M&A INSIGHT

MERGERS, ACQUISITIONS, DIVESTITURES AND VALUATIONS FOR MIDDLE-MARKET COMPANIES

IN THIS EDITION

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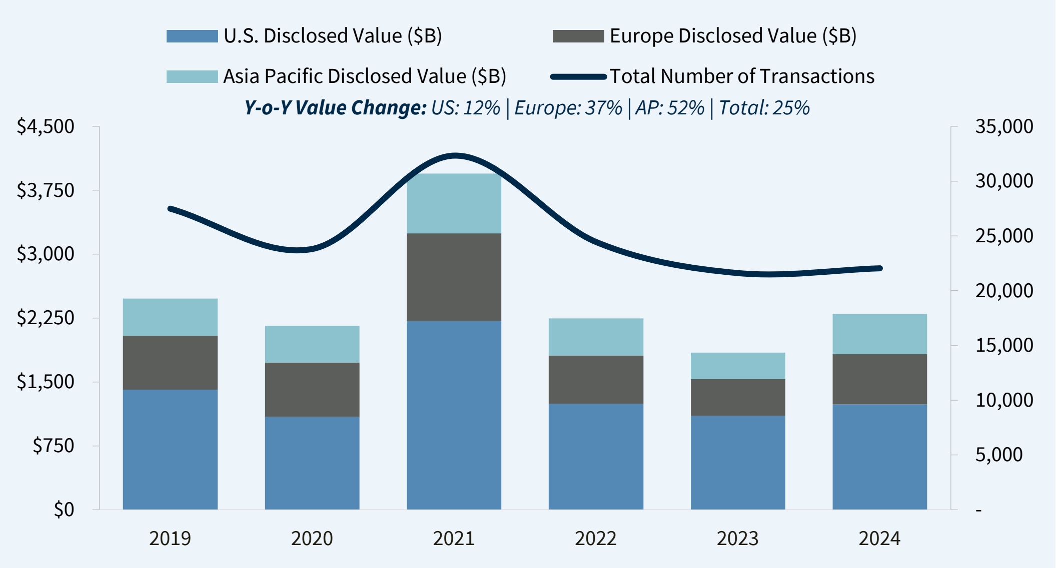
Global M&A Market Commentary

