

LIFESTYLE BRANDS

Decorated and Promotional Apparel
Shines Bright Amidst the Broader
Consumer M&A Market



Decorated and Promotional Apparel Shines Bright Amidst the Broader Consumer M&A Market

Despite a slowdown in deal activity and an uncertain economic outlook, the decorated and promotional apparel category remains a bright spot within the broader consumer discretionary market. The category's M&A volume increased by 12.1% in 2022, while the overall consumer sector decreased by 11.1% during the same period – a trend that has continued into 2023. A component fueling deal volume in the category is consumer-focused private equity firms shifting investment appetite from DTC brands with high-growth profiles selling discretionary products to B2B decorators with value-added services and defensible attributes selling into attractive, specialty consumer end-markets (e.g., resort, destination locations, collegiate, sports, and workwear). While the sector has experienced several add-on acquisitions from private equity-backed platforms looking to expand product categories and service capabilities, there continues to be activity from private equity funds starting to dip their toes in the water to evade headwinds in the broader consumer market. Furthermore, corporations in the sector continue to seek opportunities to acquire growth and expand capabilities, especially now that the expectations for organic growth are less confident due to the recessionary environment.

Key themes that will continue to drive growth and acquiror interest in the category include:

- High level of fragmentation within the sector presents opportunities for new platforms and further consolidation
- Attractive dynamics and continued growth within core end markets that rely on decorated and promotional products (e.g., travel and leisure, collegiate, sports, among others)
- Proliferation of social media and experience-driven consumers, the “shareable economy”, continues to increase demand for premium, customized products
- Technology-enabled solutions (e.g., online ordering and direct-to-garment printing) to support the explosion of microbrands and small businesses
- Rising international costs and extending inventory lead times continue to drive demand for companies with on- or nearshore manufacturing operations

Global economic uncertainty will continue to cause the universe of acquirors and sellers to proceed more cautiously during the second half of 2023, specifically in consumer discretionary. However, we expect continued interest in the decorated and promotional apparel category driven by corporate acquirors seeking to diversify their capabilities and products, and private equity acquirors expanding their platforms through add-on or new platform acquisitions in search of returns within consumer-adjacent segments.

We hope that this report serves as a valuable tool for your business. As you evaluate opportunities, feel free to contact us for more pointed insight.



