, Mining & Utilities sector. Spiking oil and gas prices have resulted in strong cashflow generation and increasing reservoir values for oil & and gas companies. As a result we could see continued and even increased interest for M&A across the Nordic energy sector going forward. As petroleum assets increase in value and energy development projects that a year ago were considered too costly suddenly yield a positive net present value, then investor appetite should increase. Naturally this would depend on the market's perception of whether energy prices remaining at high levels will be sustained in the long term which, as of Q3 2022, looks highly probable.

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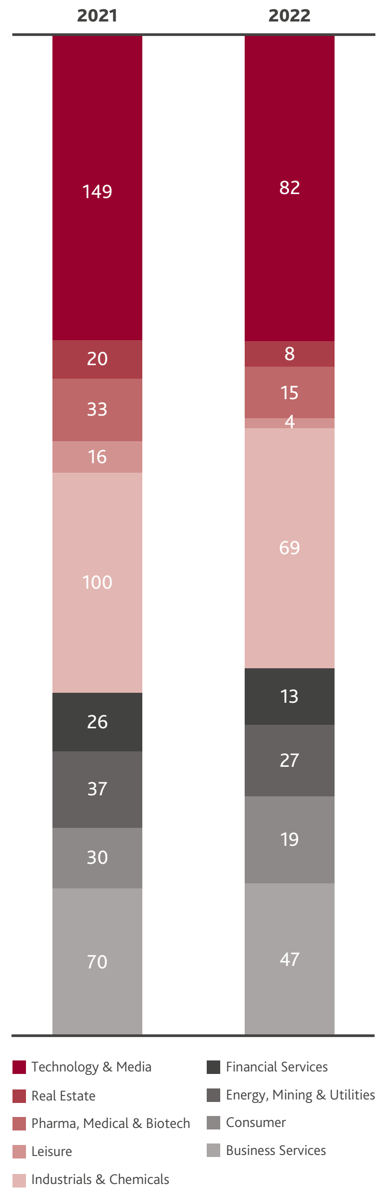
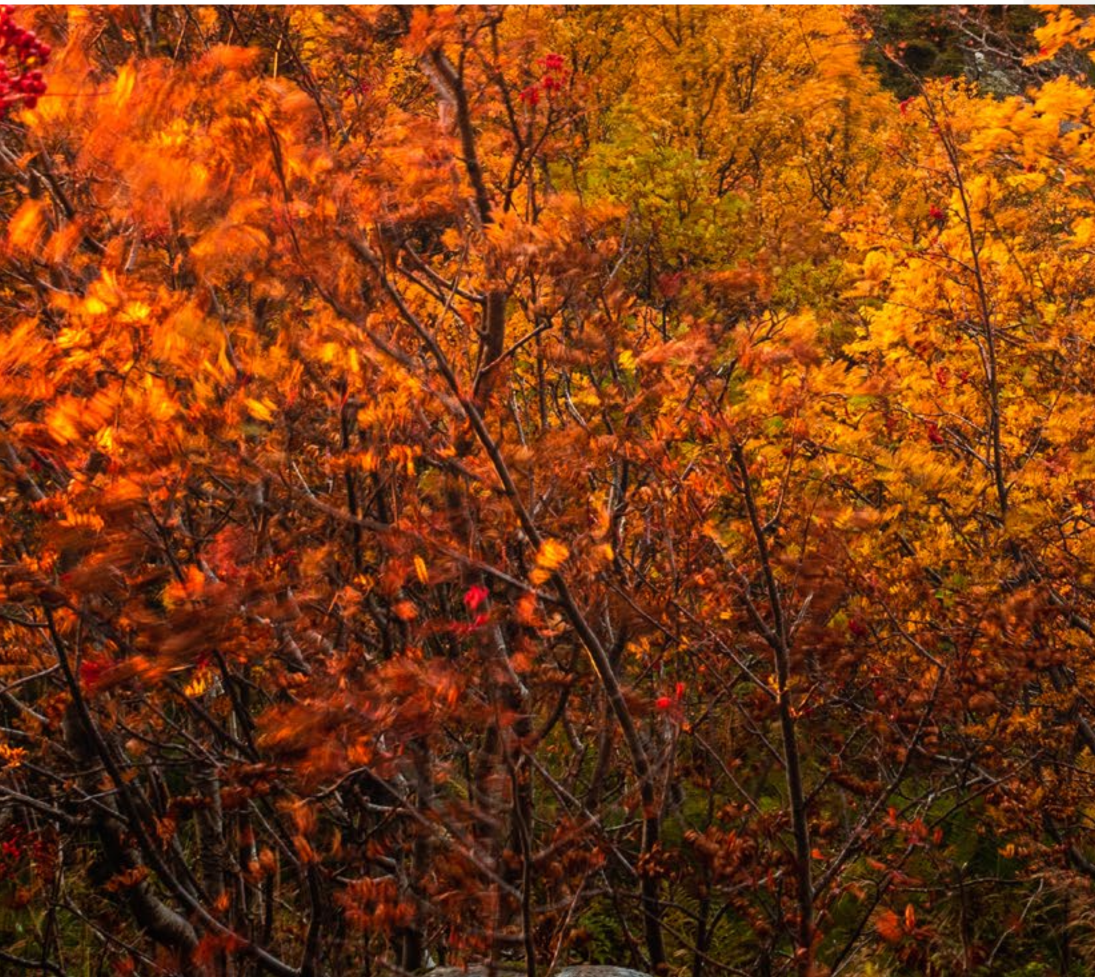
NORDICS
HEAT CHART BY SECTOR

TMT	71	32%
Industrials & Chemicals	51	23%
Pharma, Medical & Biotech	31	14%
Business Services	20	9%
Consumer	19	8%
Energy, Mining & Utilities	14	6%
Financial Services	9	4%
Leisure	5	2%
Real Estate	4	2%
TOTAL	**224**	

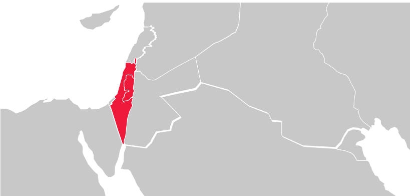
NORDICS
MID MARKET VOLUMES BY SECTOR





ISRAEL

DEAL VALUE AND VOLUME PLUMMET ON BACK OF GLOBAL SLOWDOWN



BIG PICTURE

- In Q3 2022 M&A deal value fell significantly (c.70%) compared to the previous quarter
- Deal volume also dropped from 51 deals in Q2 2022 to just 24 deals in Q3 2022
- PE activity also slowed down in Q3 2022 compared to the previous quarter
- The BDO Heat Chart for Israel shows 125 potential deals, suggesting a slowdown in activity lies ahead.

M&A activity decreased during Q3 2022 in terms of both deal value and volume.

A total of 24 deals, with a combined deal value of USD 1,305m, were successfully completed in Q3 2022. This represented a c.70% decrease in deal value and there was also a big drop in deal volume from the 51 deals completed in Q2 2022 to 24 in Q3 2022. The massive decline in deal value, along with the drop in deal volume, led to a 37% fall in the average transaction value to USD 54m for the quarter (a 37% reduction from the previous quarter's average of USD 86m), reflecting the smaller number of deals.

Private equity dealmaking activity also recorded declines in Q3 2022 with both deal volume and value both falling compared to the previous quarter.

In Q3 2022, PE deal activity accounted for eight deals worth a total of USD 450m, which represented 33% of the quarterly deal count and 34% of the overall deal value.

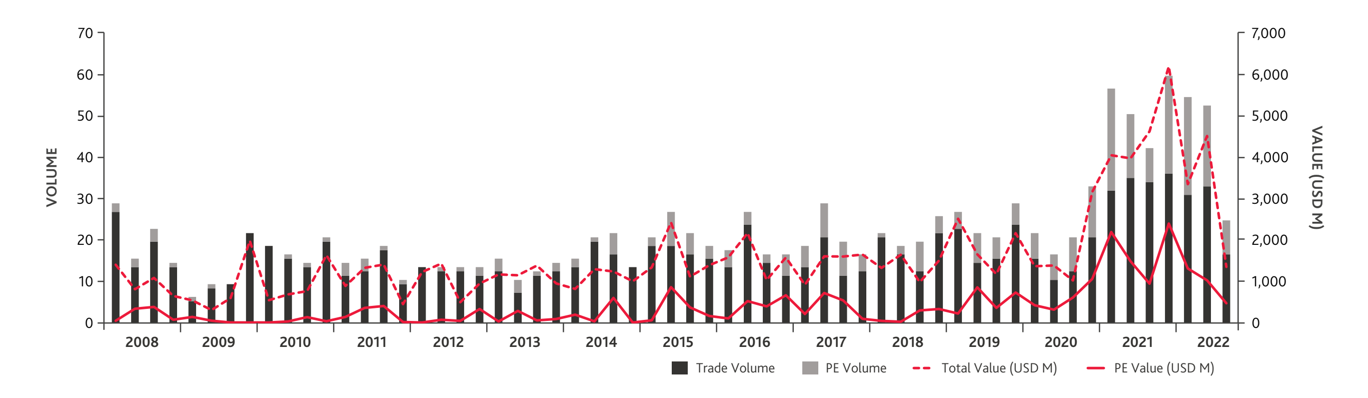
KEY SECTORS AND DEALS

Israel's top 10 deals in Q3 2022 had an aggregated value of USD 1,075m, which represented 82% of the total M&A transactions.

The quarter's largest transaction was the USD 215m acquisition of semiconductor company Newsight Imaging Limited by Vision Sensing Acquisition Corp. Other key deals included the USD 212m acquisition of data centre platform MedOne (for a 49% stake) by Berkshire Partners LLC, and the USD 200m acquisition of environmental intelligence platform BreezoMeter Ltd by Alphabet Inc.

TMT accounted for 13 deals (54% of total transactions) in the quarter. Business Services and Pharma Medical & Biotech were in second place, each accounting for four deals (17% of total transactions each).

PE/TRADE VOLUME & VALUE



Next were Industrial & Chemical, with two deals (8% of all transactions), and Consumer with one deal (4% of all transactions). Eight of the top 10 deals involved foreign bidders, supporting the continued global interest in Israel's resilient economy and robust equity market. All of the foreign bidders were from the USA. Israel continues to attract foreign investment due to its favourable economic conditions, considerable incentives, and strong R&D sector, coupled with its high-skilled and multilingual workforce.

LOOKING AHEAD

Looking ahead, the data supports a slowdown in the growth rate. The BDO Heat Chart for Q3 2022 shows 125 deals either planned or in progress for M&A, compared to 160 deals in Q2 2022, a 22% drop in pipeline deals.

Of the 125 deals planned or in progress, 33 (26%) are predicted to be in the Industrials & Chemicals sector, 25 (20%) in TMT and 19 in Consumer (15%). Other active sectors include 12 (10%) deals related to Business Services, 11 (9%) in Pharma, Medical & Biotech, 10 (8%) related to Real Estate, 9 (7%) in Financial Services, and three deals (2%) in both the Leisure and Energy, Mining & Utilities sectors.