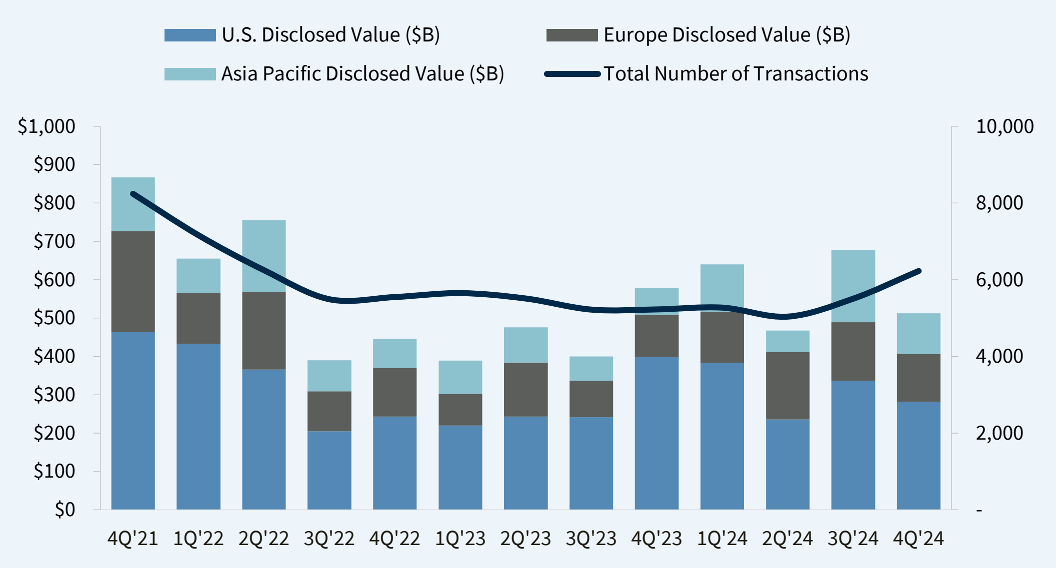
Historical Annual M&A Activity

Total M&A deal volume in 2024 involving targets based in the U.S., Europe and Asia Pacific increased by approximately 2% year-over-year ("Y-o-Y")[(1)]. More significantly, M&A deal value increased approximately 25% in 2024 when compared to 2023[(1)]. M&A deal value rebounded meaningfully in 2024, recording the strongest annual period for transaction value since 2021; all deal size buckets recorded an increase in deal value Y-o-Y. Notably, large transactions ($1,000M+) displayed the largest percentage increase in deal value of ~30%. Historically speaking, large transactions have served as a leading indicator regarding the health of broader M&A activity. The Asia Pacific region had the strongest rebound in performance with a 52% increase in deal value Y-o-Y, including a ~70% increase in deal value and ~13% increase in deal volume within the large transaction ($1,000M+) bucket.



Historical Quarterly M&A Activity

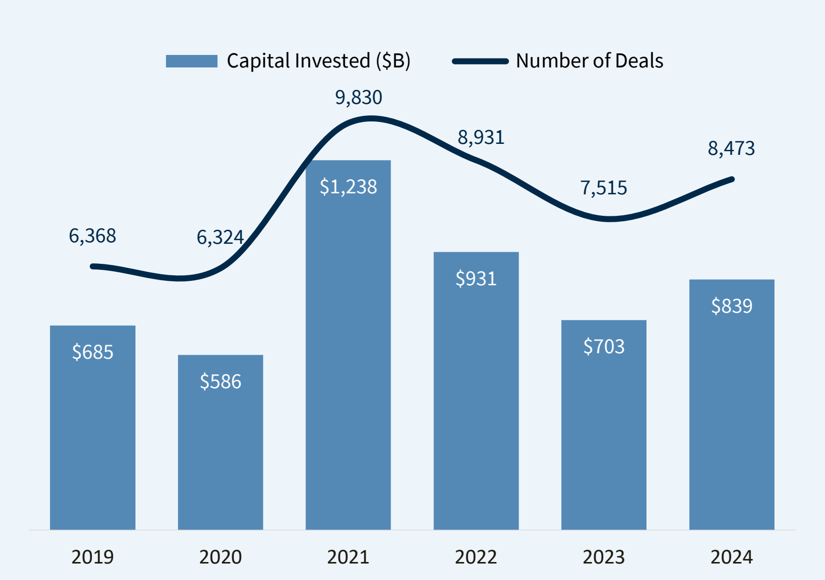
In the U.S., Europe and Asia Pacific, sequential quarter-over-quarter announced M&A deal value decreased by approximately 24%, while deal volume increased by approximately 13% in the fourth quarter of 2024[(1)]. Despite more constructive debt financing markets benefitting from lower interest rates and tighter spreads, aggregate quarterly deal value of approximately $512B represented the softest fourth quarter since 2013 (~$220B), as market participants continue to be challenged by heightened macroeconomic, geopolitical, trade and national security risks. While market practitioners entered 2025 anticipating continued strengthening of the overall M&A market post-election, as Q1 has unfolded rapidly increasing economic and political uncertainties have tempered transaction activity—at least in the immediate term. Despite uncertainties, corporate balance sheets remain strong, and PE firms remain active and are feeling increased pressure to accelerate both the deployment and return of capital.



(1) FactSet; number of transactions includes those with undisclosed values; includes transactions with disclosed values over $10M. Data as of 12/31/2024.

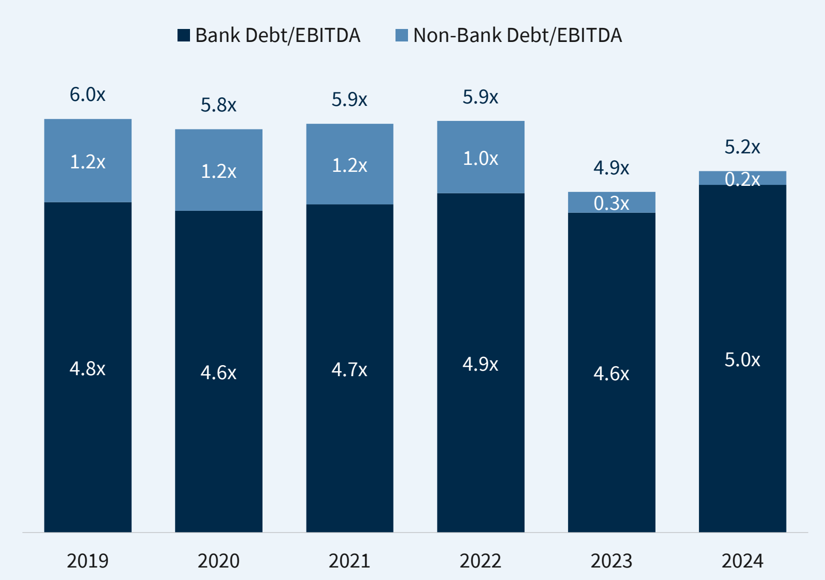
U.S. Private Equity Commentary

Deal Flow[1]