Andrew Colmar

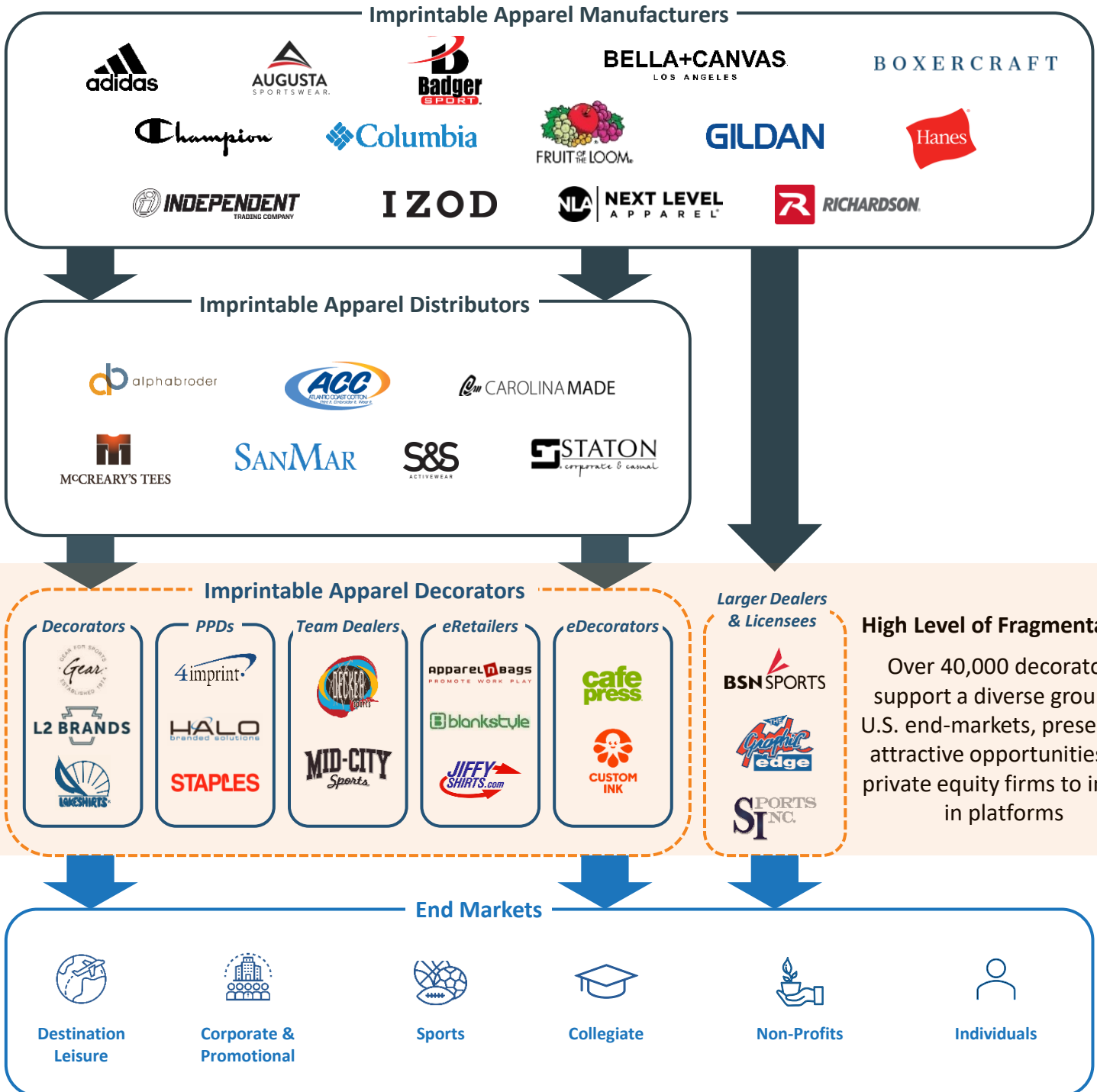
Vice President | Decorated Apparel Coverage | AColmar@IntrepidIB.com

Mergers & Acquisitions | Capital Advisory

Los Angeles | Menlo Park | Charlotte | Chicago | New York | intrepidib.com | 310.478.9000

A member of MUFG, a global financial group. Member FINRA/SIPC

A Fragmented Landscape of Decorators Play an Integral Role in the Imprintable Apparel Value Chain



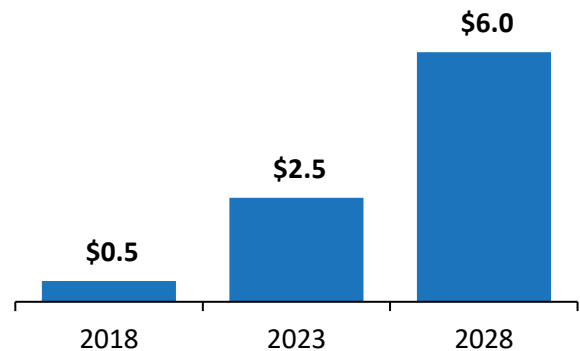
Note: Companies referenced above are representative of the industry.
Source: Grand View Research, IBIS World, and BCG market assessment.

Key Factors Driving Growth and M&A Activity

Convergence of Digital with Decorated Apparel

The proliferation of micro and digitally native brands is driving an increasing need for technology-enabled solutions. Smaller, niche brands are unable to take on significant inventory and overhead but require speed to market, differentiated designs, and rapid reordering. Decorators are critical partners to these brands by providing quick-inventory turns, seamless online ordering, and direct-to-garment printing. This trend will further drive sales in existing markets and expand the total addressable market, with the digital print market expected to reach \$6.0 billion by 2028.

