

FITNESS, HEALTH, & WELLNESS

M&A and Capital Markets Insights | SPRING 2023



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FITNESS, HEALTH, & WELLNESS M&A and CAPITAL MARKETS INSIGHTS | SPRING 2023



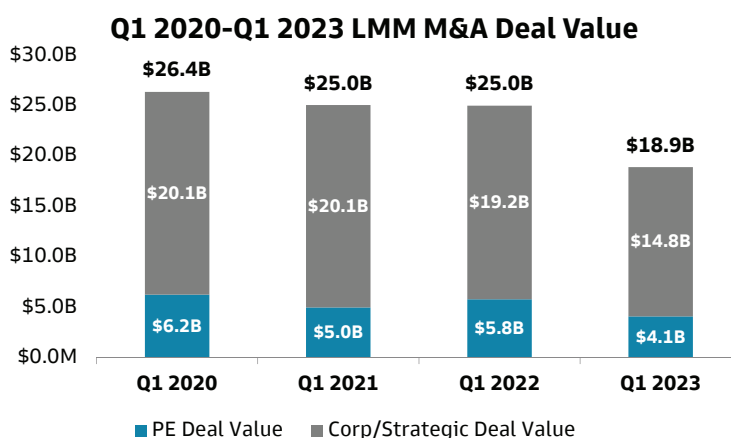
Welcome to our Spring 2023 edition of M&A and Capital Markets Insights for fitness, health and wellness (FHW) companies. In this report, we provide an overview of lower middle-market (LMM) M&A activity; recent key U.S. economic indicators; recent FHW sector trends and M&A and capital raising deals; and FHW public company statistics.

LOWER MIDDLE-MARKET M&A OVERVIEW

In Q1 2023, U.S. LMM M&A deal activity slowed significantly, continuing with the downtrend that we saw in the second-half of 2022. Reasons include geopolitical issues, inflation, rising interest rates, supply chain instability and other factors. Additionally, many sellers remain hesitant to bring deals to market because of the economic uncertainty caused by these concerns.

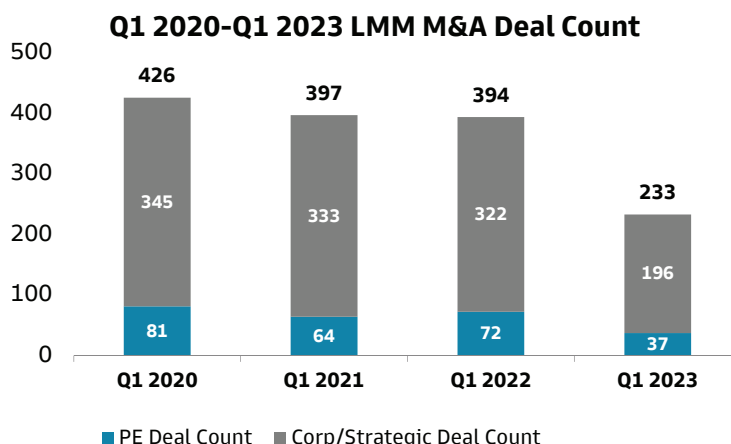
LMM M&A aggregate transaction value declined 24% in Q1 2023 versus Q1 2022. This represents the most significant Q1 decline in aggregate transaction value over the past 3 years.

Source: PitchBook



Consistent with the decline in LMM M&A aggregate transaction value, LMM M&A transaction volume decreased significantly as well in Q1 2023, down 41% from Q1 2022.

Source: PitchBook



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Firm Overview

Diamond Capital Advisors is an independent investment banking firm that provides M&A, capital raising, corporate valuations and related strategic advisory services to lower middle-market companies in North America.

Our transaction experience covers a broad range of industries, end markets and business models. We have domain expertise in working with companies serving the Fitness, Health and Wellness industries.

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LOWER MIDDLE-MARKET M&A OVERVIEW (cont.)

The uncertain economic backdrop that drove LMM M&A decline in the latter half of 2022 persisted into Q1 2023, joined by a near crisis in banking. However, LMM M&A still generated almost \$19 billion in aggregate transaction value in Q1 2023. A decline in company valuations in the LMM helped support this activity with bargain-seeking buyers swooping in to take advantage. According to research by PitchBook, the median enterprise value to revenue multiple for LMM companies dropped to 1.1x based on the last 12 months of deal flow, a 31.3% discount.

Many analysts expect Q2 2023 LMM M&A levels to be flat against Q1 2023 levels. Even though many deals that were paused are now being restarted, these deals will not close until second half of 2023 or early 2024. Many deal makers expect LMM M&A to rebound in the second half of 2023 as inflation is brought under control and Fed rate hikes are halted. The Fed raised rates 25bps in May, but hinted at signs that hikes are nearing an end.

The failure of Silicon Valley Bank and its fallout on the banking industry represents yet another jolt to the macroeconomic environment. Surprisingly, other than forcing distressed sales of a handful of banking institutions, the banking crisis has yet to disrupt the M&A market. However, it did indirectly interrupt the bank-led leveraged loan market which is likely to impact lending for future M&A deals.

An interesting trend in LMM M&A is the shift in seller profiles. According to PitchBook, M&A exits by PE firms declined by 25.2% in 2022. It seems that PE firms are holding back from selling their portfolio companies at lower prices. However, as the macroeconomic outlook becomes less uncertain and valuations stabilize, we expect see more PE backed company exits. Founder-owned businesses, which have historically represented the largest group of LMM sellers in the M&A market, now represent 85.3% of LMM sellers, an all-time high. This is probably due to founder-owned businesses needing to sell for other reasons – such as lack of access to growth capital or lack of a succession plan.

DIAMOND CAPITAL ADVISORS' FITNESS, HEALTH, & WELLNESS TEAM



Kahlil Reid

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Kahlil has over 20 years of corporate transactional experience. He is currently the Managing Partner of Numa Wayne Capital Advisors, a fitness, health, and wellness-focused investment banking firm. He was formerly a Senior Vice President and Head of the West Coast office for an international middle-market investment bank with offices in North America, Europe, Asia, and Africa

Kahlil began his career as an M&A and corporate finance attorney for Fried, Frank, Harris, Shriver & Jacobson in New York prior to transitioning into investment banking with Citigroup's Media, Telecom, and Technology Investment Banking Group.

Kahlil graduated with a B.S. from Cornell University, where he was a member of the Cornell Big Red football team. He also holds a J.D. from Georgetown University Law Center, where he served as a staff editor for *The Tax Lawyer*. Kahlil is a member of FINRA, holding Series 7, 79, 24, and 63 securities licenses. He is also a member of the New York Bar (inactive)



Shawn Thompson

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Shawn Thompson has 25 years of investment banking and corporate finance experience. He provides merger and acquisition, valuation, financial advisory and restructuring services for diverse companies, typically those with enterprise values up to \$200 million. He has executed transactions in a range of industries including consumer products, technology, health-care, manufacturing, distribution, retail and businesses services.