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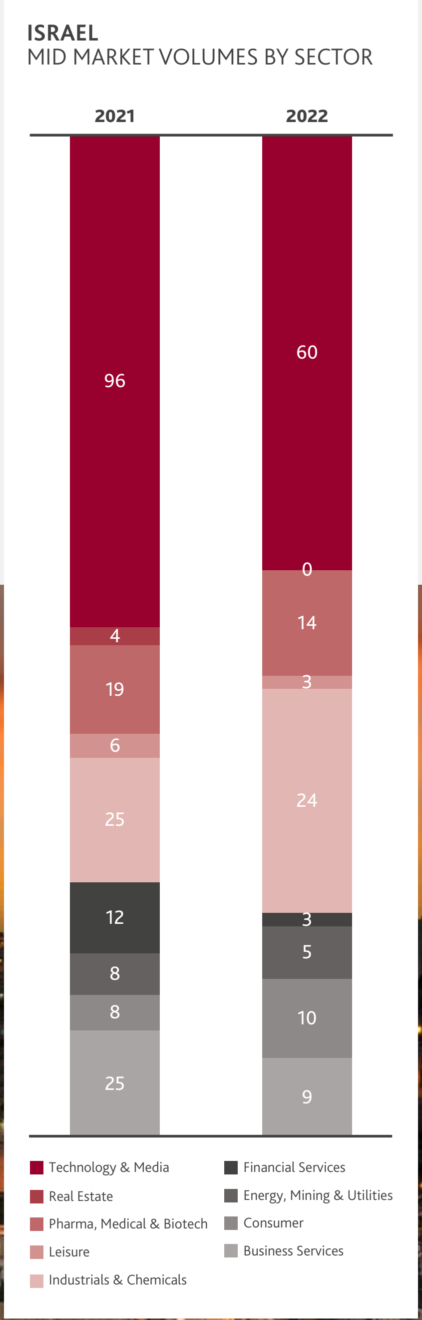
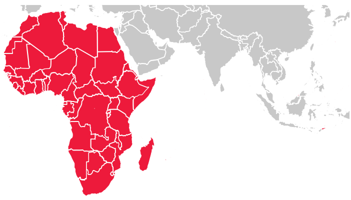
ISRAEL
HEAT CHART BY SECTOR

Industrials & Chemicals	33	26%
TMT	25	20%
Consumer	19	15%
Business Services	12	10%
Pharma, Medical & Biotech	11	9%
Real Estate	10	8%
Financial Services	9	7%
Leisure	3	2%
Energy, Mining & Utilities	3	2%
TOTAL	125	



AFRICA

M&A ACTIVITY SLUMPS WITH DEAL VOLUME FALLING BY ALMOST 50%



The third quarter of 2022 was a particularly quiet period for mid-market M&A on the African continent with only 20 deals concluded; almost half of the number of deals concluded in the previous quarter. This represented the lowest deal activity seen since 2008 (discounting Q2 2020) and was even lower than the average quarterly deal volume of 23 deals concluded during the COVID-19-affected 2020.

BIG PICTURE

- As global M&A activity resets to pre-pandemic levels, Africa recorded a slower recovery with only 20 deals concluded in Q3 2022
- PE accounted for just 2% of deal value during the quarter
- Total deal value declined by 45% from the previous quarter to USD 2.3bn, 15% lower than the average deal value over the last decade
- More than half of the quarter's total deal value was invested in the Consumer sector, reflecting a recovery in consumer confidence and spending as well as a positive overall expectation of future economic growth.

KEY SECTORS AND DEALS

Consumer was the leading sector with seven deals in the quarter. This was followed by TMT and Industrials & Chemicals, which saw four and three deals closed respectively. Only one deal was concluded in Energy, Mining & Utilities, the lowest number of deals in this sector in the last decade.

South Africa accounted for the most deals with eight, followed by Egypt with seven, with these two countries contributing 66% of the quarter's total deal value. Other countries with significant deals included Cameroon, Sierra Leone and the Ivory Coast.

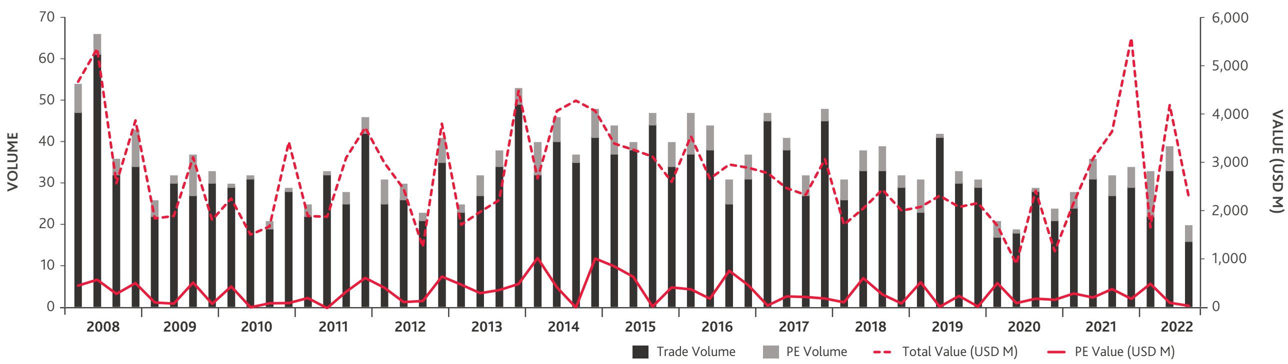
Nine of the top 20 deals involved foreign parties from, inter alia, France, the United Arab Emirates and the USA.

The quarter's biggest deal, and one of the aforementioned Consumer deals, was Diageo Plc's sale of its brewery in Cameroon, Guinness Cameroon S.A, to French drinks company Castel Group for USD 449 m. The transaction is expected to complete in the first half of 2023, subject to regulatory clearances.

On completion, Castel will take over the production and nationwide distribution of Guinness in Cameroon under a licence and royalty agreement. Guinness' marketing in Cameroon will continue to be managed by the Guinness global brand team, who will set strategy with dedicated Diageo resources, working alongside Castel.

Commenting on the deal, Castel's Gil Martignac said: "Since its creation, Castel has been constantly on the move. The planned acquisition of Guinness Cameroon marks a new milestone in its development, both in Africa and in Cameroon where it has been recognised as an economic player for many years through Société Anonyme des Brasseries du Cameroun (SABC). This acquisition expands the company's portfolio in the strategic stout market and strengthens its historical partnership with Diageo in many other markets. Guided by its entrepreneurial spirit, Castel continues its growth momentum and its commitment to promoting the economic and social vitality of Cameroon and the African continent."

PE/TRADE VOLUME & VALUE



Another noteworthy deal, and also the third biggest deal in Q3 2022, was US retail giant Walmart Inc's acquisition of the 47% minority interest in South African retailer Massmart Limited. Massmart shareholders was offered USD 3.38 per share in cash, 53% higher than Massmart's closing share price when the offer was announced. According to Massmart, apart from COVID-19, the civil unrest in 2021 and the flooding in KwaZulu-Natal earlier this year have compounded weak consumer demand for general merchandise and resulted in an increasingly competitive operating environment. As part of its turnaround plan, Massmart plans to sell or close more of its non-core assets. The development of its e-commerce strategy will also require significant additional financial investment. "The potential offer will enable Walmart to continue its overweight support as a long-term shareholder and allow eligible Massmart shareholders the opportunity to realise value now… With an expected inflow of foreign direct investment estimated at USD 349 m, this potential offer, if finalised, represents a positive vote of confidence in South Africa by the world's leading retailer," a Massmart representative said.

LOOKING AHEAD

We are of the view that lower valuations will provide opportunities for corporate and PE dealmakers to generate healthy returns in the current volatile market.

The higher oil prices seen since 2021 have further unlocked the African M&A market, especially for well-established operators and asset owners. However, companies remain highly cautious in their spending given the continued market uncertainty and a focus on shareholder returns.

The African continent remains a very small contributor to the global M&A market. Our research indicates that since 2008, African M&A deal value has only accounted for c.1.7% of global M&A deal value. Possibly more concerning is the fact that since 2017, African M&A deal value has only accounted for some 1.2% of global M&A deal value. But we remain Africans and we are resilient even in the face of adversity.

We believe that South Africa in particular remains attractive for foreign investment. It remains a member of BRICS (Brazil, Russia, India, China and South Africa – the five economies considered to be the major emerging economies with more than three billion people or 40% of the world's population and just over a quarter of the global GDP) but if we are honest, it's fairly clear that South Africa is the half-pint amongst the behemoths. However, we still maintain our belief that South Africa is an excellent platform for any entity looking to access the relatively untapped African market. This is primarily supported by:

- a world-class business infrastructure, including a well-regulated banking and investment market and general good governance;
- a large and diverse private sector with experience of operating under challenging emerging market conditions; and
- enormous untapped potential in natural resources, such as mining, farming and tourism.

Charles Douglas, Co-Head of M&A Bowmans Law, commenting on the outlook for South Africa in 2022, said:

"Notwithstanding unrest in South Africa during 2021, the latter part of last year saw an uptick in foreign investment. This was driven by attractive valuations, the weak Rand and upside potential. This trend, coupled with the relaxation of pandemic-related restrictions, low interest rates, the strong balance sheets of South African corporates, a government and regulatory framework that is enabling in certain respects and the boost to commodity prices from Chinese economic stimulus, is continuing to bolster current deal activity (local and foreign).

"The delisting of several companies from the Johannesburg Stock Exchange (JSE) is also expected to be a catalyst for companies looking to access equity capital markets through new listings.

"In addition, the African Continental Free Trade Area agreement is expected to have a positive impact on future investment."

According to the BDO Heat Chart for Africa, TMT, Business Services, Financial Services, Industrial & Chemicals, Consumer and Energy, Mining & Utilities will account for the bulk of deal activity across the continent for the foreseeable future, with the balance spread across the remaining sectors.

At the lower end of deal activity lie Real Estate, Pharma, Medical & Biotech and the Leisure sector, which continue to see slow growth following the COVID-19 global pandemic.

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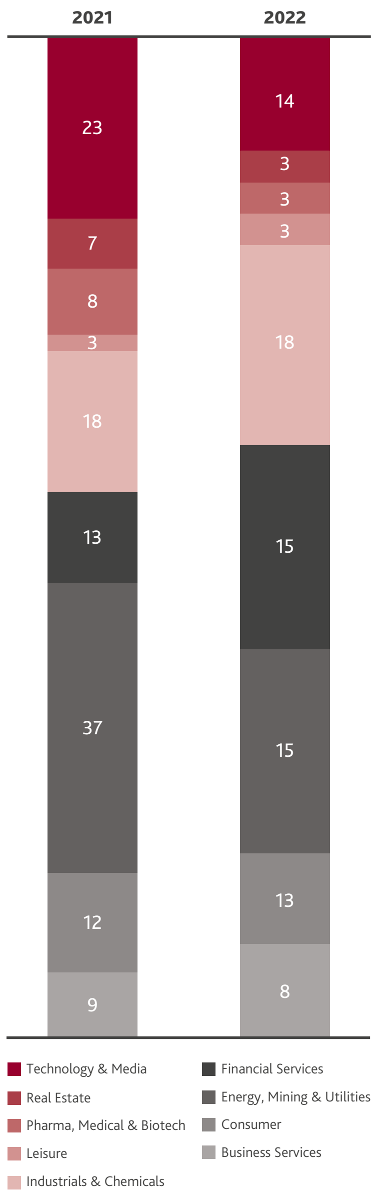
AFRICA
HEAT CHART BY SECTOR

Business Services	32	21%
Industrials & Chemicals	31	20%
TMT	25	16%
Consumer	20	13%
Energy, Mining & Utilities	19	12%
Financial Services	18	12%
Real Estate	4	3%
Pharma, Medical & Biotech	3	2%
Leisure	1	1%
TOTAL	**153**	

AFRICA
MID MARKET VOLUMES BY SECTOR



INDIA

M&A ACTIVITY SLOWS BUT THE OUTLOOK IS POSITIVE

BIG PICTURE

- Deal volume and value fall by 33% and 18% respectively, in line with global trends
- TMT deals continue to lead the way with a 37% share of overall volume
- India's projected growth rate means that the outlook for dealmaking remains positive, particularly for PE firms.

In line with global M&A trends, India's mid-market segment saw deal volume fall: from 142 deals in Q2 2022 to 95 deals in Q3 2022, representing a quarter-on-quarter decline of 33%. In terms of value, India recorded deals worth USD 8,279m in Q3 2022 compared to USD 10,046m in the previous quarter, a drop of 18%. PE transactions accounted for 43% of the total deal volume in the quarter and 31% of the total deal value.