Digital Print Market (\$ in billions)



The "Shareable Economy" Fueling Destination and Event-Driven End-Markets

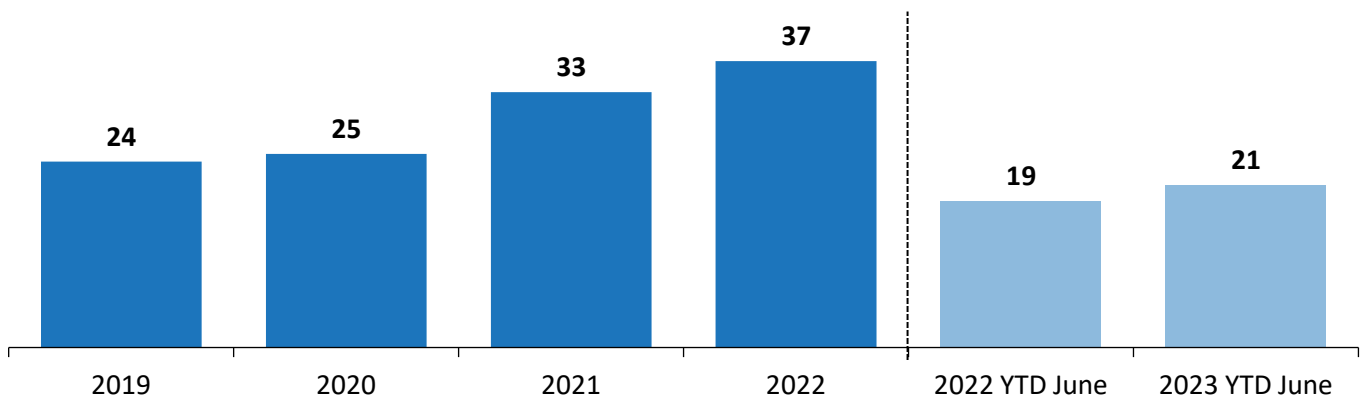
Social media and experience-driven consumers, the "shareable economy," continue to increase demand for premium and customized products for consumers looking to commemorate their experiences. Shareable moments and unique experiences drive these purchases rather than "fads" or economic cycles. As a result, decorated apparel purchases at resorts, festivals, and other event-driven occasions continue to experience strong demand and long-term tailwinds.

Shift Toward On- or Nearshore Capabilities

Industry players across end markets anticipate that Asia's status as the leader in low-cost manufacturing will diminish as customers seek alternative options for quicker speed to market, better product availability, and reduced freight costs. Decorators with on- or nearshore operations will benefit from both increasing customer demand and potential buyers seeking to acquire businesses with these capabilities.

Decorated and Promotional Apparel Annual M&A Transactions

(# of Announced Transactions by Year)



Note: Sources include publicly available information, company press releases, S&P Capital IQ, PitchBook, and Grandview Research.

Select Private Equity Platforms

KELSO PRIVATE EQUITY **AUGUSTA** SPORTSWEAR

Acquired 2012

Jones & Mitchell Sportswear*

HOLLOWAY

PACIFIC HEADWEAR

Altamont CAPITAL PARTNERS **HYBRID** APPAREL

Acquired 2014

AIR WAVES.

KIAN CAPITAL **CPI** charlesproductsinc.

Acquired 2018

TECHSTYLES
A CALIFORNIA COMPANY

BainCapital **VARSITY**

Acquired 2018

BSN SPORTS

Great Hill PARTNERS **CUSTOM** INK

Acquired 2019

Represent*

MODIFY WATCHES

SWAG.COM

Printfection

Sentinel CAPITAL PARTNERS **L2 BRANDS**

Acquired 2022

LEGACY
ESTABLISHED 1992

Ouray

CARLSON PRIVATE CAPITAL PARTNERS **LAKE**SHIRTS

Acquired 2019

Zephyr

ELITE

Yesterdays SPORTSWEAR

CPC **PAi** INC

Acquired 2021

OARSMAN 928

Imperial SINCE 1916

Platinum Equity **MAD** ENGINE

Acquired 2021

XTREME
A DIVISION OF

FOR FANS BY FANS

FIFTHSUN

Fortune Screen Printing

* Denotes exited acquisition.