Prior to Diamond, Shawn worked at JP Morgan, Barrington Associates (now Intrepid), Mosaic Capital and other middle market investment banking firms. He has completed over 50 transactions in sell-side advisory, buy-side advisory, leveraged buy-outs, restructuring and valuations.

Shawn graduated Magna Cum Laude with a B.S. Economics from The Wharton School of Business at the University of Pennsylvania. Shawn holds the Series 79 and 63 FINRA securities licenses.



Michael J. Brunelle

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Michael J. Brunelle specializes in advising health care and biotechnology companies. Michael's entire career has been focused on the health care sector as an investment banker, entrepreneur and mergers and acquisitions specialist for private and publicly traded pharmaceutical and biotechnology companies.

Prior to joining Diamond, Michael held the position of Vice President for Acquisitions and Development for Nantworks and its formerly affiliated companies – Celgene, Abraxis Bioscience, American Bioscience and American Pharmaceutical Partners. At Dillon, Read & Co. Inc., Michael was a Vice President in the health care investment banking group and completed in excess of \$2 billion of transactions for large multi-hospital systems, academic health centers, financially distressed institutions and long-term care facilities.

Michael graduated with a B.A. from the University of California at San Diego and holds a MBA in Finance from The Wharton School of Business at the University of Pennsylvania.



DIAMOND CAPITAL'S FITNESS, HEALTH, & WELLNESS TRACK RECORD

Diamond Capital has represented numerous companies in the fitness, health, and wellness industry verticals. Our advisory work has included multiple industries and involved companies of diverse specialties, many of which sell in both the public- and private-sector markets.

Finger Lakes
Clinical Research

has been acquired by

Advisor to Seller

has been acquired by

Best Form
Industries

Advisor to Seller

CAPITAL RAISE

Advisor to Company

has been acquired by

Individual Labs

Advisor to Seller

Modern Homecare
Services and
Pharmacy, Inc.

has been acquired by

Advisor to Seller

VALUATION

Advisor to Company

audacity

has been acquired by

Advisor to Seller

has been acquired by

Advisor to Seller

nexersys™

FINANCIAL ADVISORY

Advisor to Company

FINANCIAL ADVISORY

Advisor to Company

FINANCIAL ADVISORY

Advisor to Company

has been acquired by

Private Investment
Group

Advisor to Seller

VALUATION

Advisor to Company

The Weekend
Exercise Company

has been acquired by

Private Investment
Group

Advisor to Seller

has been acquired by

American Plasma
Inc.