KEY SECTORS AND DEALS

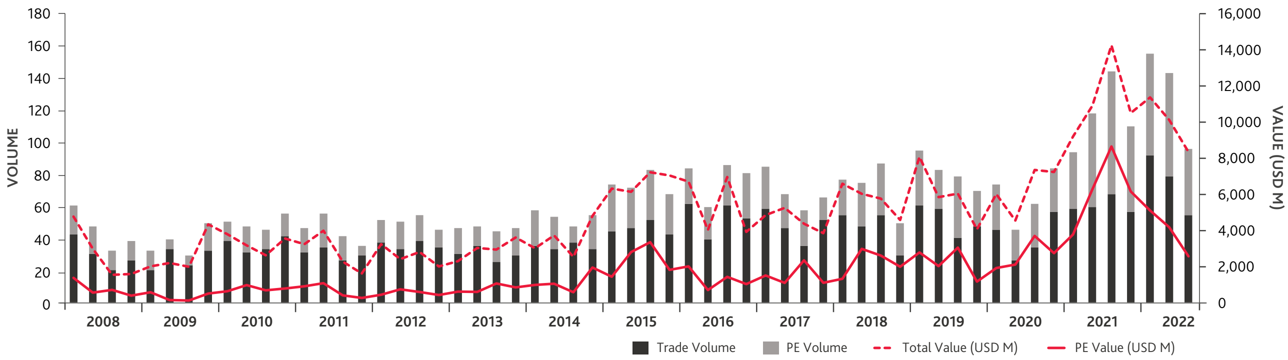
Looking at sector performance in Q3 2022, TMT led the way with 35 deals and a 37% share of overall deal volume, followed by Industrials & Chemicals with 19 deals (20%) and Financial Services with 10 deals (11%). TMT has been responsible for the largest share by sector of India deal volume in all of the last four quarters. In addition there were some big renewables deals within Energy, Mining & Utilities.

Some of the quarter's key deals across different sectors included:

TMT

- Bengaluru-based fintech unicorn, Dreamplug Technologies Private Limited (popularly known as CRED), is in discussions to acquire a 100% stake in Sequoia Capital-backed wealth management company Smallcase Technologies Private Limited for a consideration of around USD 400m.
- Online K-12 tutoring platform Focus Edumatics Private Limited, which aims to provide free training to teachers and create 14,000 online tutors' jobs in India in 2022, has been acquired by San Francisco-based PE firm Alpine Investors for around USD 300m.
- India's largest online higher education company UpGrad has raised USD 210m from marquee investors in a fresh funding round. Existing investors Temasek, IFC and IIFL invested in the round. Even the family offices of Bharti Airtel's Mittals, Narotam Sekhsaria, and ArcelorMittal's Lakshmi Mittal also joined the cap-table, in addition to ETS Global, Bodhi Tree and Singapore's Kaizen Management Advisors Pvt Ltd.

PE/TRADE VOLUME & VALUE



ENERGY, MINING & UTILITIES

- US PE firm KKR & Co. Inc. has agreed to invest USD 450m in Hero Future Energies Private Limited (HFE), Hero Group's renewable energy arm. The investment will help HFE to expand capacity and capabilities across technologies such as solar, wind, battery storage and green hydrogen as well as entering into new markets over time.
- Mahindra & Mahindra Limited has sold a 30% stake in its renewable energy arm, Mahindra Susten, to leading Canadian fund Ontario Teachers' Pension Plan Board for ~USD 300m. It is an independent power producer with 1.5 GW capacity and is involved in the engineering, procurement, and construction (EPC) business, with a constructed capacity of 4 GW.
- Lanco Amarkantak Power is currently going through an insolvency process and three bidders, Reliance, Adani and Power Finance Corporation, have all submitted their resolution plans to acquire the company.

INDIA SET TO REMAIN A BRIGHT SPOT FOR PE INVESTMENT

The base of the Indian PE industry was laid in the 1980s with the launch of first-generation venture capital (VC) funds by financial institutions like the Industrial Finance Corporation of India (IFCI), the Industrial Development Bank of India (IDBI) and the Industrial Credit and Investment Corporation of India (ICICI). Later, commercial banks like Canara Bank and various other private sector funds also introduced their own VC funds. By 2000, several foreign PE firms like Baring PE Partners, CDC Capital, Draper International and Warburg Pincus started entering the India market. Firms like ChrysCapital and WestBridge Capital also got on board with their primary focus being on IT-related investments.

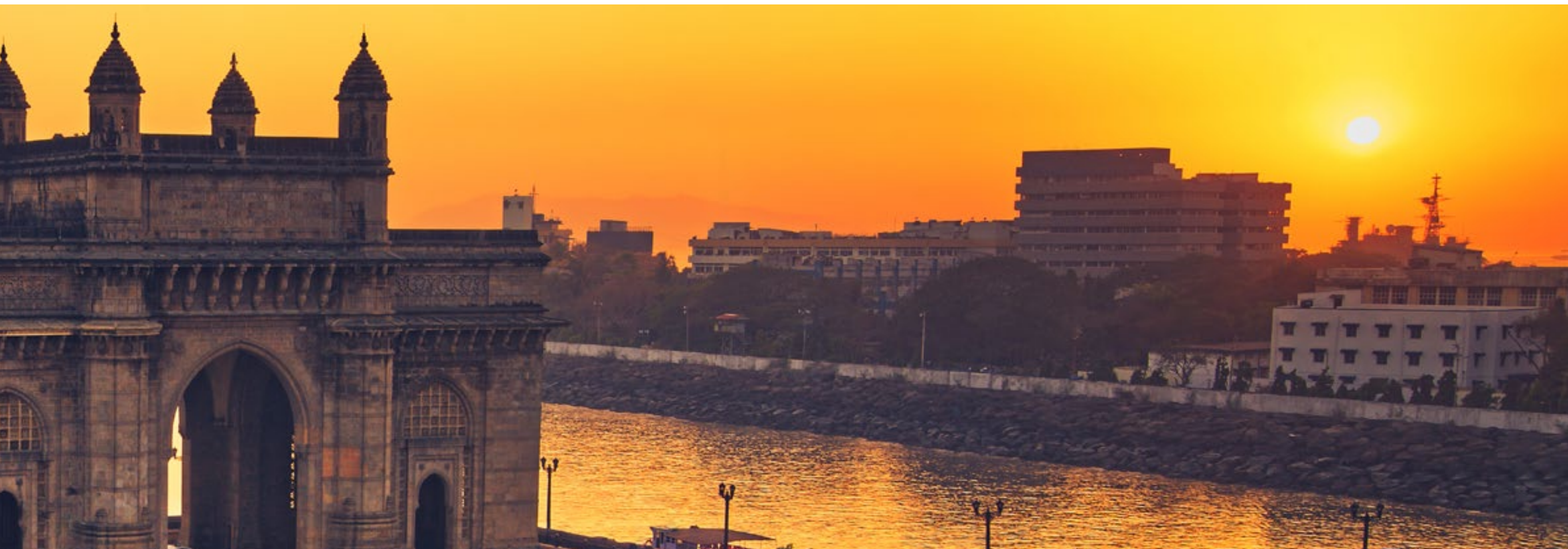
Fast forward to the decade of 2011-2020, which was supposedly the best investment decade for India. The decade began on a slow note following the after-effects of the bankruptcy of Lehman Brothers and the global financial crisis, with PE investments being sub-USD 10bn until 2013. However, from 2014, the chart has only moved in an upward trajectory, with PE investments reaching an all-time high of USD 77.14bn in 2021.

Despite being affected by various COVID-19-related economic uncertainties, India witnessed a spectacular year in 2021 as the economy rebounded and returned to growth due to factors like the successful vaccination programme, financial and regulatory relaxations/ reforms and liquidity support/infusions by the government. The year reached new heights, surpassing all previous records by a significant margin, with deal value and volume reaching all-time highs (1,270 deals), with many big-ticket deals. Big-ticket deals (USD 100m+) accounted for ~77% of the total deal value in 2021. The last few years have showed that the PE market in India has matured with number of big ticket deals and exits. From being mainly a growth equity PE market, we are now seeing sizeable numbers of buyout and platform transactions.

Another investment trend that India is witnessing is the emergence of start-ups. As per a recent study, India has emerged as the third largest ecosystem for start-ups globally with over 75,000 registered/ recognized start-ups, with a flourishing number of 107 unicorns (with 41 gaining the unicorn status in 2021) with a total valuation of USD 340bn. Moreover, India has received ~USD 165bn of foreign direct investment (FDI) inflow in the past two years despite the ongoing Russia-Ukraine war and pandemic-related global impacts, all of which positions India as a preferred investment destination. The increasing number of start-ups/unicorns and the inflow of foreign money has further accelerated the growth of the country's PE-VC industry.

At the start of 2022, India's investment climate remained positive despite the third COVID-19 wave, which thankfully did not disrupt the economy to any great extent. However, the invasion of Ukraine by Russia and its consequential impacts due to rising crude prices and global inflation/the hawkish stance by central banks are all having an knock-on effect with a decline in overall PE/VC deal activity in recent quarters.

While there are still global headwinds, there are certain factors such as the China+1 policy, a strong Indian economy, a stable government and a large young population, all of which work in the country's favour. We believe India will continue to be a bright spot for PE investments even during these uncertain times.



LOOKING AHEAD

Pent-up demand during 2021 and the first half of 2022 due to the global pandemic paved way for significant growth in the economy during this period. There were also a flurry of M&A and private equity transactions in the Indian mid-market. However, the current scenario of ongoing geopolitical tensions, high rates of inflation and the hawkish stance of most of the central banks is having an impact on the growth rates. The International Monetary Fund (IMF) recently reduced India's projected growth in 2022 to 6.8% from the 7.4% projected earlier in the year. While this is a significant reduction, it should be noted that the IMF's forecast for India's growth to be 6.8% for 2022 and 6.1% for 2023 is the fastest amongst the major global economies like China (4.4%), the US (1%) and the UK (0.3%), while Italy and Germany were forecast to degrowth. While the euphoria for M&A and PE transactions seen during 2021 has reduced, we still feel that there will be a significant level of M&A and PE activity in India over the next few quarters.

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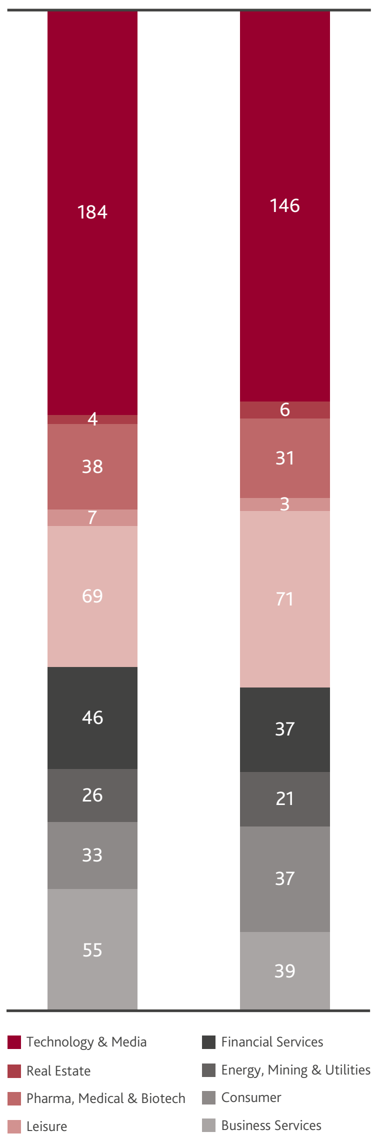
INDIA
HEAT CHART BY SECTOR

TMT	81	25%
Industrials & Chemicals	51	16%
Pharma, Medical & Biotech	49	15%
Financial Services	49	15%
Consumer	42	13%
Business Services	31	9%
Energy, Mining & Utilities	19	6%
Leisure	4	1%
Real Estate	3	1%
TOTAL	**329**	

INDIA
MID MARKET VOLUMES BY SECTOR



GREATER CHINA

DEAL ACTIVITY SLOWS BUT FOREIGN DIRECT INVESTMENT MAINTAINS MOMENTUM

BIG PICTURE

- Mid-market deal activity in the Greater China region declined in Q3 2022. The year-on-year deal volume decreased by 28.5% from 516 deals in Q3 2021 to 369 deals in Q3 2022. Deal values also decreased by 31.3% from USD 40.0bn in Q3 2021 to USD 27.4bn in Q3 2022
- Compared with the previous quarter, deal value decreased by 21.2% from USD 34.8bn in Q2 2022 to USD 27.4bn in Q3 2022. Deal volume also declined by 14.6% from 432 deals in Q2 2022 to 369 deals in Q3 2022. In China, investors were more conservative in Q3 2022 due to the increasing tensions from the Taiwan Strait issue, the downturn in the real estate market that is affecting the liquidity in different industries, and potential changes in policies after the 20th National Congress of the Chinese Communist Party
- The proportion of PE buyouts to total mid-market deal volume increased from 6.9% in Q2 2022 to 7.6% in Q3 2022. Deal value increased from 9.4% in Q2 2022 to 14.3% in Q3 2022.