Select M&A Transactions

General Apparel

Hybrid Apparel Acquires Air Waves

Hybrid Apparel, a portfolio company of Altamont Capital, expanded its print-on-demand capabilities by acquiring Air Waves. Founded in 1981 and based in Ohio, Air Waves is a design and technology-driven print-on-demand provider offering wholesale and fulfillment services. According to industry sources, Air Waves recorded \$47 million in revenue in 2021. The acquisition expands Hybrid Apparel's service offerings, strengthening the company's presence across the licensed, private label, and lifestyle-decorated apparel sub-sectors. Air Waves' current owner, Kyle Kantner, will continue to lead the brand as Chief Executive Officer.



Printful Receives Strategic Investment from Bregal Sagemount

Bregal Sagemount acquired 13% of print-on-demand provider Printful for \$130 million, valuing the company above \$1 billion. Founded in 2013 and based in North Carolina, Printful is a global print-on-demand dropshipping and fulfillment company providing solutions to eCommerce merchants and creators. According to industry sources, Printful reached \$200 million in revenue in 2020, representing almost 80% growth year-over-year. The investment will support expansion into new product categories, services, channels, and geographies.



Sportswear

Avery Dennison Acquires Lion Brothers

Avery Dennison, the global materials science and digital identification solutions company, acquired Lion Brothers, a leading designer and manufacturer of apparel embellishments. Founded in 1899 and based in Maryland, the company is an innovator in the apparel decoration sector, integrating creative design with scientific and technological advancements. Lion Brothers sells its products across the professional sports, collegiate, non-profit, resort, fashion, and retail end-markets. The acquisition will expand Avery Dennison's Embelex portfolio and drive growth in external embellishments. According to industry sources, the company reached approximately \$65 million in revenue in 2022. Following the acquisition, Lion Brothers will become part of the Apparel Solutions business within the Solutions Group of Avery Dennison.



Sentinel Capital Partners Acquires L2 Brands

Sentinel Capital Partners acquired L2 Brands, a portfolio company of Dominus Capital. Founded in 1991 and based in Pennsylvania, L2 Brands manufactures branded apparel and headwear, serving the collegiate, destination leisure, and corporate channels. The company sells its products under its two brands, League and Legacy, on its company-owned website and through its network of sales representatives. The acquisition will allow L2 Brands to build momentum within the decorated apparel market and pursue add-on acquisitions. L2 CEO Paige Wingert and L2 President Pete Waldron will continue to lead the company.



Select M&A Transactions (Cont.)

Sportswear (Cont.)

CPC Management Acquires Paramount Apparel International

CPC Management, a Missouri-based family office, acquired Paramount Apparel International (“PAi”), a Missouri-based manufacturer of headwear and apparel. Founded in 1929, PAi is one of the leading providers of embellished golf headwear and apparel. The company sells its wholesale portfolio of licensed and in-house brands to a broad customer base and has secured contract manufacturing agreements with key partners, including Nike and Fanatics. The acquisition will enable PAi to pursue add-on acquisitions to expand the company’s market share. PAi’s current management team will continue to lead the business without changing the company’s operations.



Ouray Sportswear Acquires Locale Outdoor

Ouray Sportswear, an operating subsidiary of TSC Apparel, a portfolio company of CenterGate Capital, acquired Locale Outdoor, a customized headwear and accessories manufacturer. Founded in 2012 and based in Colorado, Locale sells its nature-inspired portfolio of beanies, caps, and accessories through its network of sales representatives. The company’s products are sold primarily to ski resorts, including Vail and Jackson Hole. The acquisition complements Ouray’s business and will enable Locale to scale more rapidly and enter new channels by tapping into Ouray’s customer base.



Lakeshirts Acquires Zephyr Headwear

Lakeshirts, a portfolio company of Carlson Private Partners, acquired global headwear provider Zephyr Headwear. Founded in 1993 and based in Colorado, Zephyr is a leading manufacturer of collegiate headwear, serving over 800 colleges. Zephyr hats are sold through its network of sales representatives. The acquisition complements Lakeshirts’ business, allowing Zephyr to grow its presence in the collegiate channel and expand into the resort and pro sports channels. This transaction represents Lakeshirts’ first add-on acquisition. Founder and CEO David Gormley will continue to lead the company.