Advisor to Seller

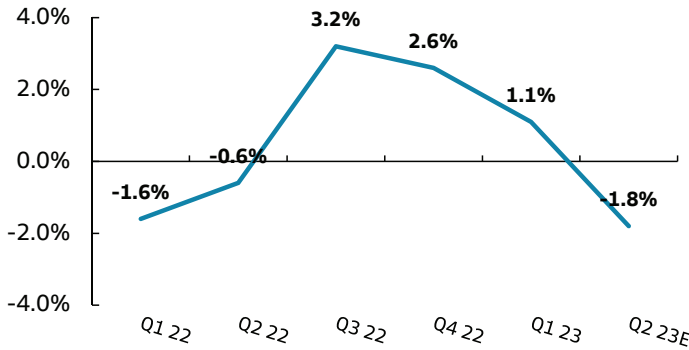
CAPITAL RAISE

Advisor to Company

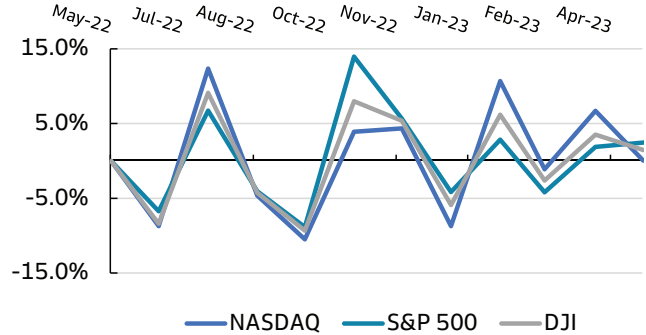


U.S. ECONOMICS STATISTICS

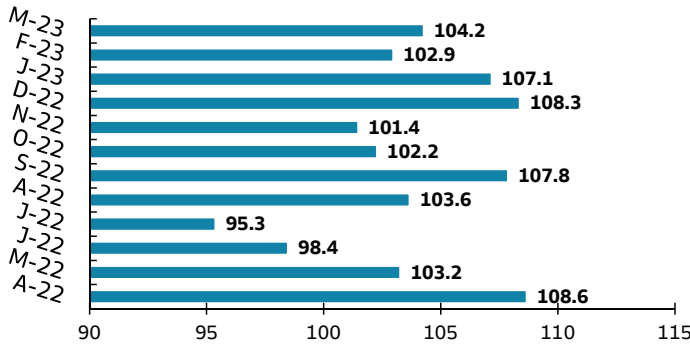
Real GDP Growth



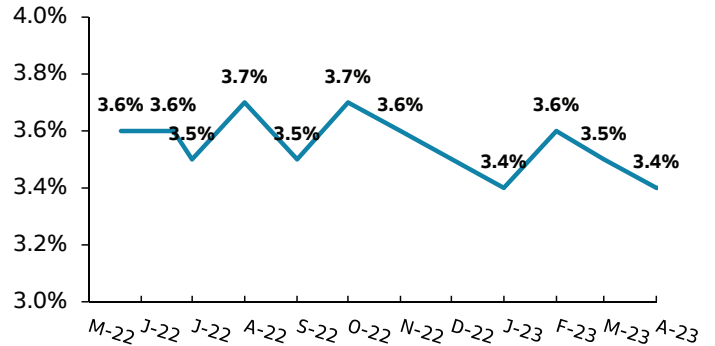
TTM Stock Index Performance



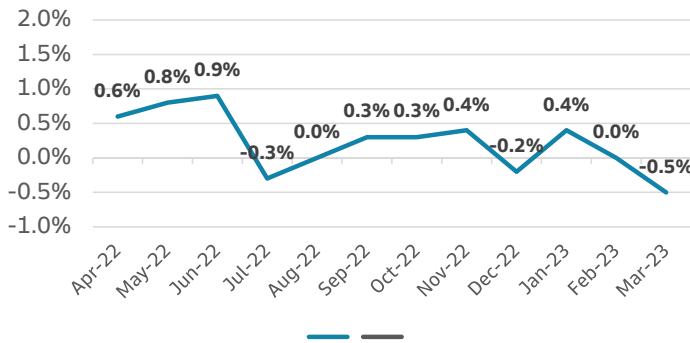
TTM Consumer Confidence Index



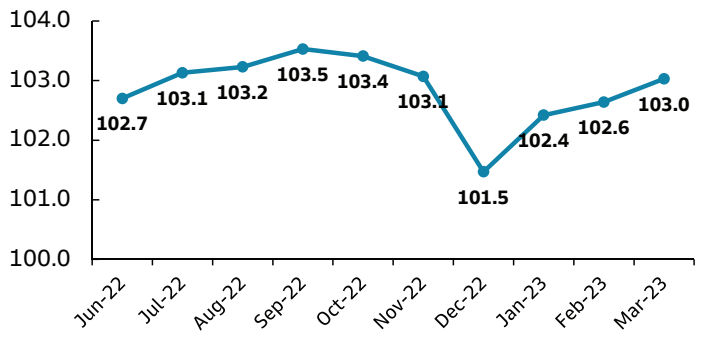
TTM Unemployment Rate



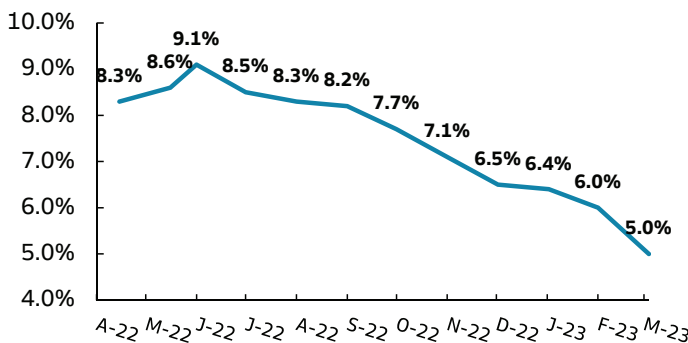
Producer Price Index (1 mo. change)



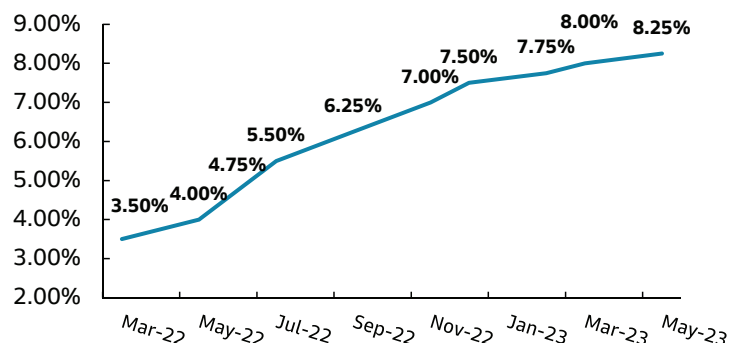
Industrial Production Index



TTM Consumer Price Index

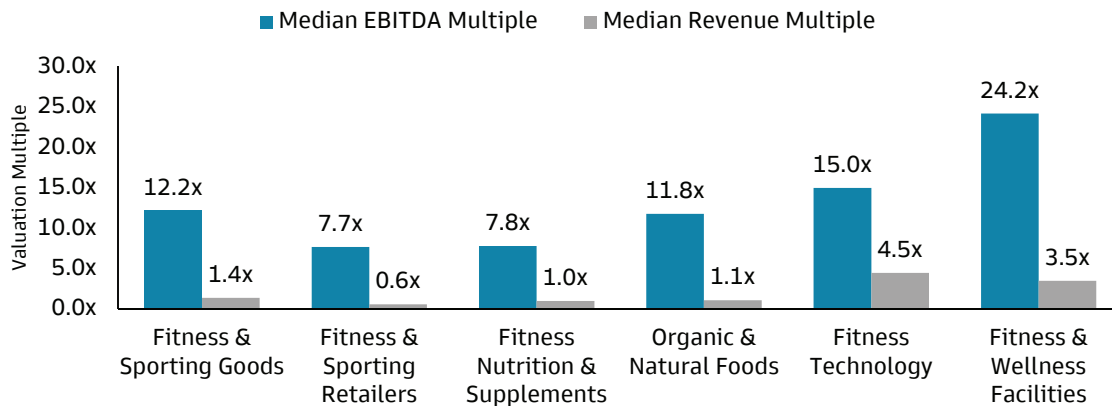


Prime Rate



FHW SECTOR OVERVIEW AND DEAL ACTIVITY

FHW Public Company Valuation Metrics



Market data as of 04/30/2023
Source: PitchBook

FITNESS & SPORTS PRODUCTS

Fitness Equipment

Sector Observations

The Fitness Equipment segment is currently facing short-term challenges. The retail channel is still working through excess inventory resulting from inventory overages from 2021 due to supply chain disruptions and overly optimistic order forecasts. Inflation is impacting consumers' wallets and their ability to afford discretionary purchases. Many of the large players like Peloton and Nautilus have made significant layoffs to cut costs and improve financial performance.

Longer-term prospects for the Fitness Equipment segment appear more optimistic. First, retailers seem to be working through excess inventory and order cycles are expected to normalize mid-year. Second, commercial fitness equipment sales should benefit from the strong performance in the Fitness and Wellness Facilities segment. Finally, the home fitness market, which has seen growth slow significantly post-pandemic, has an expanded base. This is because even though more people have returned to gyms and fitness studios post-pandemic, more people continue to workout at home today than they did pre-pandemic.

"Retail is also a seasonal business, and we are also watching our indicators, estimating in late summer that retailers will return to a more typical order cycle after significantly course-correcting for inventory overages from 2021"

Jim Barr, CEO, Nautilus

M&A activity in the Fitness Equipment segment has been impacted by the mismatch in valuation expectations between buyers and sellers. Examples of this include Peloton's decision to take Precor off the market and Nautilus' decision not to proceed with a M&A sale process.

M&A transactions in the Fitness Equipment segment in Q1 2023 include Lometa Capital Partners' acquisition of National Gym Supply (leading supplier of OEM and direct source fitness equipment replacement parts); Brooks Industrial's acquisition of TuffStuff Fitness International (manufacturer of consumer and commercial strength products); and Salt Creek Capital's acquisition of Versa Gripps (hand grips for gym use).

FITNESS & SPORTING PRODUCTS (cont'd)

"In the case of TurfStuff, a respected brand that has remained committed to innovation and product quality for generations, I saw many parallels to Brooks. Myself being a fourth-generation metals industry professional, the family legacy of TuffStuff is important to me. Together we will offer the fitness industry new designs and a higher level of equipment customization, and we are going to do it quickly! While our competitors may ask customers to wait 4 to 6 months, we intend to offer a higher level of equipment quality in less than 4 weeks."