Sustained growth in foreign direct investment despite headwinds.

M&A activities in China fell during the first eight months in 2022, due to lockdowns and supply chain disruptions caused by the Omicron variant of COVID-19. The decline was also due to escalating geopolitical tension in the Russia-Ukraine conflict and regulatory uncertainties such as the implementation of anti-monopoly rules across different industry sectors. M&A volumes remained at high levels in China but deal values tumbled significantly as investors became nervous about the uncertainties affecting the market.

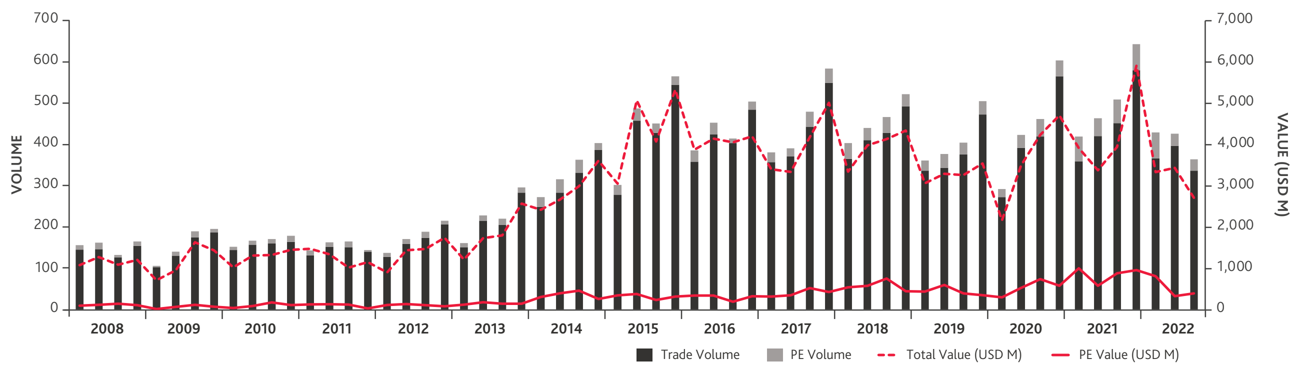
Despite adverse market conditions, the Ministry of Commerce of China announced in September 2022 that China's Foreign Direct Investment (FDI) grew by 20.2% from USD 115.1bn to USD 138.4bn in the first eight months of 2022. The increase was attributed to the growth in FDI inflows in the high-tech and service industries. FDI in the high-tech service and high-tech manufacturing sectors increased by 31.0% and 43.1% respectively year-on-year. Investments from companies in South Korea, Germany and Japan, the three key foreign countries investing in China, climbed by 58.9%, 30.3% and 26.8% respectively during this period. China has continued to revise the industry catalogue to attract foreign investment into the advanced manufacturing, high-end technologies and modern services sectors. Due to the hyperinflation of energy prices in the European zone, it is expected that investors from European countries will be accelerating their investments in China during the remainder of 2022.

MORE MEASURES INTRODUCED TO ATTRACT FOREIGN INVESTMENT

In September 2022, officials of the National Development and Reform Commission (NDRC) of China announced that more policies and measures would be released in the near term to attract foreign investments into various sectors. The key policies relating to boosting investments are set out below:

- **Expansion of the 2022 Catalogue of Encouraged Industries for Foreign Investment:** China will enlarge the scope of industries for foreign investment, aiming to attract more global investors to key sectors such as manufacturing, producer services and the green economy.

PE/TRADE VOLUME & VALUE



- **Launch of the sixth batch of major foreign-funded projects:** China will also be launching the sixth group of major-foreign-funded projects. German chemical producer BASF's Huizhou plant, US electric vehicle manufacturer Tesla's factory in Shanghai and South Korean Samsung Electronics' Xi'an chip manufacturing plant were some of the major foreign-funded projects included in the previous batches.
- **Shortened negative list for foreign investment:** The NDRC will shorten the negative list for foreign investment and restrictions on foreign investment in sectors that are not on the list will be lifted. According to the data published by the NDRC, the list items had been reduced from 151 in 2018 to 117 in 2022, representing a decrease of 23% over this period.

China has made key progress in promoting FDI and creating an open economy over the past decade. In 2013, the first Free Trade Zone (FTZ) was created in Shanghai for promoting free trade. After years of development, there are now 21 FTZs in China. The favourable foreign investment policies and measures indicate that China is determined to build a reformed and open market to attract foreign investment.

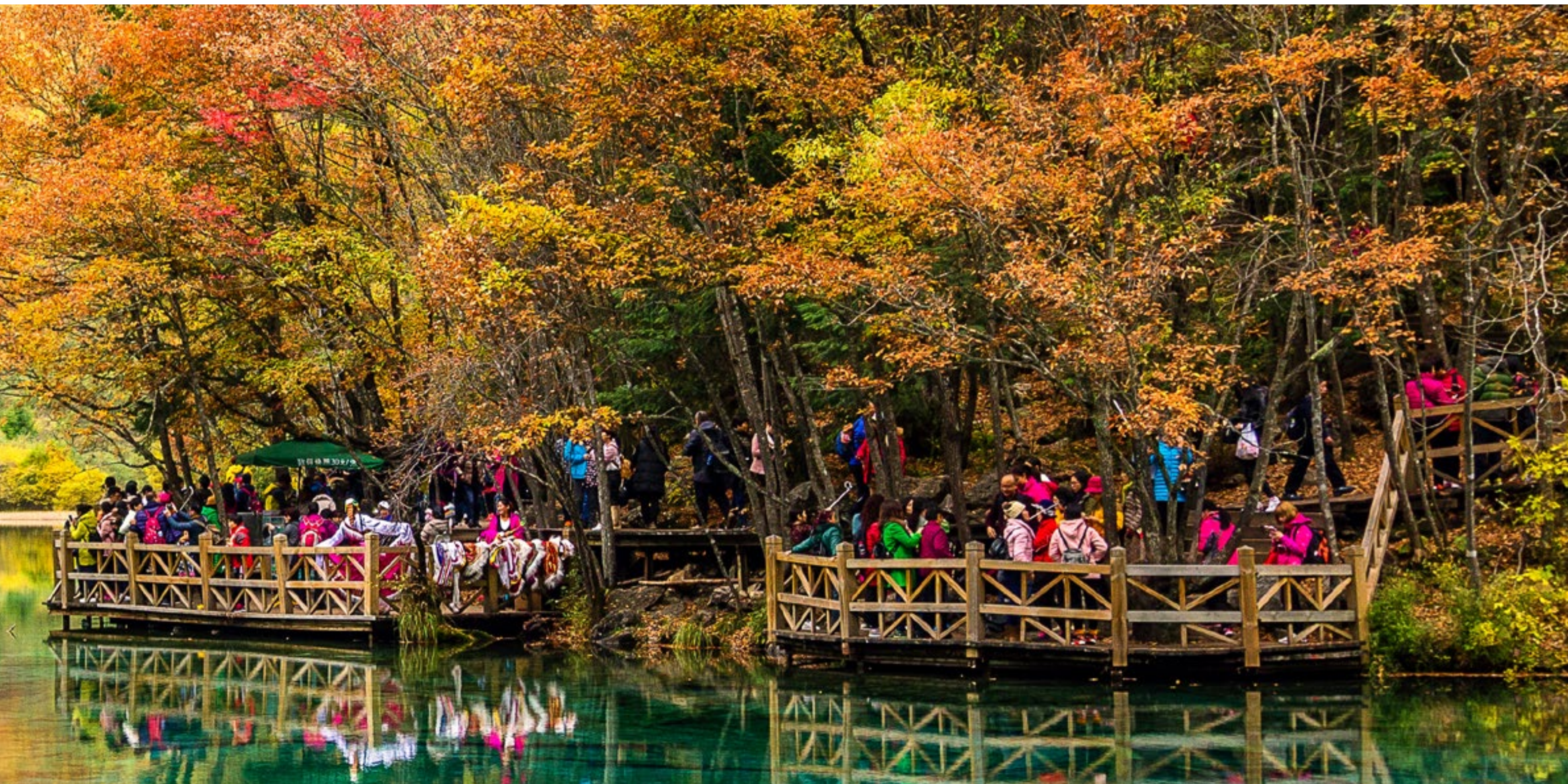
The Shanghai Cooperation Organization (SCO) leaders, currently comprising eight Member States including China, India, Kazakhstan, Kyrgyzstan, Russia, Pakistan, Tajikistan and Uzbekistan, attended the 22nd summit in Samarkand, Uzbekistan in September 2022. Economic opportunities through infrastructure development were one of the key issues discussed during the summit. To accelerate trade within the region, two railway lines are being planned for construction to strengthen the economic connectivity. One of the railway lines would start from the Chinese border with Kyrgyzstan and end at the fifth-largest city in Afghanistan. Moreover, the volume of intraregional trade and investment is expected to increase in the foreseeable future through the confirmation of new Member States positions for Iran and Turkey in the SCO.

Overall, market uncertainties may continue to have a negative effect on China M&A activities in the near future. However, with supportive Chinese Government policies to attract foreign investment, China's capital market remains attractive to investors, as its FDI and fund-raising activities remain strong.

TOP DEALS

The largest mid-market deals in Q3 2022 took place across a variety of sectors including TMT, Real Estate, Industrials & Chemicals, Financial Services, Pharma, Medical & Biotech, Energy, Mining & Utilities, Consumer and Business Services. The region's top three mid-market deals were as follows:

- Hina Group Inc., Industrial Bank Co., Ltd., GF Xinde Investment Management Co., Ltd. and SummitView Capital acquired Black Sesame Technologies (Shanghai) Co., Ltd. at a consideration of USD 500m – announced in August 2022;
- Gilead Sciences, Inc. from the US acquired a 100.0% stake of Everest Medicines (Trodelvy) from Everest Medicines Limited at a consideration of USD 455m – announced in August 2022; and
- Hunan Nonferrous Metals Industry Investment Group Co., Ltd. acquired a 60.07% stake of Hunan Gold Group from the state-owned Assets Supervision and Administration Commission of Hunan Provincial People's Government at a consideration of USD 454m – announced in August 2022.



LOOKING AHEAD

The latest BDO Global Heat Chart shows that the Greater China region is expected to be the second most active region, with 1,674 deals announced or in progress. 563 (34%) of these deals were related to the Industrials & Chemicals sector, followed by 220 deals (13%) in TMT and 193 deals (12%) in Business Services.

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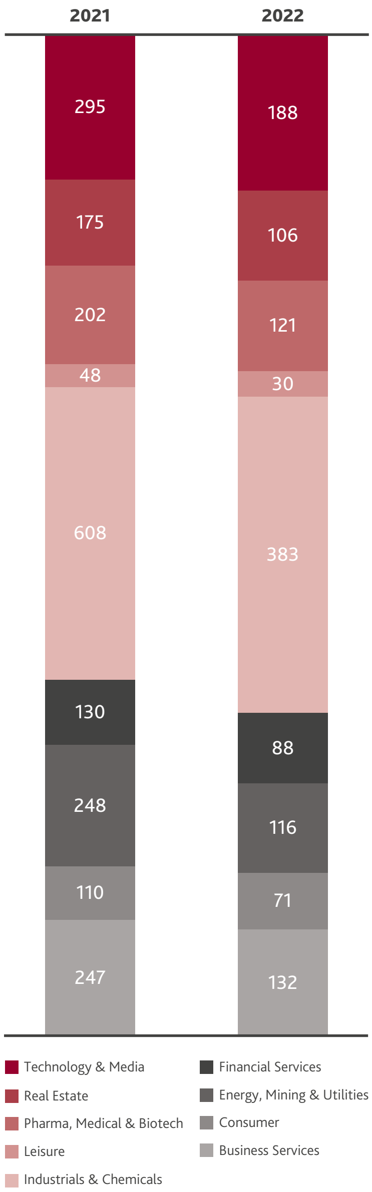
CHINA
HEAT CHART BY SECTOR

Industrials & Chemicals	563	34%
TMT	220	13%
Business Services	193	12%
Financial Services	153	9%
Energy, Mining & Utilities	143	9%
Pharma, Medical & Biotech	139	8%
Consumer	120	7%
Real Estate	105	6%
Leisure	38	2%
TOTAL	**1,674**	

GREATER CHINA
MID MARKET VOLUMES BY SECTOR



SOUTH-EAST ASIA

GLOBAL UNCERTAINTIES LEAD TO SHARP DROP IN DEAL VOLUME

After experiencing a good run in M&A deal volume over the past one and a half years, M&A activity in South East Asia recorded a sharp drop in deal volume in Q3 2022 with 57 deals completed compared to the 87 deals recorded in the previous quarter. The quarterly deal volume recorded was also significantly lower than in the corresponding quarter of 2021, which saw 106 deals.