U.S. private equity deal value in 2024 increased approximately 19% when compared to 2023, marking a meaningful recovery where deal value had declined approximately 24% Y-o-Y in 2023. Similarly, when measured by deal volume, U.S. private equity saw a Y-o-Y increase of approximately 12% in 2024. When comparing 2024 over a longer-term horizon, deal value was approximately 27% higher than the annual average since 2014; deal volume was approximately 32% higher than the annual average over the same period. Compositionally, deal sizes from $100M – $500M comprised 28% of total deal volume in 2024, representing a Y-o-Y increase of approximately 2%. When measured by deal value, the same size range saw a year-over-year decrease of approximately 2%, representing approximately 42% of total deal value in 2024[1].

Avg. Multiples of Large Corporate LBO Loans[2]

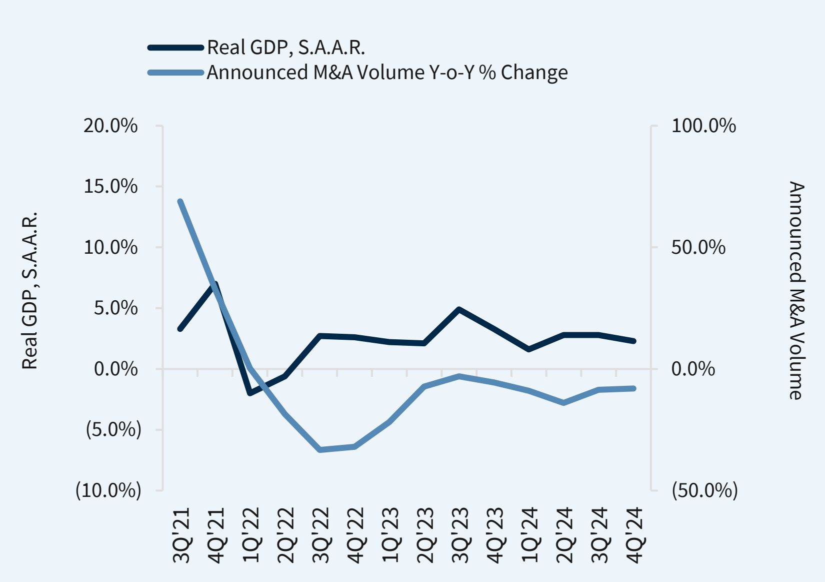


Average debt multiples of large corporate LBO loans finished 2024 higher than full year 2023, increasing by 0.3x to 5.2x, driven by higher LBO loan supply where spreads remained tight (and continue to tighten), and issuers were able to take advantage of rate reductions, particularly in the second half of 2024. With increasingly more accommodative market conditions, refinancing transactions have increased meaningfully, with the 2024 leverage loan market surpassing $1T in transaction value for the first time, representing an increase of approximately 253% from 2023 and approximately 36% higher compared to the previous record set in 2017. Despite deal flow migrating back to the broadly syndicated loan market, private credit continues to be an important component of the financing ecosystem for both new issuances and refinancing existing credits, as estimates indicate the market could capture as much as $3T in assets moving off bank balance sheets by 2030[4].

(1) PitchBook, *"US PE Breakdown"*. Data as of 12/31/2024.
(2) S&P LCD Report. Includes issuers with EBITDA greater than $50M. Data as of 12/31/2024.
(3) Fitch Ratings.
(4) Pitchbook US Credit Markets Report.