Licensing

Platinum Equity Acquires a Controlling Stake in Mad Engine

Platinum Equity acquired Mad Engine, a global wholesaler of licensed, branded, and private-label apparel and accessories. Founded in 1987 and based in California, Mad Engine offers print-on-demand and traditional decoration services, including screen printing and embroidery. The company manages a diverse portfolio of notable licenses, such as Disney and Coca-Cola. Mad Engine products are sold at leading retail partners, including Walmart and Target, as well as through specialty retailers and eCommerce channels. The acquisition will allow Mad Engine to leverage Platinum’s strategic and operational expertise to grow the company and pursue additional acquisitions. Mad Engine’s current shareholders and management team will continue to hold equity and remain with the company.



Select M&A Transactions (Cont.)

Licensing (Cont.)

Mad Engine Acquires Fifth Sun

Mad Engine, a portfolio company of Platinum Equity, acquired Fifth Sun, an innovative designer and distributor of licensed and private-label graphic apparel. Founded in 1994 and based in California, Fifth Sun provides screen printing and direct-to-garment printing services. It sells direct-to-consumer products through its company-owned website and brick-and-mortar to premium specialty stores and mass retailers. The acquisition will diversify Mad Engine's product and service offerings and better position the company within the market. This transaction represents Mad Engine's first add-on acquisition since Platinum Equity acquired the company. Founder Dan Gonzales will continue to hold equity in the combined company and will remain with the company as a senior strategy advisor.



Promotional

Go Global Retail Acquires Myron

Go Global Retail acquired Myron, a manufacturer and distributor of corporate promotional products. Founded in 1949 and based in New Jersey, Myron offers a broad portfolio of promotional products, including apparel, accessories, drinkware, pens, and office supplies. The company operates decoration facilities throughout North America and Europe and sells directly to end users, distributors, and suppliers. The acquisition will allow Myron to pursue organic and inorganic growth opportunities to gain market share within the fragmented promotional products market. Owner Jim Adler will remain a shareholder of the new entity.



BAMKO Acquires Sutter's Mill Specialties

BAMKO, an operating subsidiary of Superior Group of Companies, acquired Sutter's Mill Specialties, a distributor of promotional products. Founded in 1999 and based in Arizona, Sutter's Mill offers laser engraving, digital printing, pad printing, embroidery, and custom foam packaging services to brands such as Pepsi, John Deere, and Shell. According to industry sources, Sutter's Mill generated \$25 million in revenue in 2021. BAMKO will leverage Sutter's Mill's expertise and integrate the company's robotics and automation into BAMKO's proprietary software to drive operational efficiencies. Additionally, the acquisition will expand BAMKO's warehousing and distribution footprint, adding a distribution center in the Southwest. Sutter's Mill President Michael Butler will remain with the company.



Select M&A Transactions (Cont.)

Promotional (Cont.)

Custom Ink Acquires Swag.com

Custom Ink, a portfolio company of Great Hill Partners, acquired corporate promotional products distributor Swag.com. Founded in 2016 and based in New York, Swag.com is a digitally native distributor of custom apparel, bags, drinkware, and other promotional products to over 5,000 customers, including Amazon, Starbucks, and Walmart. According to industry sources, Swag.com is expected to reach \$30 million in sales in 2021. The acquisition will strengthen Custom Ink's presence in the gifting-as-a-service market. This transaction represents Custom Ink's first add-on acquisition since Great Hill Partners acquired the company. Founders Jeremy Parker and Josh Orbach will continue to hold equity in the combined company and will remain with the company.

SWAG.COM



Uniform

BSN Sports Acquires Unique Image

BSN Sports, an operating subsidiary of Varsity Brands, a portfolio company of Bain Company, acquired custom uniform and promotional products provider Unique Image. Founded in 1979 and based in Delaware, Unique Image offers a range of customized team athletic, corporate, and promotional products and services, including embroidery, screen printing, and graphic design. Unique Image will leverage BSN Sports' broad brand selection, sports and equipment expertise, and digital design platforms to serve its customers better. This transaction represents BSN Sports' 73rd acquisition as BSN positions itself as the nation's largest direct marketer and distributor of sporting goods to the school and athletic league end-markets. Co-Owner Jason Gleber and the Unique Image sales team will join the BSN team, while Co-Owner Jason Gleber will continue to manage Unique Image's in-house screen printing operations as a third-party contract decorator to BSN Sports.