BIG PICTURE

- Deal volume decreased to 57 compared to 87 in the previous quarter but value holds steady
- PE activity also fell back with 11 deals compared to 32 in the corresponding period last year
- The region's top 20 deals accounted for 79.7% of overall deal value.

Looking at total deal value, Q3 2022's total was marginally lower at USD 7.4bn compared to the USD 7.7bn achieved in Q2 2022. The quarterly deal value was also at a lower level than the corresponding quarter of 2021's which totalled USD 9.4bn.

The reduced levels of M&A activity in Southeast Asia were, as in many other regions, mainly due to the current global economic uncertainties caused by the ongoing Ukraine-Russian war, global inflationary pressures, rising interest rates across the world and volatile exchange rates, all of which impacted investment decisions for M&A dealmaking in South East Asia.

In tandem with the decreases in both trade deal volume and value, PE-related deal activity also fell back significantly, only accounting for 11 deals in Q3 2022 compared to 20 deals in Q2 2022 and 32 deals in Q3 2021. Similarly, the PE segment also recorded a sharp drop in deal value in Q3 2022 with a total of USD 0.8bn compared to USD 1.9bn in Q2 2022 and USD 3.3bn in Q3 2021.

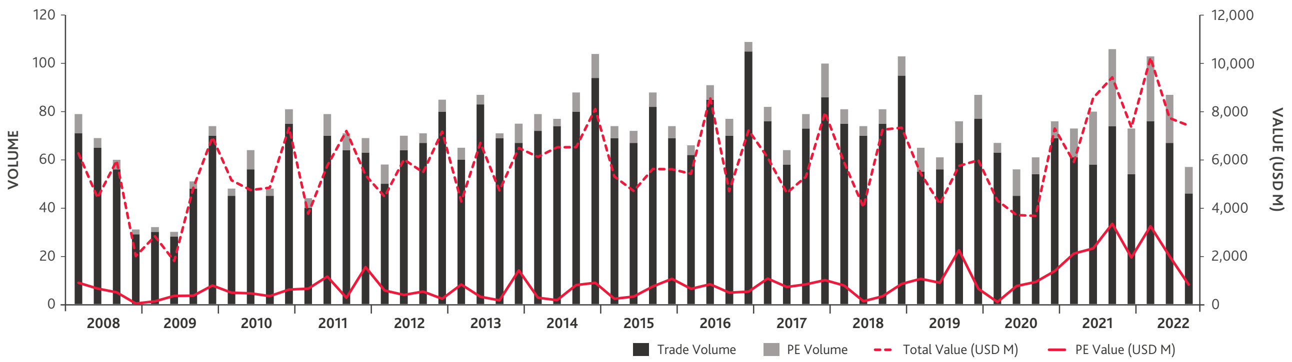
KEY SECTORS AND DEALS

The top three sectors in South East Asia during the quarter were TMT with 16 deals (Q3 2021: 30 deals), Industrials & Chemicals with 12 deals (Q3 2021: 20 deals) and Business Services with seven deals (Q3 2021: 19 deals). These three sectors combined accounted for 61% of the total deal volume recorded in Q3 2022.

The region's top three M&A deals by value were as follows:

- TMT: The acquisition of a 100% stake in Globe Telecom in the Philippines by MIESCOR Infrastructure Development Corp based in the Philippines for a purchase consideration of USD 473m;
- Energy, Mining & Utilities: The acquisition of a 100% stake in PTT Mining Ltd in Singapore by Indonesian mining infrastructure company PT Astrindo Nusantara Infrastruktur TBK for a purchase consideration of USD 471m; and
- Energy, Mining & Utilities: The acquisition of a 30% stake in PT Golden Energy Mines Tbk in Indonesia by Indonesia-based investment company ABM Investama Tbk PT for a purchase consideration of USD 420m.

PE/TRADE VOLUME & VALUE



The total deal value of the top 20 M&A deals was USD 5.9bn (Q2 2022: USD 4.8bn), which represented 79.7% of the quarter's total deal value of USD 7.4bn.

Looking at the top 20 deals, it was noteworthy that Singaporean companies were the most popular targets for M&A deals, accounting for 35% of the quarter's top 20 deals (Q2 2022: 30%). Over the past two years, more than 50% of the buyers involved in the top 20 deals have been foreign buyers, but in Q3 2022 the percentage of foreign buyers dropped to 30%.

LOOKING AHEAD

Q3 2022 was a turbulent quarter for the global equity and bond market. Many countries around the world began tightening their monetary policies to curb the inflationary pressures which have caused soaring energy and food prices. As a result of tightened monetary policies and a rising interest rate environment, investment decisions for M&A transactions in South East Asia are likely to be increasingly challenging for the remainder of the year as investors will need to weigh in all the economic uncertainties as well as the higher funding costs needed to finance M&A transactions.

Nevertheless, countries throughout South East Asia will continue to represent attractive investment destinations due to their strategic location and population growth.

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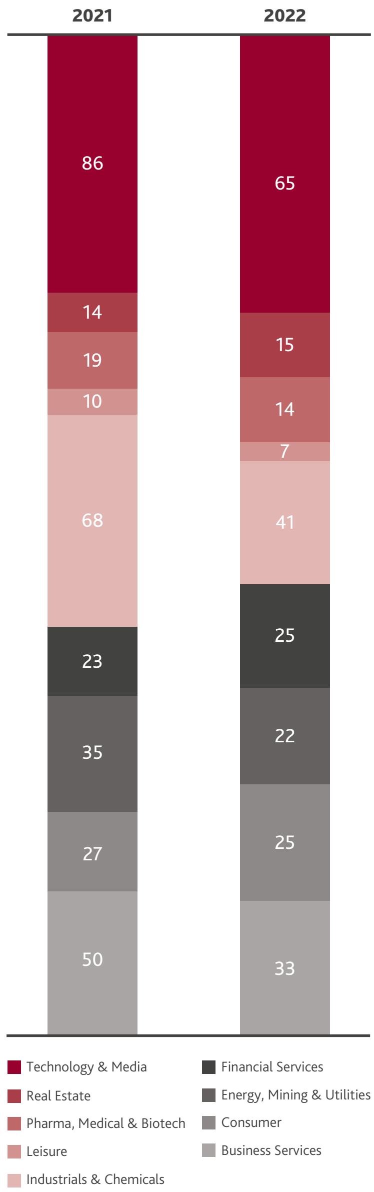
SOUTH EAST ASIA
HEAT CHART BY SECTOR

TMT	102	22%
Industrials & Chemicals	63	13%
Consumer	56	12%
Energy, Mining & Utilities	55	12%
Financial Services	55	12%
Business Services	53	11%
Pharma, Medical & Biotech	46	10%
Real Estate	21	4%
Leisure	20	4%
TOTAL	**471**	

SOUTH-EAST ASIA
MID MARKET VOLUMES BY SECTOR



AUSTRALASIA

M&A DEAL ACTIVITY COOLS FOLLOWING POST-PANDEMIC FLURRY BUT REMAINS IN LINE WITH PRE-PANDEMIC LEVELS

BIG PICTURE

- In Q3 2022, both deal volume and value decreased compared to Q3 2021 by 22% and 12% respectively. That said, the average deal value increased by 13% from USD 69m in Q3 2021 to USD 78m in Q3 2022
- PE deal volume fell from 24 in Q3 2021 to 14 in Q3 2022. The slowdown in PE deal flow comes following record-breaking activity post-pandemic from Q2 2021 to Q1 2022, which saw an average of 20 PE deals per quarter
- With 112 announced deals in Q3 2022, the most active sectors were TMT, Financial Services and Business Services, representing 24%, 16%, and 16% of total deal volume respectively.

In Q3 2022 there were a total of 112 deals announced with a combined value of USD 8.7bn. This represented decreases in both deal volume (down 22%) and disclosed deal value (down 12%) compared to Q3 2021.

Australasian M&A activity was subdued in Q3 2022, following global trends that yet again emphasised the need for stable macroeconomic factors to facilitate dealmaking. While low interest rates and inflation supported 144 deals in Q3 2021 totalling USD 9.9bn, the interest rate hikes introduced to curb inflationary pressures deterred dealmakers in Q3 2022, resulting in falls of 22% in volume and 12% value (USD 8.7bn).

Deal volumes declined across all sectors with the notable exceptions of Consumer (up from eight in Q3 2021 to 10 in Q3 2022) and Financial Services (up from 14 in Q3 2021 to 18 in Q3 2022). Underlying changes in consumer spending and preferences, such as the increasing popularity of pre-prepared/ready-made meals, drove notable deals in the quarter, such as PAG's USD 236m acquisition of Australian food manufacturer Vesco Foods and AMIST Super's USD 78m investment in Australian food processing and packaging company SPC Global Ltd.

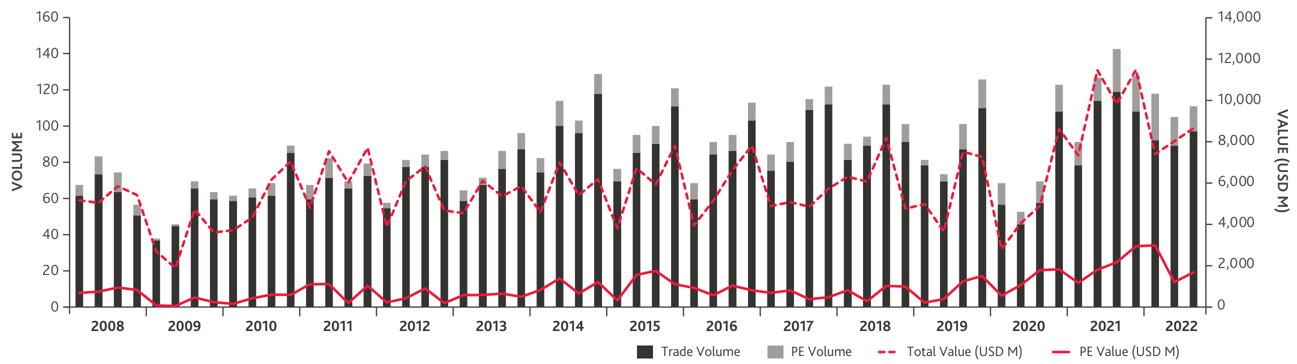
KEY DEALS

The largest announced deal in Q3 2022 was a USD 443m bid by a Potentia Capital-led consortium to acquire fintech business banking company Tyro Payments Limited. Although Tyro Payments' board rejected the bid, arguing that the offer price was materially lower than the company's fundamental value and highly opportunistic given the share price performance in the last 12 months, it is understood that as of 11 October 2022, the parties remain in discussions regarding a potential transaction.

Potentia's bid for Tyro Payments came as volatility in public capital markets from the uncertainty in interest rates and inflation led to declining valuations. These macroeconomic factors impacted the TMT sector in particular, and created an environment primed for public-to-private buyouts for private equity firms.
Other recent notable PE takeover bids for Australian Stock Exchange-listed tech companies include Thoma Bravo's USD 746m bid for aerial imagery and geospacial data company, Nearmap, and competing bids at USD 450m by Solera Holdings (a Vista Equity Partners portfolio company) and TA Associates-led consortium for Infomedia, a data driven automotive ecosystem provider.