Tyler Brooks, Chairman & President, Brooks Industrial

"To date, we continue to see uniquely strong consumer demand as our product innovation, brand storytelling, and consumer connections drive distinction and growth in the marketplace. That being said, we are closely monitoring the building pressure on consumer confidence and the uncertainties of the macro environment."

"As a result of our strong Q3 performance, we now expect Fiscal '23 reported revenue to grow high single-digits, an improvement from mid-single-digit guidance in the prior quarter."

Matt Friend, CFO, NIKE

Q1 2023 PE/VC capital raising transactions in the Fitness Equipment segment include a \$20 million investment in Stages Cycling (manufacturer of stationary smart bikes for the commercial gym and home markets, crankarm-based power meters, and GPS bike computers) by Giant Group.

Sporting Goods & Fitness Apparel

Sector Observations

The Sporting Goods & Fitness Apparel segment is facing the same economic headwinds and inventory challenges as other companies in the consumer products industry. Many companies are experiencing margin compression due to mark-downs to liquidate inventory, higher product input costs and elevated freight and logistics expenses. However, several Sporting Goods & Fitness Apparel companies reported strong full year sales for 2022 and have positive outlooks for 2023.

In 2023, many Sporting Goods & Fitness Apparel companies are focusing on their customer outreach and distribution strategies. Monitoring the customer experience through data analytics to deliver the

highest quality services so as to differentiate their brands and products from others. Many are also strengthening omni-channel capabilities, such as curbside pickups, same-day deliveries and buy online pick-up in store (BOPUS).

Q1 2023 M&A transactions in the Sporting Goods & Fitness Apparel segment include Dick's Sporting Goods' (NYSE: DKS) acquisition of Moosejaw (retailer of athletic and mountaineering apparel and equipment); Authentic Brands Group's announced acquisition of Boardriders (sports apparel and accessories);

"Along with the great brands and impressive global reach that will come with this acquisition, we see Boardriders' potential as a thriving online marketplace under Authentic's ownership. With Boardriders' proven retail playbook, we also see tremendous opportunities to accelerate the expansion of its shop-in-shops, branded retail stores, wholesale and e-commerce worldwide."

Jamie Salter, Founder, Chairman & CEO, Authentic Brands











FITNESS & SPORTING PRODUCTS (cont'd)

and Acushnet Holdings' acquisition of Club Glove (manufacturer and distributor of golf products and accessories).

PE/VC capital raising transactions in Q1 2023 in the Sporting Goods & Fitness Apparel segment include a \$45 million investment in Bandier (women's activewear brand) led by Hilco Brands; a \$30 million investment in NoBull (fitness and sports apparel) led

by 32 Equity; and an \$8 million investment in Oofos (active footwear) led by Massachusetts Capital Resource.

FITNESS & SPORTING PRODUCTS: SELECT M&A TRANSACTIONS (Q1 2023)

Deal Date	Target	Acquirer	Enterprise value (\$M)	EV/LTM Rev.	EV/LTM EBITDA
03/31/23	 BOARDRIDERS	 authentic AUTHENTIC BRANDS GROUP	N/A	N/A	N/A
03/08/23	 VERSA GRIPS	 Salt Creek Capital	N/A	N/A	N/A
02/27/23	 NATIONAL GYM SUPPLY	 LOMETA CAPITAL PARTNERS  ALDINE	N/A	N/A	N/A
02/22/23	 Moosejaw	 DICK'S SPORTING GOODS	N/A	N/A	N/A
02/07/23	 CLUB GLOVE	ACUSHNET HOLDINGS CORP.	N/A	N/A	N/A

FITNESS & SPORTING PRODUCTS: SELECT FINANCING TRANSACTIONS (Q1 2023)

Deal Date	Company	Investor(s)	Amount (\$M)	Deal type
03/29/23	 NOBULL	32 EQUITY	\$30.0	PE Growth
03/21/23	 topo athletic	 Part part capital partners	N/A	PE Growth
02/07/23	BANDIER	 Hilco Brands	45.0	Later Stage VC
02/01/23	 OOFOS	 MCRC MASSACHUSETTS CAPITAL RESOURCE COMPANY	7.7	PE Growth
01/26/23	 STAGES CYCLING	 GIANT GROUP	20.0	Corporate

NATURAL & ORGANIC FOODS/FUNCTIONAL BEVERAGES

Natural and Organic Foods

Sector Observations

The Natural & Organic Foods segment is growing steadily despite current macroeconomic challenges. While Whole Foods and Sprouts lead the retail sector, club stores like Costco and mass merchandisers like Walmart and Target are seeing the highest percentage increase in sales.

The 2023 Natural Products ExpoWest in March showcased emerging trends in the Natural & Organic Foods segment. These include vegan cheese products, functional foods, chewy rice treats, medicinal mushrooms, probiotics, and natural frozen foods.

The Natural & Organic Foods segment continues to attract significant investor attention, which is in-line with the national trend towards healthy living and wellbeing. However, amid economic uncertainty, investors are showing less interest in early-stage brands that have yet shown the ability to scale. Recent categories of interest for the investor community include: energy bars, natural and organic snacks, plant-based meat substitutes, infant nutrition, and gut-friendly food products.

In Q1 2023, M&A transactions in the Natural & Organic Foods segment include Barilla Group's acquisition of Back to Nature Goods (organic, healthy, non-GMO foods); Morinaga Nutritional Foods' acquisition of Tofurky (vegan meat substitute products) for \$12 million; and Wella's acquisition of Thunderbird (energy food bars).

PE/VC capital raising transactions in Q1 2023 in the Natural & Organic Foods segment include a \$172 million investment in Meati (plant-based meat substitute products) led by Revolution; a \$20 million investment in Rebellious Foods (plant-based meat substitute products) led by Cercano Management; and a \$30 million investment in ByHeart (infant nutrition) led by Bellco Capital, OCV Partners, and Polaris Partners.

"At Barilla, we aspire to build a long-term and significant presence in the U.S. baking industry and this operation reminds me of when we first started our journey with pasta over 25 years ago and we are now the market leader. The acquisition of Back to Nature is a key step for this exciting journey. We focus all our business activities and products on health and indulgence and hence Back to Nature was a natural choice."

Guido Barilla, Chairman, Barilla Group

"The next few years will see a seismic shift in how we eat, and Meati's state-of-the-art, scalable production capabilities coupled with its focus on meeting consumer needs for clean, whole-food protein position the brand to lead. Tyler and the team have a vision for a new food category with pure ingredients and taste that doesn't compromise. We are excited to continue working with them to reach the next level and bring Meati to more consumers across the U.S."