uniqueimage

BSN SPORTS

Bunzl Acquires Workwear Express

Bunzl, a global distribution and services company, acquired customized workwear provider Workwear Express. Founded in 1990 and based in England, Workwear Express provides embroidery, screen printing, and heat transfer customization services to customers across the globe and sectors, including Greggs and Tesco. The company has established a strong eCommerce presence in the market, allowing customers to design and order online. According to industry sources, Workwear Express reached £29 million in revenue in 2021. This acquisition expands Bunzl's product offering, customer base, and geographic footprint, allowing for additional growth opportunities in digital channels. Founder Andrew Ward will remain on the board as a consultant during the transitional period.

Workwear Express



Deal Spotlight



L2 Brands Acquires Ouray Sportswear

Deal Snapshot

Ouray Sportswear, LLC, an operating subsidiary of S&S Activewear, a portfolio company of private equity group Clayton, Dubilier, & Rice, has been sold to L2 Brands, a portfolio company of Sentinel Capital Partners.

Based in Englewood, Colorado, Ouray is a leading supplier of quality apparel and headwear to the destination, collegiate, golf, and corporate channels. Founded in 1965, Ouray has grown to serve more than 4,000 customers annually through a commitment to providing exceptional customer service.

L2 Brands is the parent company of the League apparel and Legacy headwear brands. From its locations in Pennsylvania and El Salvador, L2 has earned a reputation for making stylish, comfortable, and reliable products that connect consumers with the schools, traditions, destinations, and workplaces they identify with and love.

M&A Valuation Aspects

Strong value drivers in the process included (i) market leadership in the decorated apparel segment, (ii) strong margin profile, (iii) extensive portfolio of high-quality products and art, and (iv) in-process growth initiatives and proven M&A platform.

Market Trends & Deal Drivers

The estimated \$4.5 billion U.S. Decorated Apparel Market is projected to grow to \$6.5 billion by 2025, representing a 13% CAGR. This, coupled with the fragmented nature of the market, positions the decorated apparel industry for significant consolidation in the coming years.

Intrepid Found the Best Partner to Grow the Brand

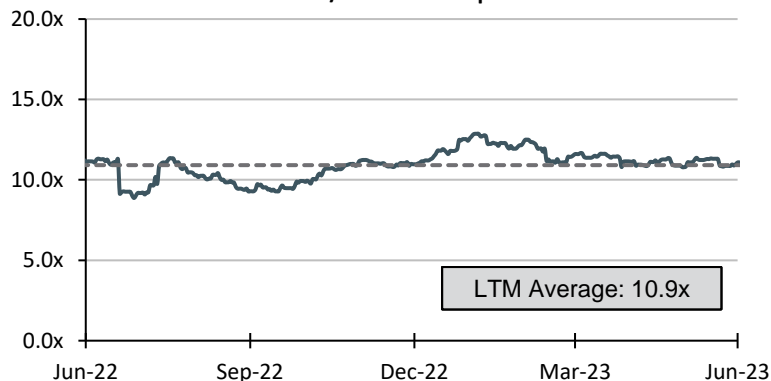
Intrepid acted as the exclusive sell-side advisor to S&S Activewear in this transaction. The team's creativity and thoughtfulness during the process contributed to this exceptional result.

Publicly Traded Companies (USD Millions)