The second biggest deal in the quarter was PlayUp Limited's reverse merger with Nasdaq-listed special purchase acquisition company (SPAC), IG Acquisition Corp. PlayUp is an international sports, entertainment and betting operator. The reverse merger with IGAC values PlayUp at USD 350m and is expected to close in the Q1 2023, subject to the satisfaction of customary closing conditions and shareholder and regulatory approvals.

PE/TRADE VOLUME & VALUE



Rounding out the top three deals in Q3 2022 was Thiess Pty Ltd's USD 253m acquisition of MACA Limited at USD 0.697 per share. Thiess Pty Ltd is an international mining company, jointly owned by CIMIC Group and US hedge fund Elliott Investment Management. MACA Limited is an international contracting group providing services to the mining, infrastructure and construction sector. Prior to Thiess' acquisition, MACA Limited rejected an USD 0.69 per share offer from NRW Holdings Ltd. Under the NRW offer, the consideration to shareholders would have been paid through 50% cash and 50% scrip, compared to the more attractive all-cash offer from Thiess.

LOOKING AHEAD

ESG factors are undoubtedly driving M&A activity within the Energy, Mining & Utilities sector. The growing focus on sustainability by all stakeholders – companies, investors, regulators, governments, and the wider public – has increased pressure to align investment decisions and strategic priorities with an organisation's ESG commitments and targets.

Although Australia has largely been known for its iron ore and coal supplies, minerals largely associated with negative environmental impacts, the country also stands at the forefront of the global energy transition given its abundant natural endowment in lithium and nickel, elements which are going to be crucial for more sustainable energy supplies and the electrification of industries.

The BDO Heat Chart indicates a healthy pipeline of 350 total deals in Australasia in the months ahead. TMT is expected to be the most active sector with 55 deals in the pipeline, followed by Energy, Mining & Utilities (53) and Consumer (52). These three sectors combined are expected to account for 46% of future deals.

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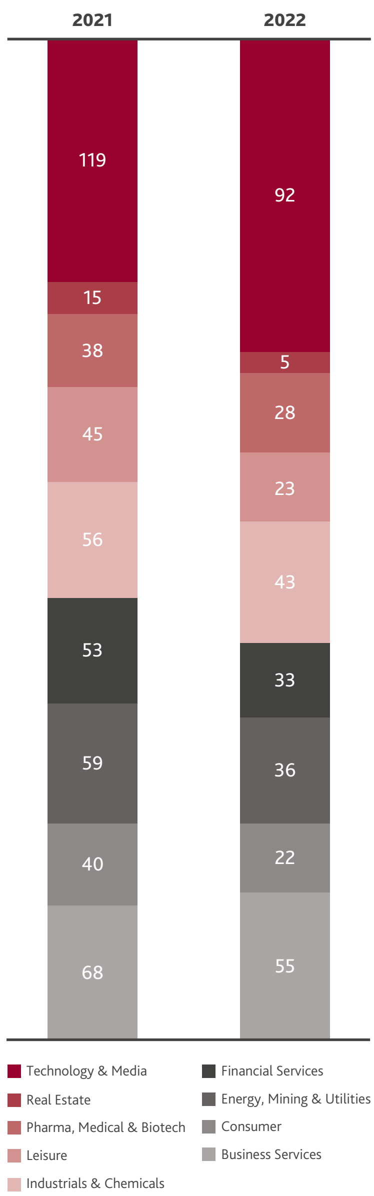
AUSTRALASIA
HEAT CHART BY SECTOR

TMT	55	16%
Energy, Mining & Utilities	53	15%
Consumer	52	15%
Industrials & Chemicals	52	15%
Business Services	42	12%
Financial Services	37	11%
Pharma, Medical & Biotech	27	8%
Leisure	22	6%
Real Estate	10	3%
TOTAL	**350**	

AUSTRALASIA
MID MARKET VOLUMES BY SECTOR



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REAL ESTATE

AS CENTRAL BANKS BATTLE INFLATION, WHAT'S NEXT FOR REAL ESTATE?

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INVESTMENT AND M&A POINT TO NEXT-GENERATION UPSKILLING AND EDTECH SOLUTIONS

REAL ESTATE

AS CENTRAL BANKS BATTLE INFLATION, WHAT'S NEXT FOR REAL ESTATE?

The world has seen more change over the past 24 months than most would expect to experience in a lifetime. The financial hardships and supply chain disruptions caused by the pandemic pushed central banks to inject massive amounts of liquidity into the financial system, mainly through quantitative easing and government-backed loans. As a result, in the US, Fed fund rates were decreased to zero per cent between March 2020 and March 2022, similar to UK rates while Eurozone rates were kept negative until July 2022. Now interest rates are increasing faster than any time in recent history.

In the Real Estate market, values and rents increased in most markets and for most asset types. Multifamily and logistics properties were the top dogs of 2021-2022. While this was cheered by long-time owners, these skyrocketing values rapidly resulted in bidding wars for prospective owners and pushed some prospective renters out of some markets.

The liquidity oversupply, coupled with the supply chain issue, caused dramatic inflation. It has now reached levels not seen since the 1980s. While the US started facing abnormal inflation rates in April 2021, followed by the Eurozone and the UK in October 2021, the authorities first considered it to be temporary and arguably acted too late.

THREAT OF INFLATION LOOMS LARGE

Central banks have now adjusted their stances by increasing their interest rates. While the US has increased the interest rates by 300 basis points in six months and the UK by 225 basis points in nine months, the Eurozone has so far been slow to follow with only a 75 basis point overall increase. The fight against inflation is a perilous one, with on one side the threat to push the economy into recession by cutting liquidity access and on the other the threat of letting inflation stay. Central banks seem to consider the latter option to be the one to avoid at all costs, despite the growing risks of recession.

So far this rapid liquidity tightening has not resulted in any substantial observable direct impact on the commercial Real Estate market. But what really lies ahead?

Historically, the relationship between interest rates and capitalization rates has been an intricate one. While the cost of borrowing is a highly regarded component by market participants in their bidding wars for assets, investment strategies are also guided by supply inventory, expected rent growth and overall demands. These factors result in contractions or expansions of the spread between interest rates and capitalization rates. For instance, the explosive growth of online shopping led to an increasing demand for warehouses and logistic assets, resulting in a massive contraction of capitalization rates between 2006 and 2022. In some markets, this contraction is twice as high as contractions observed for office and multifamily properties.

Overall, the Real Estate market appears to be receiving mixed signals depending on the asset classes. Interest rates direction, supply chain issues, geopolitical stability and the flexibility of the property types will all be influential and help to determine the strengths and weaknesses of each asset.

The BDO Real Estate and Construction group has set up a global Real Estate Valuation network to address the valuation challenges associated with these complex problems, allowing it to work on several different markets and maintain an overall market view of Real Estate. The BDO Real Estate and Construction group provides impairment testing analysis, financial reporting as well as feasibility studies and publishes outlooks on the individual asset classes.

OUTLOOK FOR REAL ESTATE ASSET CLASSES

Industrial/logistics assets

Recent history: The explosion in demand associated with customers' shifts to online shopping, coupled with the attractiveness of long-term triple net leases and relatively low management fees, made industrial/logistics assets the most preferred asset class for investors. Capitalization rates for logistics assets have exhibited an impressive contraction over the past 10 years. Prime capitalization rates were around 6.00% for UK assets in 2011, while they are sub-4.00% as of 2022. Similarly in the US, they went from 6.00% back in 2010-2011 to slightly above 3.00% in mid-2022.

Expectations: On the demand side, while supply chain volatility made a nice run for the bulls over the past few years, operators have recently showed slowing revenue growth. Amazon has posted its slowest growth in over two decades and has recently frozen hirings. eBay and Walmart both showed decreases in revenue year-over-year. Revenue growth forecasts for these main market participants have also decreased, which appears primarily to be due to the combination of inflation and rates increases, which are both already eroding and are expected to further erode consumers' purchasing power.

From a supply perspective, most markets appear to be undersupplied, as evidenced by record-low vacancy rates and strong net absorptions. Rising construction costs may have delayed some projects, further strengthening the current market undersupply.

While some woes are starting to be seen, investors' appetite remains healthy, and the asset class is viewed confidently by market participants. However, peaks of values are certainly near, as financial feasibility will be even more scrutinized with debt service weighting on – if not already largely exceeding – attainable cashflows in certain markets.

MULTIFAMILY

Historically, the three main drivers that made multifamily a booming asset class during the pandemic were low supply driven by a historically lagging Real Estate market and high-barrier entry points due to zoning and legal requirements; high demand driven by population growth, net-in-migration and work-from-home policies; and recent liquidity easing.

Expectations: Prospective tenants may be at risk due to inflation eroding tenants' capacity to afford rent. As a prudent reaction, collection losses are likely to show an uptick in future underwritings. Operating expenses, typically born by the landlord, have seen large increases compared to two or three years ago. The rise in operating expenses has – so far – been passed down to tenants, mostly through rent increases. But for how long?

With prime capitalization rates going as low as sub 3.00% in some markets across the world, the financial feasibility of some projects is definitely at risk. Investors' appetite remains relatively strong and healthy but this mostly depends on the location. Some markets are still red-hot like Boise, Idaho, USA while some are uncertain like Atlanta, Georgia, USA. The European markets also currently benefit from a very favourable position for US-based or Chinese investors who can take advantage of favourable currency exchange rates.

OFFICE

Recent history: The pandemic and associated work from-home policies have dampened the office market since early 2020. Market participants have remained quite optimistic with regards to employees returning to the office, but recent months have shown that the market is still in employees' favour. While some institutions such as major retail banks have asked their employees to return, the labour market is so fluid that employees can easily and safely move to more work-from-home friendly companies. It has become so much of a concern that the tax collection revenues of hub cities such as New York or Los Angeles have decreased – whether these are Real Estate taxes or sales taxes from the sale of ancillary goods or services provided to workers on a day-to-day basis. Vacancy rates have soared to concerning levels and rent growth was in the red until late 2021 but the first half of 2022 has seen some improvements, with positive growth, and a gradual return of employees to offices.

Expectations: The situation seem to have improved since late 2021, with positive growth and better occupancy rates. Lower incentives to tenants have also given a breather to landlords. However, work-from-home or flexible employee schedules look like they might be here to stay, and inflation is eating away profits, especially in markets where the expenses are born by landlords. Interest rates going up will also certainly slow down employment, resulting in further decreases in the need for office space. As the Real Estate market is a lagging industry, the market has not yet reacted. However, the market sentiment is mixed, if not negative, on offices. Partly as a result, the financial feasibility of converting offices for other uses is increasingly being explored by developers.

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NATURAL RESOURCES

ENERGY CRISIS DRIVES INVESTMENT IN RENEWABLES

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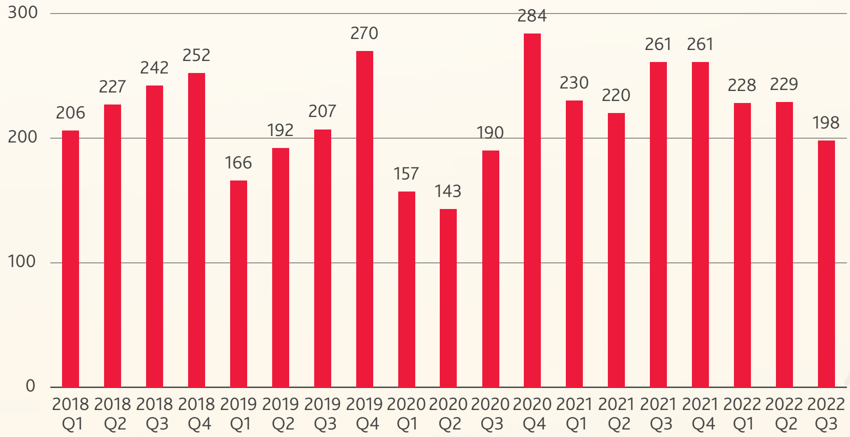
The level of mid-market M&A activity in Natural Resources in the third quarter of 2022 fell to the lowest seen since the third quarter of 2020, which was in the midst of the first year of the world dealing with COVID-19.