Fazeela Abdul Rashid, Partner, Revolution and member of Meati Board

Functional Beverages

Sector Observations

The Functional Beverages segment includes dairy beverages, sports and performance drinks, energy drinks, ready-to-drink teas, "smart" drinks, fortified fruit drinks, plant milks, and enhanced water. Buoyed by continuing consumer focus on health and wellness, the Functional Beverage market is experiencing robust growth and investor interest. The energy drink sector, the largest subsegment of

NATURAL & ORGANIC FOODS/FUNCTIONAL BEVERAGES (cont.)

this is market, is led by Monster Beverage Corp which achieved record sales in 2022.

"We are pleased to report another quarter of continued revenue growth. The energy drink category continues to expand globally. The results from our overseas operations were again overshadowed by the strength of the United States dollar in the quarter. Gross profit margin percentages increased on a sequential quarterly basis as a result of our pricing actions, as well as certain of our supply chain challenges moderating."

Hilton H. Schlosberg, Chairman & Co-CEO, Monster Beverage Corp.

According to Whole Foods Trends, sales in the Functional Beverage segment will continue to soar, doubling in the next decade. Consumers, especially those from Gen Z, are looking for healthier options than the traditional soda their parents grew up on, and many are interested in sober living. At the 2023 Natural Products ExpoWest, on display were the latest trends in functional beverages. Enhanced hydration, energy, brain health, protein-infused and gut health were the most popular categories.

In Q1 2023, M&A transactions in the Functional Beverage segment include Starco Brands' acquisition of Soylent (plant-based meal replacement beverages); Baldwin Richardson Foods' acquisition of Aseptec Solutions USA (manufacturer and co-packer of nutritional and dietary beverages); and Punch Animation's acquisition of She Beverage Company (premium hydration beverages).

PE/VC capital raising transactions in Q1 2023 in the Functional Beverage segment include a \$75 million investment in Guayaki (organic healthy energy beverages) led by undisclosed investors; a \$37 million investment in Lemon Perfect (hydrating cold-pressed lemon water) led by undisclosed investors; and a \$6 million investment in Roar Organic (energy

sports drink) led by undisclosed investors.

"Soylent is one of those rare brands that successfully transitioned from Silicon Valley tech start-up to mainstream with mass distribution, thanks to Demir and his team's operational execution and a global mission to improve human health and nutrition. When combined with Starco Brands' portfolio of formulas, access to commercial manufacturing facilities, and disruptive marketing, Soylent's potential to grow its base and expand in adjacent category whitespaces will be game-changing."

Ross Sklar, CEO, Starco Brands

"We're ready to take the brand to new heights this year with the recent capital raise and our partnership with Publix, expanding our retail footprint throughout the country. Today, consumers are looking for the full package and seek truly healthy, functional hydration products that are fairly priced, convenient to purchase and deliver on taste. Our mission at ROAR® Organic is to make hydration and functional wellness a deliciously vibrant experience, without artificial ingredients or high sugar and calories. We're confident with these new gains and our soon-to-be launched innovations that we will be able to deliver above and beyond on this mission in 2023."



Bill Lange, President, ROAR Organic

NATURAL & ORGANIC FOODS/FUNCTIONAL BEVERAGES (cont.)

N&O FOODS/FUNCTIONAL BEVERAGES: SELECT M&A TRANSACTIONS (Q1 2023)

Deal Date	Target	Acquirer	Enterprise value (\$M)	EV/LTM Rev.	EV/LTM EBITDA
03/23/23			N/A	N/A	N/A
03/01/23			N/A	N/A	N/A
02/22/23			N/A	N/A	N/A
02/10/23			\$12.4	N/A	N/A
01/03/23			N/A	N/A	N/A

N&O FOODS/FUNCTIONAL BEVERAGES: SELECT FINANCING TRANSACTIONS (Q1 2023)

Deal Date	Company	Investor(s)	Amount (\$M)	Deal type
02/03/23			\$20.3	Series B
01/26/23			172.0	Series C
01/13/23		 OCV polarispartners	29.6	Later Stage VC
01/13/23		Undisclosed Investors	75.0	Later Stage VC
01/13/23		Undisclosed Investors	6.0	Later Stage VC

VITAMIN & NUTRITIONAL SUPPLEMENTS

Sector Observations

The Vitamin & Nutritional Supplements segment was spurred by immune products that swept the market since 2020 during the COVID-19 pandemic. The immune support trend has stabilized as of late and the segment is seeing the following categories gaining ground: sleep support, joint and connective tissue support, hormonal support, and mood and cognitive health support.

Retailers in the Vitamin & Nutritional Supplements segment are focusing on expanding their omnichannel capabilities as many consumers are more comfortable shopping online for their vitamin and nutritional supplement needs as a direct result of the pandemic. Retailers are finding new ways to utilize their brick-and-mortar retail channels including ship from store, store pick-up, and BOPUS.

“Our brick and mortar locations play a fundamental role in our business far beyond serving as a retail destination. The improvements we’ve made from a tech standpoint allow us to untether ourselves from the physical store to be more active in the community and sell outside of our four walls to capture consumer interest wherever they want to shop.”

**Nate Frazier, Chief Operating Officer,
GNC**

In Q1 2023, M&A transactions in the Vitamin & Nutritional Supplements segment include Thorne HealthTech’s (NASDAQ: THRN) acquisition of PreCon Health (brain health supplements); Sirio Pharma’s acquisition of Best Formulations (contract manufacturer of dietary supplements); and Groupe Berkem’s acquisition of i.Bioceuticals (distributor of antioxidants used in nutraceuticals).

PE/VC capital raising transactions in Q1 2023 include a \$10 million investment in Elo (smart nutrition company) led by Octopus Health; a \$7 million investment in Tespo Vitamins (liquid vitamin products) by undisclosed investors; and an investment for an undisclosed amount in Ellement (prenatal nutritional supplements) led by 1st Course Capital.

“Hyper-personalized healthcare is an area that we believe that the most pioneering and valuable businesses will be built in. Elo’s ambitious vision of turning food from the cause of disease to medicine - combined with their strong team - fueled our excitement to lead their Series A round. As a doctor, I believe that Elo’s evidence-based, personalized nutrition approach will help tackle one of the greatest challenges of our time.”

**Chantal Cox, Managing Director,
Octopus Ventures**







Recently, investors in the Vitamin & Nutritional Supplements segment have shown interest in products targeting specific concerns such as prenatal health, brain health, and personalized nutrition; difficult to source nutraceutical ingredients; and contract manufacturers. LMM M&A valuation multiples have remained strong in the Vitamin & Nutritional Supplements sector, averaging 9.1x EBITDA in recent years. Companies with brand strength, high subscription-based revenue, product efficacy, and health customer retention continue to command premium multiples.