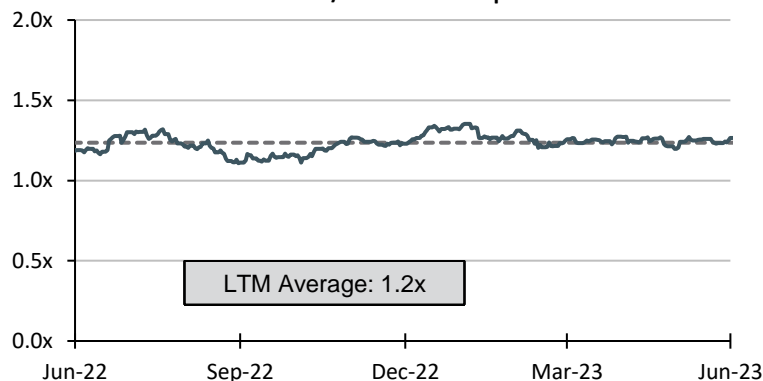
Company	Enterprise Value	Market Cap	Last Twelve Months				Revenue Growth		Enterprise Value / LTM	
			Revenue	EBITDA	Gross Margin	EBITDA Margin	1-year	3-year	Revenue	EBITDA
AVERY DENNISON	\$17,042	\$13,869	\$8,755	\$1,271	26.3%	14.5%	0.6%	8.9%	1.9x	13.4x
GILDAN	\$6,793	\$5,667	\$3,168	\$677	28.5%	21.4%	2.0%	14.9%	2.1x	10.0x
cimpress	\$3,209	\$1,566	\$3,014	\$140	46.6%	4.6%	4.4%	6.7%	1.1x	23.0x
4imprint	\$1,631	\$1,708	\$1,140	\$107	26.8%	9.4%	29.3%	16.5%	1.4x	15.3x
New Wave GROUP	\$1,380	\$1,146	\$838	\$154	50.1%	18.4%	18.5%	12.5%	1.6x	9.0x
design group	\$214	\$177	\$890	\$30	14.9%	3.4%	(9.5%)	9.0%	0.2x	7.1x
SGC <small>SUPPLY GROUP OF COMPANIES</small>	\$279	\$154	\$566	\$25	33.7%	4.4%	1.6%	7.8%	0.5x	11.2x
Mean					32.4%	10.9%	6.7%	10.9%	1.3x	12.7x
Median					28.5%	9.4%	2.0%	9.0%	1.4x	11.2x

Historical Public Company Trading Multiples

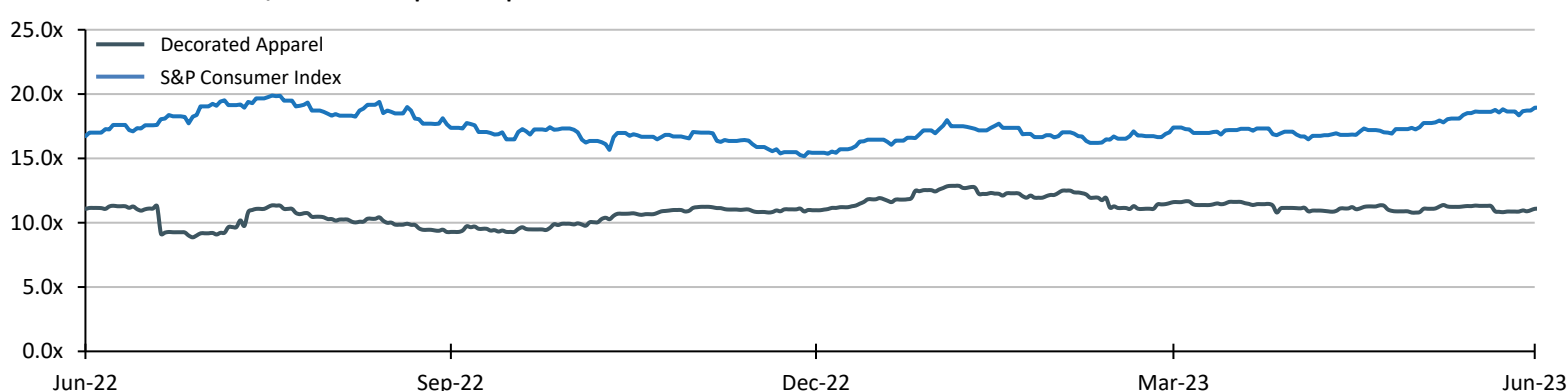
TEV / EBITDA Multiples



TEV / Revenue Multiples



TEV / EBITDA Multiples Comparison



Past Three-Month Stock Price Performance

Note: All data sourced from S&P Capital IQ as of June 30, 2023. TEV / EBITDA multiples excludes multiples greater than 30x.