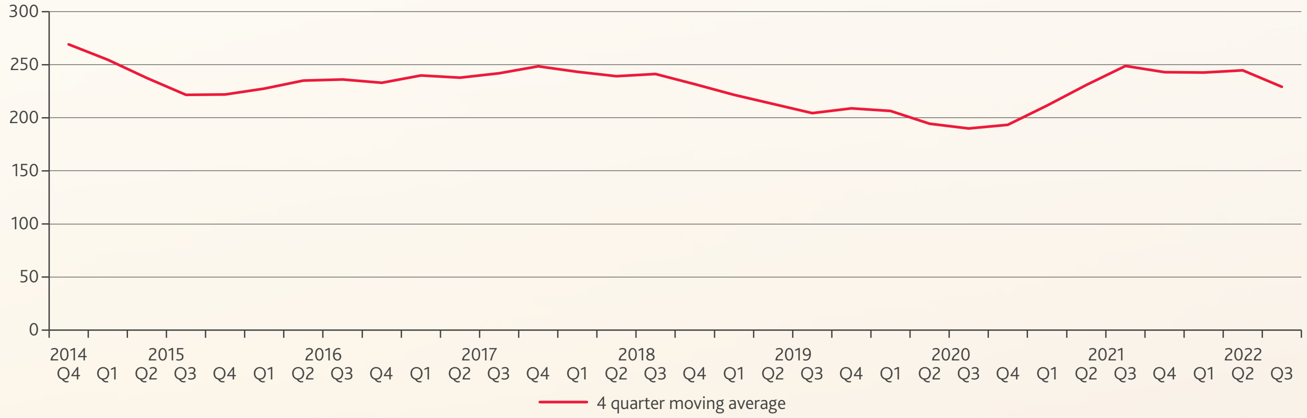
GLOBAL MID-MARKET ENERGY MINING & UTILITIES M&A DEALS BY QUARTER



A more illuminating interpretation is to consider the four-quarter moving average, which shows that the deal numbers appear to have re-established themselves in the 225 to 250 per month average, which is what deal levels were running at in the three to four years to 2018. Macro factors impacting on the trend include:

- the capacity for potential acquirers to grow organically through raising funds from capital raisings, although the challenges of the current interest rate environment may make growth through acquisition a more attractive option;
- the Russia/Ukraine situation, which continues to increase fears about global stability and in turn this may make potential acquirers more cautious.

NUMBER OF ENERGY, MINING & UTILITIES MID-MARKET DEALS



MAJOR DEALS COMPLETED IN Q3 2022

Energy, Mining & Utilities deals represented a significant number of the top 20 deals by value for several regions in Q3 2022:

- India – six of the top 20;
- Nordics, CEE, Latin America and Australasia – five of the top 20 in each region; and
- North America and South East Asia – four of the top 20 in each region.

Analysing the target companies within the Energy, Mining & Utilities transactions for the quarter reveals that there were many solar and wind energy deals closed, emphasising the focus on renewable energy generation and the increasing importance of the energy transition in the deal landscape.

Across the sector the energy transition is a long-term 'megatrend' that has characterised transactions across mining, oil & gas and renewables. This has seen deals in the mining sector focus on companies looking to acquire interests in minerals that are exposed to the energy transition. This generally takes the form of battery minerals such as lithium, graphite and nickel but also minerals such as copper, which is required to upgrade the world's electricity transmission networks so that they can carry all of the additional electrons. At the same time, we are seeing large multi-national mining companies divesting their fossil fuel interests and seeking out projects that are exposed to the energy transition.

The megatrend of the energy transition has been brought into even greater focus by the energy crisis that has been unfolding across the world, but it has been most acute in Europe. There is no doubt that this has accelerated interest and investment in renewable energy projects.

RENEWABLES

Some of the highest value deals across the Energy, Mining & Utilities sector have been in relation to targets in renewable energy with an understandable focus on Europe.

Examples of deals in Europe include:

In the UK & Ireland:

- Octopus Energy Limited and GLIL Infrastructure acquired a 12.5% interest in Hornsea 1 Limited which has an offshore wind farm; and
- Hitachi Capital (UK) plc, Infracapital Partners LP and TPG Rise Fund acquired an undisclosed stake in solar power developer GRIDSERVE Sustainable Energy Ltd.

In the DACH region:

- Keppel Corporation Limited and Cityspring Infrastructure Management Pte Ltd are acquiring a 25% stake in Borkum Riffgrund I and II, the operator of the BorkumRiffgrund 2 offshore wind farm; and
- Energias de Portugal SA and EDP Renovaveis SA acquired a 70% stake in solar park developer Kronos Solar Projects GmbH.

In the Benelux region:

- Greener Power Solutions, a market leader in mobile battery rental, raised USD 44.7 m financed by DIF Management BV.

In the Nordic region there were three major wind energy deals:

- Keppel Corporation Limited and others acquired a 49% stake in Fred Olsen Renewables, which has a portfolio of existing and future onshore wind energy assets in Norway and Sweden;
- Foresight Group Holdings acquired the Kolvallen onshore wind project in Sweden; and
- Lundin Energy AB offered to acquire 100% of Slitevind, which owns and manages wind power projects.

In Eastern Europe there were three major wind and/or solar energy deals:

- International Holdings Company PJSC acquired a 50% stake in Kalyon Gunes Energy, a market leader in clean energy;
- Iberdrola SA acquired all of GreenVolt – Energias Renovaveis, which has a portfolio of solar and wind farms; and
- PAK Polska Czysta Energia Sp zoo entered into final negotiations to acquire 100% of Eviva Lebork Sp zoo, which owns and operates a wind farm.

In Southern Europe:

- ERG SpA acquired a 100% stake in EDPR, which operates a portfolio of wind farms in Italy.

Energy demand is increasing in South Asia. And in India there were three major wind and/or solar energy deals:

- KKR & Co Inc is in advanced talks to invest in Hero Future Energies Private Limited, an India-based generator and distributor of renewable energy;
- Canada Pension Plan Investment Board acquired a 15.19% stake in ReNew Energy Global plc, an India-based independent power producer of wind farms and solar power plants; and
- Actis LLP is to acquire solar power assets from Atha Group.

Transactions in the hydrogen space are now being taking place and it is likely that we will see more and larger deals in the future. In particular the prospects for green hydrogen production and the potential use of hydrogen fuel cells mean that we are likely to see an increasing level of investment in this area. There were two major European hydrogen deals in the quarter to September 2022:

- The German Government signed an in-principle agreement for the German state to take full control of Uniper SE to secure energy supply in Germany. Uniper SE is seen as a hydrogen pioneer; and
- HSBC Holdings plc and others have provided funding for Tree Energy Solutions to accelerate the clean energy transition by building large hydrogen projects.

LOOKING AHEAD

The Mergermarket Intelligence Heat Chart based on companies for sale in the Energy, Mining & Utilities sector is summarised below:

SIX MONTHS FROM 1 APRIL 2022 TO 30 SEPTEMBER 2022

REGION (OF TARGET COMPANY)	ANTICIPATED LEVEL OF ACTIVITY	AS A % OF TOTAL M&A ACTIVITY FOR REGION
North America	146	6.80%
Greater China	143	8.54%
Latin/South America	56	10.29%
South East Asia	55	11.68%
Australasia	53	15.14%
Southern Europe	50	6.85%
CEE	38	6.16%
UK/Ireland	33	5.89%
India	19	5.78%
Africa	19	12.42%
DACH	15	4.36%
Nordic	14	6.25%
Middle East	10	8.47%
Benelux	7	5.38%
Other Asia	6	2.79%
Japan	4	2.86%
Israel	3	2.40%
TOTAL	**671**	**7.56%**

It is notable that the total number of companies for sale or rumoured to be up for sale for the six months to September 2022 is lower than for the previous six months to 31 March 2022 (809), suggesting a potential slowdown in the number of deals over the next few months.

The highest levels of activity are expected to be seen in North America and Greater China, both of which have been the leading regions for many previous quarters.

As a proportion of total activity, the highest anticipated levels of activity are predicted to be in Australasia, Africa and South East Asia.

We anticipate that the energy transition will be the focus of deals in the sector for the foreseeable future. However, the current energy crisis may result in an impact that is somewhat contrary to the energy transition megatrend. In the short to medium-term the world still has a need for oil and even more so for gas. The increasing understanding that we cannot turn away from fossil fuels in the short term, coupled with the increasing demand for energy, means that we are likely to see investment and deals in the fossil fuel space across the areas of gas production, refineries, transportation and distribution. This will most likely be focussed on gas but some areas of the world may even see activities in the thermal coal space, although this may be focussed on the acquisitions of public assets by private entities.

In conclusion, the energy crisis has resulted in accelerated investment in renewable energy projects and this is likely to remain a key feature of deals in the coming year.

TMT

INVESTMENT AND M&A POINT TO NEXT-GENERATION UPSKILLING AND EDTECH SOLUTIONS

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Education and upskilling technology (EdTech) is a growing market, showing increased M&A and investment activity as technologies like AI and VR look set to define its future.

Deal data reveals that mid-market M&A saw a 30% drop in Q3 2022 compared to the previous quarter. Technology, media, and telecoms (TMT) were no exception, registering a 40% drop.

Rising interest rates and inflation are among the macroeconomic issues facing TMT. Although continued disruption is evident in the M&A figures, TMT solutions and services remain core across industries, creating the efficiencies and resilience companies need to navigate choppy economic waters and grasp new market opportunities.

EdTech is a prime example of this dynamic. Simultaneously, it illustrates how disruptive technologies create further growth opportunities for TMT companies and their customers.

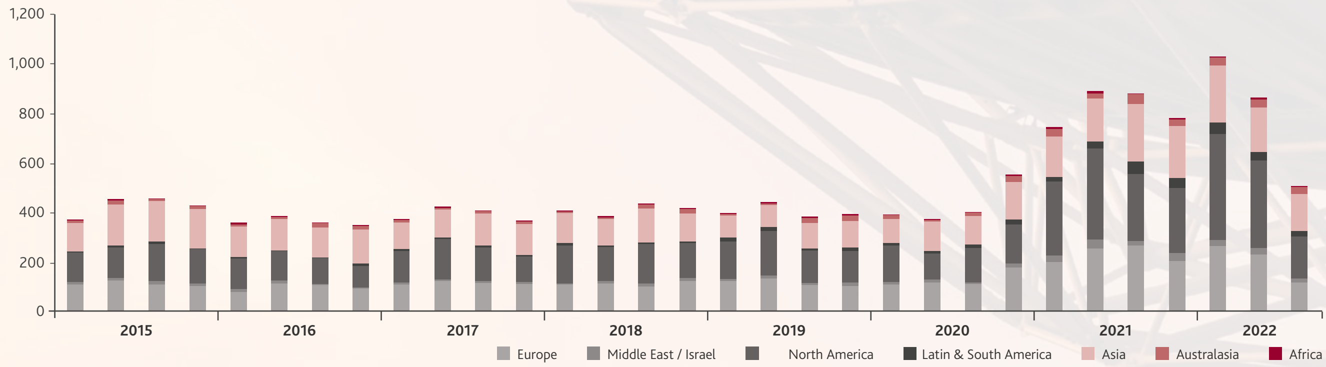
DEAL ACTIVITY FALLS ACROSS INDUSTRIES

Mergermarket mid-market M&A data details the deal activity slow-down in Q3 2022.

During 3Q22, 507 mid-market TMT deals worth US$40.1 billion were announced, compared to 865 worth US$65 billion the prior quarter, representing a 41.4% and 38.3% drop in deal volume and value, respectively. However, the 507 deals compare favourably to the 5-year average quarterly deal volume of 397 registered between 3Q15 and 3Q20 preceding the COVID-19 pandemic and subsequent M&A boom of 2021 and 1H22.