VITAMIN AND NUTRITIONAL SUPPLEMENTS (cont.)

VITAMIN AND NUTRITIONAL SUPPLEMENTS: SELECT M&A TRANSACTIONS (Q1 2023)

Deal Date	Target	Acquirer	Enterprise value (\$M)	EV/LTM Rev.	EV/LTM EBITDA
03/08/23			\$7.2	N/A	N/A
02/16/23			N/A	N/A	N/A
01/31/23	PreCon Health		5.0	N/A	N/A
01/05/23			N/A	N/A	N/A
01/05/23			N/A	N/A	N/A

VITAMIN AND NUTRITIONAL SUPPLEMENTS: SELECT FINANCING TRANSACTIONS (Q1 2023)

Deal Date	Company	Investor(s)	Amount (\$M)	Deal type
03/14/23		amity ventures	\$12.0	Series A
02/08/23	Neuro®		8.3	Series A
01/24/23		octopus ventures	10.0	Series A
01/05/23		Undisclosed Investors	6.9	Later Stage VC
01/01/23			N/A	Later Stage VC

FITNESS & SPORTS TECHNOLOGY

The Fitness and Sports Technology sector consists of fitness and sports related apps, wearables, devices, software, and platforms. Increased consumer interest in fitness, health, and wellness along with technological improvements with sensor algorithms, artificial intelligence, virtual reality, and machine learning are spurring innovation in the sector.

Fitness Tech

Sector Observations

The Fitness Tech segment remains an active area of interest for investors. Recent categories of interest include performance and movement analytics platforms, personalized fitness platforms, interactive and VR-based workout platforms, and wellness and fitness monitoring devices.

In Q1 2023, M&A transactions in Fitness Tech include Teamworks' acquisition of Smartabase (human performance analytics platform for elite sports teams and military organizations); Francisco Partners' acquisition of Movella (movement analytics and optimization technology); and Tivity Health's acquisition of BurnAlong (personalized fitness platform).

"We've been partnering with Burnalong for the past few years, and this was a next logical step in our relationship and as part of Tivity Health's ongoing digital transformation. Burnalong offers rich content, data-driven engagement, social support and programming led by diverse and inclusive instructors that will enable us to reach at-risk populations. With Burnalong, there are opportunities for everyone, regardless of health status or fitness level."

Richard Ashworth, President & CEO, Tivity Health

Also of note in Fitness Tech M&A, Lululemon, which purchased Mirror (interactive fitness platform) for

\$500 million in 2020, is reportedly seeking a buyer for the unperforming fitness platform. Lululemon recently reported an after-tax impairment and other charges totaling \$442.7 million against fourth-quarter earnings relating to Mirror.

"Since our acquisition, the at-home fitness space has been challenging. While members love our content, hardware sales did not match our expectations. And even though our customer acquisition cost has continued to improve, it has not improved enough to maintain the current level of investment."

Calvin McDonald, CEO, Lululemon

PE/VC capital raising transactions in Fitness Tech in Q1 2023 include a \$620 million investment in Zwift (interactive fitness platform centered around cycling and running) led by Amazon Alexa Fund, KKR and Pemira Holdings; a \$11 million investment in Litesport (VR – based workout platform) by undisclosed investors; and a \$7 million investment in Levels (wellness device focused on metabolic fitness) led by TriplePoint capital.

"We are unique in the space where the trainer is in front of you, showing you good form, sweating, and doing the work. Now take that, add the interactivity and the feedback made possible by working out in the headset, and we have something pretty addictive."

Jeff Morin, CEO, Litesport

Sports Tech

Sector Observations

In the Sports Tech segment, investors are showing interest in sports simulation technology, smart devices, and AI sports performance analytics

FITNESS & SPORTS TECHNOLOGY (cont.)

platforms. The most popular sports categories are golf, baseball, soccer, and tennis.

Q1 2023 M&A transactions in Sports Tech include TruGolf's (golf simulator manufacturer and distributor) \$125 million announced reverse merger with Deep Medicine Acquisition and EL1 Sports' acquisition of Detroit Diamond Jaxx (baseball data and simulation system).

"We are very grateful to the team at DMAQ for not only grasping our long-term vision and stepping in with significant resources to position the Company for continued growth, but also leveraging an impressive global network to help with expansion on a global scale. We have been building this industry with some great partners for so long that we couldn't be happier to see the adoption of exclusive indoor rounds of golf now exceeding the exclusive outdoor rounds of golf. The future of golf is indoors, and we are uniquely positioned to convert this industry-wide momentum into a movement that will capture the hearts and minds of new and experienced golfers around the world."

Chris Jones, CEO & Co-Founder, TruGolf










"We love the team; they are super scrappy and hard-working. They have a big vision of where they see the company going and, thus far, have a great understanding of the market; they've built a great product and have a ton of potential, given the early metrics. We really like the collaborative element of playing with friends in person or across the country and the sense/feeling of community that can be developed over time. It's super fun, interactive, and actually works (admittedly, I'm pretty bad at basketball but found myself wanting to get better given the gamification/experience)."

George Bousis, Co-Founder, Protagonist VC

PE/VC capital raising transactions in Sports Tech in Q1 2023 include a \$54 million investment in TOCA Football (technology-enabled soccer training platform) led by Tifo Ventures (corporate venture arm of Major League Soccer); a \$5 million investment in Swingvision (AI platform delivering performance analytics for ball and racket sports) by undisclosed investors; and a \$11 million investment in Huupe (smart basketball hoop) led by Kawn VC, Protagonist VC, TRI Investments, and Marvan Ventures.

FITNESS & SPORTS TECHNOLOGY (cont.)