Select Lifestyle Brands Transactions

<p>Ouray an operating subsidiary of S&S a portfolio company of CLAYTON DUBILIER & RICE has been acquired by L2 BRANDS a portfolio company of Sentinel CAPITAL PARTNERS</p> <p>Advisor to S&S Activewear</p>	<p>SOCCER POST AMERICA'S SOCCER STORE</p> <p>has completed a majority recapitalization with</p> <p>TZP GROUP</p> <p>Advisor to Soccer Post</p>	<p>JOCKO FUEL</p> <p>has received a growth equity investment from</p> <p>GOODE PARTNERS</p> <p>Advisor to Origin Labs LLC dba Jocko Fuel</p>	<p>little sleepies</p> <p>has received a majority equity investment from</p> <p>CORTEC Group</p> <p>Advisor to Little Sleepies</p>
<p>Propét</p> <p>has been acquired by</p> <p>MERIT CAPITAL PARTNERS and AIGLON CAPITAL MANAGEMENT</p> <p>Advisor to Propét USA</p>	<p>loungefly</p> <p>has been acquired by</p> <p>Funko</p> <p>a portfolio company of</p> <p>ACON</p> <p>Advisor to Loungefly, Inc.</p>	<p>ML KISHIGO</p> <p>a portfolio company of</p> <p>SOLIS CAPITAL PARTNERS</p> <p>has been acquired by</p> <p>BUNZL</p> <p>Advisor to M.L. Kishigo</p>	<p>LRG</p> <p>has been acquired by</p> <p>Engine</p> <p>Advisor to Lifted Research Group</p>
<p>HYBRID</p> <p>has completed a recapitalization with</p> <p>ALTAMONT CAPITAL PARTNERS</p> <p>and concurrent investment in</p> <p>Fox Head, Inc.</p> <p>Advisor to Hybrid Apparel</p>	<p>me & my BIG ideas</p> <p>THE happy PLANNER®</p> <p>has received a growth equity investment from</p> <p>MAIN POST PARTNERS</p> <p>in partnership with the Founders / Management</p> <p>Advisor to me & my BIG ideas</p>	<p>WINDSOR</p> <p>has been acquired by</p> <p>SUN CAPITAL PARTNERS, INC.</p> <p>Advisor to Windsor Fashions*</p>	<p>Worldwide Golf Shops</p> <p>has completed a majority recapitalization led by</p> <p>CAPITOL HILL GROUP</p> <p>Advisor to Worldwide Golf Shops*</p>

*Represents transactions executed by principals of Intrepid while at previous securities firms.

Decorated Apparel Coverage



Andrew Colmar

Vice President

acolmar@intrepidib.com

Lifestyle Brands Team

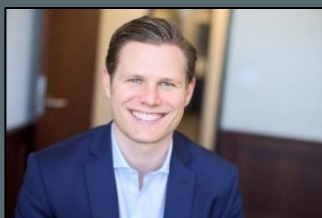
Accessories | Action Sports | Decorated Apparel | Footwear | Home Décor | Outdoor | Retail | Streetwear | Women's Wear



Marvin Padilla

Managing Director

mpadilla@intrepidib.com



Andrew Colmar

Vice President

acolmar@intrepidib.com



Kyle Kearney

Vice President

kkearney@intrepidib.com



Tess Wilen

Associate

twilen@intrepidib.com



Victoria Rosen

Associate

vrosen@intrepidib.com



Cooper Engelman

Analyst



Ellie Taraska

Analyst

etaraska@intrepidib.com

About Intrepid's Lifestyle Brands Practice

Intrepid's **Lifestyle Brands** team has decades of experience advising apparel, retail, accessories, streetwear, outdoor, and footwear companies on the best execution in various transaction types, including sell-side and buy-side, as well as equity and debt capital raises. We maintain deep industry relationships with leading executives, private equity investors, and companies in the industry.

Mergers & Acquisitions | Capital Advisory

Los Angeles | Menlo Park | Charlotte | Chicago | New York | intrepidib.com | 310.478.9000

A member of MUFG, a global financial group. Member FINRA/SIPC