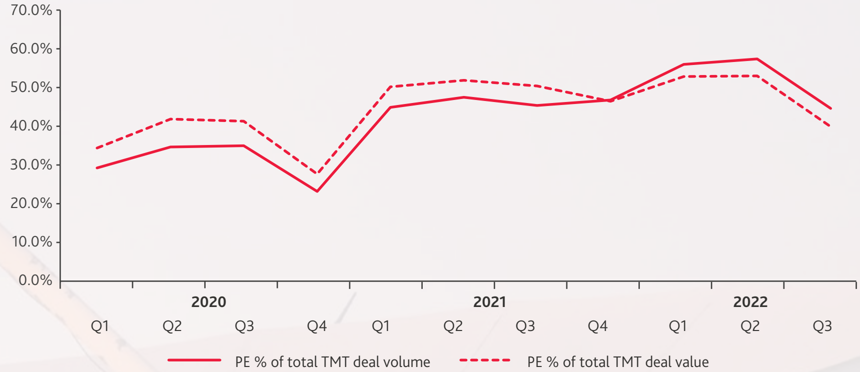
Private equity (PE) activity also slowed during 3Q22. The quarter's 235 PE-led TMT buyouts worth US$17.2 billion was roughly 50% lower in value and totals than the 502 deals worth US$35 billion announced the previous quarter.

TMT MID-MARKET M&A DEALS FOR SELECT REGIONS 2015 - 2022 Q3



Data: Mergermarket. Analysis: BDO Global.

PRIVATE EQUITY PERCENTAGE OF TMT DEAL VOLUME AND VALUE 2020 Q1 – 2022 Q3



Data: Mergermarket. Analysis: BDO Global

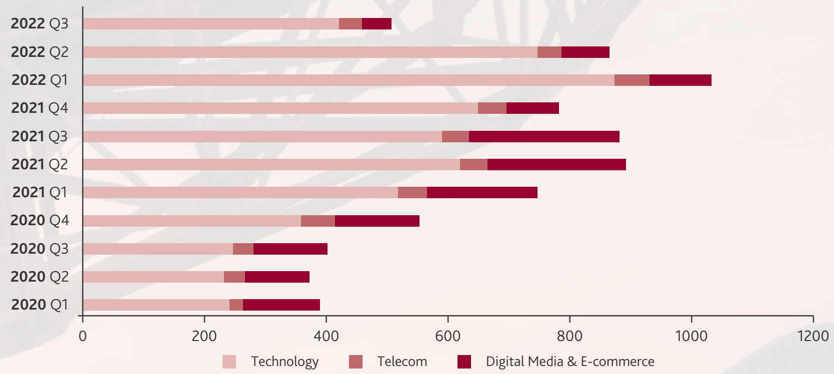
SOFTWARE SEES MARKED SLOWDOWN

Split by subsector, technology dominates TMT mid-market deal activity. However, technology sector activity almost halved in the third quarter.

Rising interest rates, economic headwinds, and geopolitical uncertainty account for the recent slowdown in M&A activity. While macro conditions may continue to weigh on deal activity in the near term, we expect continued resilience of TMT M&A activity. TMT solutions remain critical to enabling companies across all industries to weather continued labour shortages and other cost pressures, as highlighted in BDO USA's mid-market CFO survey.

EdTech is a sub-sector that presents a microcosm of these trends and dynamics.

TMT DEALS BY INDUSTRY 2020 Q1 - 2022 Q3



Data: Mergermarket. Analysis: BDO Global

UPSKILLING AND RETAINING TALENT

As BDO UK's Tony Spillet has eloquently put it, "the global skills shortage has the potential to threaten not only the growth and prosperity of tech businesses but those across all industries."

A WEF report says that half of all employees will need reskilling by 2025. Simultaneously, companies can realise significant savings by reskilling employees, which also contributes positively to talent retention, revenue growth and digital transformation initiatives.

With that in mind, it is little wonder that the market for employee training and education in the United States alone reached US$42.4 billion in 2020.

EDTECH EMERGES AS INVESTOR DARLING

As a result, upskilling, part of the broader EdTech sector, which includes technology solutions for all types and levels of learning, has seen rapid growth.

HolonIQ data shows almost US$21 billion of EdTech venture capital investments in 2021, covering more than 1,500 funding rounds. New funds continually emerge, such as Owl Ventures' announcement of US$1 billion in new EdTech capital earlier this year.

Funding rounds include Guild, an online education platform for upskilling employees, raising US$175 million at a US$4.4 billion valuation. It is one of seventeen new EdTech unicorns crowned in 2021.

Investor interest is linked with rapidly growing revenues and future potential. For example, the market size of upskilling alone is thought to be US$370 billion.

CONSOLIDATION AND INVESTOR INTEREST SET TO CONTINUE

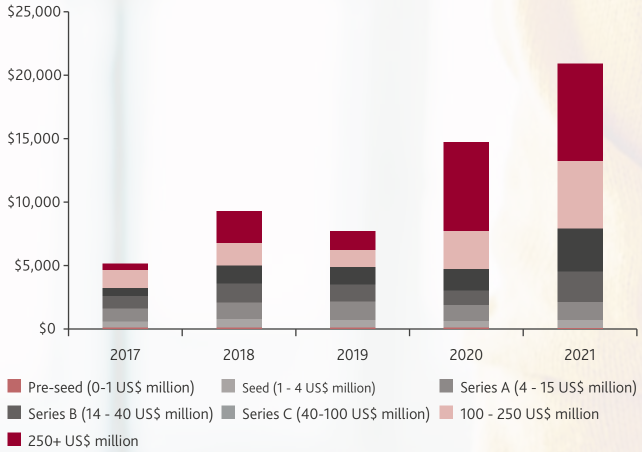
Similar to VC investment in the space, EdTech M&A activity has also increased.

BDO Global analysis of Mergermarket data shows that EdTech deal activity doubled between 2019 and 2020 – and again between 2020 and 2021.

Further analysis shows that private equity, EdTech companies, and institutional investors are all actively contributing to rising EdTech M&A activity.

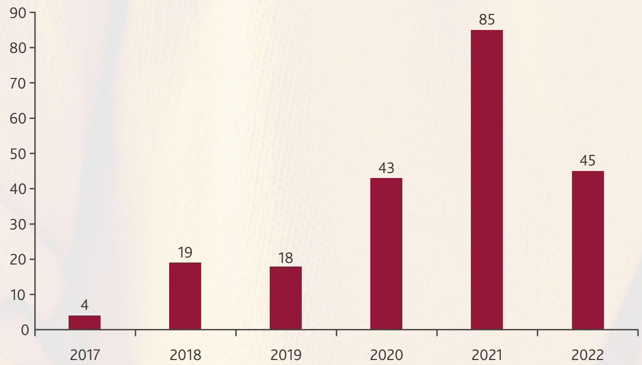
It is testament to a relatively young industry, where investors see strong potential for all types of acquisitions, including consolidation plays, bolt-on acquisitions and moves to build out geographic reach and revenues.

VC INVESTMENT IN EDTECH COMPANIES (US$ MILLIONS) 2017 – 2021



Data: HolonIQ. Graph: BDO Global

NUMBER OF EDTECH M&A DEALS PER YEAR 2017 – YTD 2022*- 2021



Data: Mergermarket. Analysis: BDO Global. *2022 figures include deals up until mid-September.

ADAPTIVE AI AND VR INVESTMENTS SET TO GROW

The emergence of EdTech 2.0 will also contribute to M&A.

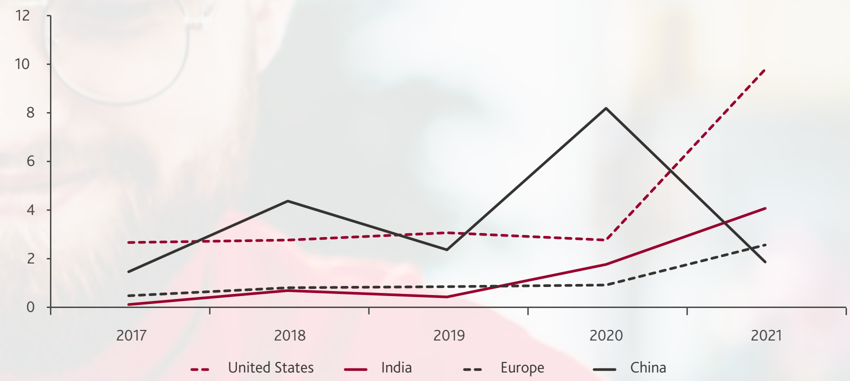
While EdTech 1.0 was primarily about delivering content and learning experiences through websites, texts, video, and online seminars, 2.0 will increasingly be based around virtual reality (VR), augmented reality (AR) and advances in artificial intelligence (AI).

AR and VR means that learners have access to immersive learning experiences and on-the-job training.

AI is central to the so-called adaptive learning experiences, where materials and training are continually adapted to the needs of the individual. In one example, medical students taught surgical techniques by an AI-powered, adaptive tutor system learned 2.6x better and got higher performance scores.

This is one of the reasons why the market for AI in education is expected to hit US$80 billion by 2030 – and, by extension, contribute to continued M&A activity.

VC INVESTMENT IN EDTECH (US$ BILLION), SELECT REGIONS 2017 – 2021



Data: Mergermarket. Analysis: BDO Global.

SOME OF OUR RECENTLY COMPLETED DEALS

NICON INDUSTRIES A/S

Nicon Industries A/S was acquired by private investors. Adviser to seller

SEPTEMBER 2022

adroit Financial Planning

Sale of Adroit Financial Planning Limited to Brooks Macdonald Group plc

SEPTEMBER 2022

LIGHTRONICS PARTICIPATIES B.V. (FW THORPE)

Advisor to Lightronics Participaties B.V. (FW Thorpe) on the acquisition of Lumen Intelligence Holding GmbH

SEPTEMBER 2022

Ren Service AS

BDO acted as lead advisor in Norvestor backed PHM's acquisition of Ren Service

SEPTEMBER 2022

valtech_

Appsolutely has been acquired by Valtech. BDO M&A acted as advisor to the seller in this transaction

AUGUST 2022

FRONTIER SI

Majority acquisition of Slate Analytics by PEXA Group Limited

AUGUST 2022

€70.00M

Auckland City BMW

Auckland City BMW acquired by Autosports Group

AUGUST 2022

WM Brokers

Sale of WM Brokers Limited to Global Risk Partners 'GRP'

JULY 2022

domaine Dolomieu

BDO advised the sale ofDomaine Dolomieu toGroupe Epikur

JULY 2022

GYARMATI TRANS

Sale of the Client's transportation business line (incl. Assets and HR) toWaberer's Group

JULY 2022

ASSEPRO

Lead Advisor and sell-side due diligence assistance to the shareholders of GCP Gestion de Caisses de Penisons SA in the context of the sale to Assepro Group

JUNE 2022

£11.00M

Oxford Technology 2 VCT

Merger of Oxford Technology 2 VCT plc with three other VCTs and Offer for Subscription

JUNE 2022

phm

PHM Group Oy acquired OK Rengøring A/S. Adviser to buyer

JUNE 2022

SIGMAX GROUP B.V.

BDO M&A acted as advisor to the seller, Sigmax, in this transaction

JUNE 2022

£152.28M

PRADELLA PROPERTY VENTURES PTY LTD

The Seachange Group has completed a $270m landmark deal to sell its leading active lifestyle resorts business to Ingenia Communities Group (ASX:INA)

JUNE 2022

ARCHIPEL ACADEMY

Pride Capital Partners invests in Archipel Academy to realise the acquisition of Edubookers. BDO M&A and BDO Legal acted as advisor of Archipel Academy

JUNE 2022

SIGMAX GROUP B.V.

BDO M&A acted as advisor to the seller, Sigmax, in this transaction

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JUNE 2022

GERIDENT B.V.

BDO Corporate Finance advised the shareholder of Gerident.

MAY 2022

KERAPLAST

BDO advised Kera Group on the acquisition of shares in Ikme Oy

MAY 2022

AU VEGAFARMA

BDO advises the owner in the sale of a leading pharmacy chain in Serbia

MAY 2022

UCS VENTURES BV

Simfony has been acquired by iBasis. BDO M&A acted as advisor to the seller in this transaction

MARCH 2022

£175.00M

Incremental Group

Sale of Incremental Group to Telefónica Tech

MARCH 2022

FOR MORE INFORMATION:

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Data compiled by Acuris.

We focus on the middle market, defined as deals with a value from $5m to $500m in US Dollars.

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