FITNESS & SPORTS TECHNOLOGY: SELECT M&A TRANSACTIONS (Q1 2023)

Deal Date	Target	Acquirer	Enterprise value (\$M)	EV/LTM Rev.	EV/LTM EBITDA
03/31/23	 TruGolf	Deep Medicine Acquisition Corp.	\$125.0	N/A	N/A
03/13/23	 JAXX	 E1 SPORTS 	N/A	N/A	N/A
03/13/23	 Movella™	 FP FRANCISCO PARTNERS	N/A	N/A	N/A
01/31/23	 burnalong	 tivity [®] HEALTH	N/A	N/A	N/A
01/11/23	 SMARTABASE	 TEAMWORKS	N/A	N/A	N/A

FITNESS & SPORTS TECHNOLOGY: SELECT FINANCING TRANSACTIONS (Q1 2023)

Deal Date	Company	Investor(s)	Amount (\$M)	Deal type
03/24/23	 huupe	 KAWN VENTURES  PROTAGONIST SM	\$11.0	Later Stage VC
03/23/23	 SPARTASCIENCE	 SPRING LAKE EQUITY PARTNERS	N/A	Later Stage VC
02/05/23	 ZWIFT	 alexa func  KKR PERMIRA	620.0	Later Stage VC
01/31/23	 LEVELS	 Alumni Ventures  andreesen.horowitz  TRUST VENTURES	45.0	Series A
01/13/23	 TOCA [®] SOCCER	Tifo Ventures	53.6	Series E

FITNESS & WELLNESS FACILITIES

Sector Observations

The major players in the Fitness and Wellness Facilities segment have been experiencing strong financial and operational results driven by increased demand for health and wellness in a post-COVID environment. Planet Fitness and Xponential Fitness each achieved records for gym membership and revenue in 2022. Higher end fitness clubs such as Life Time Group are also achieving record growth even in the midst of less than favorable macroeconomic conditions. In Q1 2023, Life Time Group saw an 30% percent growth in revenues, a 31% percent increase in membership dues, a 28% jump in in-center revenues, and a 13% jump in memberships.

“For the year, we achieved double-digit growth across North America memberships, same-store sales, and AUVs, all of which are representative of the fact that boutique fitness is considered a must-have, not discretionary spend by studio members. The demand for our offerings is demonstrated by our North American studios, generating over 1 billion in systemwide sales in 2022.”

Anthony Geisler, CEO, Xponential Fitness

The categories currently of interest to investors in the Fitness and Wellness Facilities segment include regional gym chains, affordable fitness gyms, spa and wellness services, golf and country clubs, and sports-themed facilities. Also of note is private equity's role in driving a lot of the transactional activity in the segment.

Q1 2023 M&A transactions in the Fitness and Wellness Facilities segment include EOS Fitness' (backed by PEGs Bruckmann, Rosser, Sherill & Company and Performance Equity Management) acquisition of Texans Fit Gym (five-gym chain owned by the NFL's Houston Texas); Perpetual Capital Partners'

acquisition of In-Shape Health Clubs (California-based chain of health clubs); The Beekman Group's acquisition of Eclipse Fitness Group (multi fitness modality gym); and Retro Fitness' acquisition of the Texas locations of YouFit Gyms (fitness clubs targeted to casual gym-goers).

“Texans Fit has instilled a culture of health and fitness in the Houston area, and we look forward to carrying that on with a new focus on offering a premium fitness experience that's both affordable and accessible to all.”

Rich Drengberg, CEO, EoS Fitness









Capital raising transactions in the Fitness and Wellness Facilities segment in Q1 2023 include YouFit's \$45 million credit facility from GE Capital to support its growth plans and for general working capital needs.

FITNESS & WELLNESS FACILITIES (cont.)















FITNESS & WELLNESS FACILITIES: SELECT M&A TRANSACTIONS (Q1 2023)

Deal Date	Target	Acquirer	Enterprise value (\$M)	EV/LTM Rev.	EV/LTM EBITDA
03/03/23		 The Other Cancer Called Addiction	N/A	N/A	N/A
01/18/23			N/A	N/A	N/A
01/18/23			N/A	N/A	N/A
01/09/23			N/A	N/A	N/A
01/09/23			N/A	N/A	N/A

FITNESS & WELLNESS FACILITIES: SELECT FINANCING TRANSACTIONS (Q1 2023)

Deal Date	Company	Investor(s)	Amount (\$M)	Deal type
03/21/23	Powers Gymnastics		\$16.8	Series A
03/21/23		 	11.0	Later Stage VC
02/27/23		Undisclosed Investors	0.7	Series A
02/01/23			N/A	Early Stage VC
01/04/23		Undisclosed Investors	0.9	Early Stage VC













PUBLICLY TRADED COMPARABLES - FITNESS & SPORTING GOODS AND APPAREL

Company Name	Share Price	% of 52 Wk High	Enterprise Value (EV)	LTM Results			LTM Valuation Multiples	
				Revenue	Gross Profit	EBITDA Margin %	EV/ Revenue	EV/ EBITDA
	\$50.13	92.6%	\$3,930.1	\$2,270.3	51.9%	14.2%	1.7x	12.2x
	1.25	20.4%	126.7	297.8	43.5%	NM	0.4x	NM
	22.17	85.4%	7,502.1	3,995.7	60.3%	12.0%	1.9x	15.7x
	9.73	33.2%	503.4	448.1	36.5%	NM	1.1x	NM
	83.54	85.0%	5,098.8	3,464.2	49.4%	14.8%	1.5x	10.0x
	15.12	97.5%	306.4	313.8	23.5%	10.3%	1.0x	9.4x
	58.00	73.3%	547.6	768.2	35.6%	8.5%	0.7x	8.3x
	379.93	98.2%	38,040.0	8,110.5	55.4%	20.0%	4.7x	23.4x
	1.33	39.5%	108.6	338.1	18.4%	NM	0.3x	NM
	126.72	96.5%	196,531.2	50,626.0	43.9%	14.4%	3.9x	26.9x
	32.45	96.0%	10,008.1	1,279.9	56.0%	10.1%	7.8x	NM
	8.88	44.6%	4,618.8	3,052.2	19.9%	NM	1.5x	NM
	53.19	99.6%	9,442.8	7,444.6	47.2%	9.1%	1.3x	14.0x
	8.87	56.1%	4,421.3	5,805.7	45.6%	6.3%	0.8x	12.0x

Share prices as of 04/30/2023
Source: PitchBook

Mean	41.9%	12.0%	2.0x	14.7x
Median	44.7%	11.1%	1.4x	12.2x
Harmonic Mean	36.5%	10.8%	1.1x	12.8x








PUBLICLY TRADED COMPARABLES - NATURAL & ORGANIC FOODS

Company Name	Share Price	% of 52 Wk High	Enterprise Value (EV)	LTM Results			LTM Valuation Multiples	
				Revenue	Gross Profit	EBITDA Margin %	EV/ Revenue	EV/ EBITDA
 BEYOND MEAT	\$13.54	30.4%	\$1,752.4	\$418.9	NM	NM	4.2x	NM
 bellring	35.99	97.6%	5,708.2	1,427.7	31.6%	16.9%	4.0x	23.7x
 JOHN B. SANFILIPPO & SON, INC.	103.95	99.4%	1,235.8	1,003.3	20.2%	10.4%	1.2x	11.8x
 NATURAL GROCCERS good4u	10.79	50.2%	612.9	1,092.8	27.9%	4.8%	0.6x	11.7x
 THE ORIGINAL OATLY!	2.33	50.7%	1,449.2	722.2	11.1%	NM	2.0x	NM
 Realgood FOODS CO.	3.93	49.6%	88.5	141.6	9.4%	NM	0.6x	NM
 Simply Good FOODS	36.37	85.2%	3,967.0	1,188.2	36.5%	18.5%	3.3x	18.1x
 SPROUTS FARMERS MARKET	34.66	97.2%	4,842.0	6,404.2	36.7%	9.4%	0.8x	8.0x
 Tattooed Chef	1.54	17.8%	159.3	231.9	0.2%	NM	0.7x	NM
 HAIN CELESTIAL	17.93	51.7%	2,530.8	1,853.5	21.7%	7.8%	1.4x	17.6x
 unfi united natural foods	27.27	55.0%	4,956.8	29,863.0	14.2%	2.3%	0.2x	7.3x
 WHOLE EARTH BRANDS	2.40	32.5%	530.4	538.3	26.0%	0.4%	1.0x	NM

Share prices as of 04/30/2023
Source: PitchBook

Mean	21.4%	8.8%	1.7x	14.0x
Median	21.7%	8.6%	1.1x	11.8x
Harmonic Mean	1.6%	2.3%	0.7x	11.9x









PUBLICLY TRADED COMPARABLES - FITNESS NUTRITION & SUPPLEMENTS

Company Name	Share Price	% of 52 Wk High	Enterprise Value (EV)	LTM Results			LTM Valuation Multiples	
				Revenue	Gross Profit	EBITDA Margin %	EV/ Revenue	EV/ EBITDA
 HERBALIFE NUTRITION	\$14.86	48.5%	\$3,881.0	\$5,204.4	77.4%	12.9%	0.7x	5.8x
 Medifast	91.65	47.3%	932.3	1,598.6	71.3%	12.2%	0.6x	NM
 NATURE'S SUNSHINE	10.96	64.6%	172.2	421.9	71.0%	6.2%	0.4x	6.5x
 NU SKIN	39.46	82.5%	2,211.1	2,225.7	71.7%	7.3%	1.0x	13.7x
 Perrigo	37.19	84.7%	8,720.1	4,451.6	32.7%	8.0%	2.0x	24.5x
 USANA HEALTH SCIENCES	66.37	85.6%	985.1	998.6	80.6%	12.7%	1.0x	7.8x
 weight watchers	8.35	80.8%	1,986.3	1,040.9	59.8%	NM	1.9x	NM

Share prices as of 04/30/2023
Source: PitchBook

Mean	66.4%	9.9%	1.1x	11.7x
Median	71.3%	10.1%	1.0x	7.8x
Harmonic Mean	61.0%	9.1%	0.8x	8.8x






PUBLICLY TRADED COMPARABLES - FITNESS & SPORTING GOODS RETAILERS

Company Name	Share Price	% of 52 Wk High	Enterprise Value (EV)	LTM Results			LTM Valuation Multiples	
				Revenue	Gross Profit	EBITDA Margin %	EV/ Revenue	EV/ EBITDA
 BIG 5 [®] SPORTING GOODS	\$7.88	48.9%	\$446.4	\$995.5	34.3%	5.2%	0.4x	8.6x
 CAMPING WORLD	22.39	65.9%	4,756.1	6,967.0	31.3%	9.3%	0.7x	7.3x
 DICK'S [®] SPORTING GOODS	145.01	95.0%	14,696.2	12,368.2	34.6%	14.9%	1.2x	8.0x
 Foot Locker	41.99	88.9%	6,613.1	8,759.0	32.0%	8.5%	0.8x	8.9x
 GENESCO	34.66	52.2%	969.9	2,384.9	47.6%	5.7%	0.4x	7.1x
 HIBBETT SPORTS	54.33	72.1%	1,017.1	1,708.3	35.2%	12.4%	0.6x	4.8x
 SPORTSMAN'S WAREHOUSE	6.22	56.0%	626.1	1,399.5	32.9%	6.4%	0.4x	7.0x
 vf	23.51	43.6%	16,064.4	11,697.5	53.0%	7.1%	1.4x	19.2x

Share prices as of 04/30/2023
Source: PitchBook

Mean	37.6%	8.7%	0.7x	8.9x
Median	34.5%	7.8%	0.6x	7.7x
Harmonic Mean	36.4%	7.7%	0.6x	7.7x




PUBLICLY TRADED COMPARABLES - FITNESS & WELLNESS FACILITIES

Company Name	Share Price	% of 52 Wk High	Enterprise Value (EV)	LTM Results			LTM Valuation Multiples	
				Revenue	Gross Profit	EBITDA Margin %	EV/ Revenue	EV/ EBITDA
 BEACHBODY®	\$0.47	20.0%	\$114.9	\$692.2	53.4%	NM	0.2x	NM
	0.85	9.2%	284.2	171.2	71.4%	NM	1.7x	NM
	20.79	98.3%	8,147.1	1,822.6	41.4%	18.6%	4.5x	24.0x
 planet fitness	83.14	96.8%	9,001.9	936.8	50.6%	39.4%	9.6x	24.4x
ONESP WORLD	12.00	94.0%	1,360.5	546.3	NM	16.8%	2.5x	14.8x
 XPONENTIAL FITNESS	33.08	98.7%	1,600.8	245.0	66.1%	13.3%	6.5x	49.1x

Share prices as of 04/30/2023
Source: PitchBook

Mean	56.6%	22.0%	4.2x	28.1x
Median	53.4%	17.7%	3.5x	24.2x
Harmonic Mean	54.5%	18.7%	0.8x	23.4x

PUBLICLY TRADED COMPARABLES - FITNESS TECHNOLOGY & WEARABLES

Company Name	Share Price	% of 52 Wk High	Enterprise Value (EV)	LTM Results			LTM Valuation Multiples	
				Revenue	Gross Profit	EBITDA Margin %	EV/ Revenue	EV/ EBITDA
	\$169.68	96.3%	\$2,744,422.8	\$387,537.0	43.1%	32.3%	7.1x	22.0x
GARMIN	98.17	85.8%	17,453.3	4,860.3	57.7%	24.4%	3.6x	14.7x
Alphabet	108.22	87.8%	1,282,084.1	284,612.0	55.3%	29.4%	4.5x	15.3x
	131.40	79.8%	3,920.7	410.9	68.5%	NM	9.5x	NM
	4.28	45.4%	484.2	1,093.5	37.2%	4.5%	0.4x	9.8x

Share prices as of 04/30/2023
Source: PitchBook

Mean	52.4%	22.7%	5.0x	15.4x
Median	55.3%	26.9%	4.5x	15.0x
Harmonic Mean	50.0%	12.2%	1.7x	14.2x