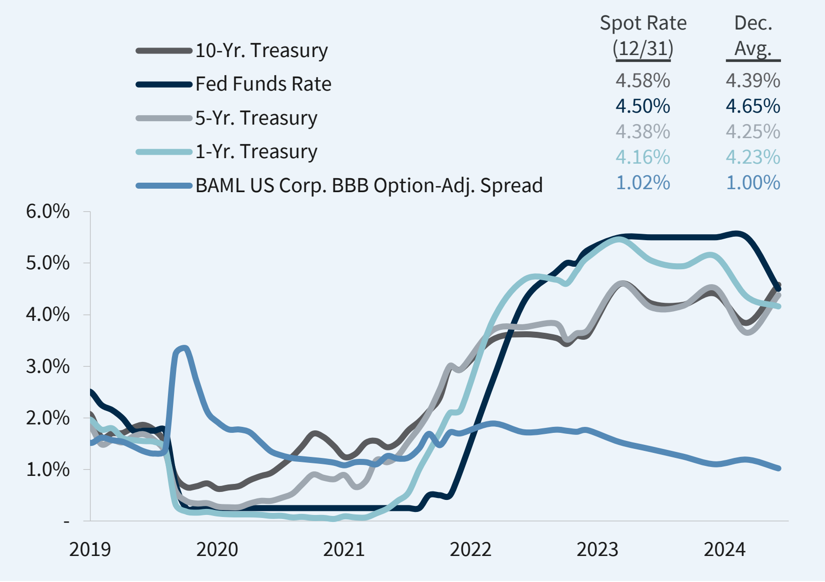
U.S. Corporate Finance Commentary

U.S. GDP Growth vs. M&A Activity[1][2][3]



U.S. real GDP growth, historically an indicator of M&A activity and a barometer for overall economic health, is estimated to have increased at an annualized pace of 2.3% in Q4 2024; comparatively, GDP increased 3.1% in Q3 2024, 3.0% in Q2 2024 and 1.6% in Q1 2024. The increase in fourth quarter GDP reflected increases in consumer spending and government spending. Real personal spending, which accounts for about 70% of GDP, had a positive impact on GDP growth, increasing 4.2% in the fourth quarter of 2024, compared to increases of 3.7%, 2.8% and 1.9% in each of the last three sequential quarters, respectively. The Consumer Price Index, a broader measure of inflation in the economy, increased 2.9% for the twelve-month period ending December 2024.

U.S. Corporate Spreads[4]

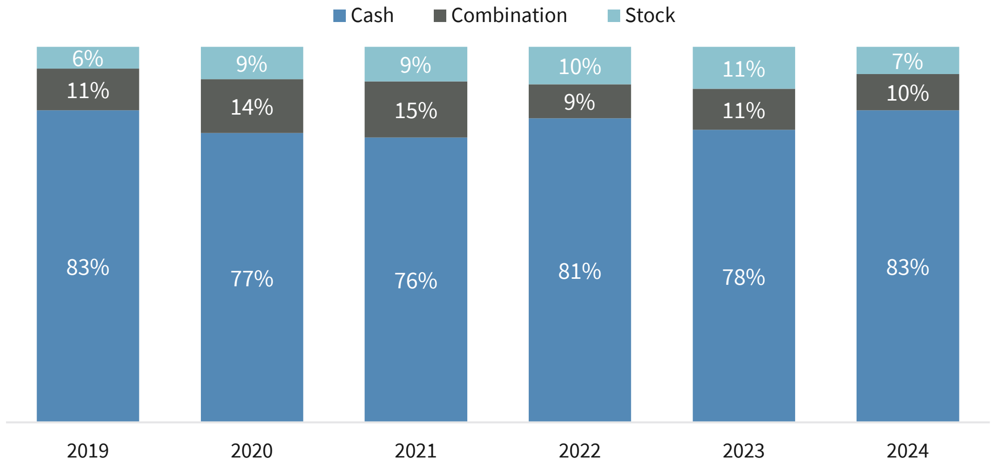


In 2024, the Fed cut rates by 50 bps in September, 25 bps in November and 25 bps in December, bringing the fed funds range to 425 – 450 bps. During the first two meetings in 2025, the Fed has opted to maintain the target range for the federal funds rate at the same range, reflecting a "wait-and-see" approach amid heightened economic uncertainties. Additionally, the Fed also announced a calibrated slowdown in the pace of quantitative tightening, with the monthly cap on U.S. Treasury redemptions reduced by 80% to $5B. The stock market continued its momentum in the fourth quarter as the S&P 500 increased ~3.0%, reaching a record high. Multiple sectors posted growth during the fourth quarter, led by the consumer discretionary sector at ~14.6%. Following consumer discretionary was the communication services and information technology sectors, which posted increases of ~8.2% and ~7.5%, respectively.

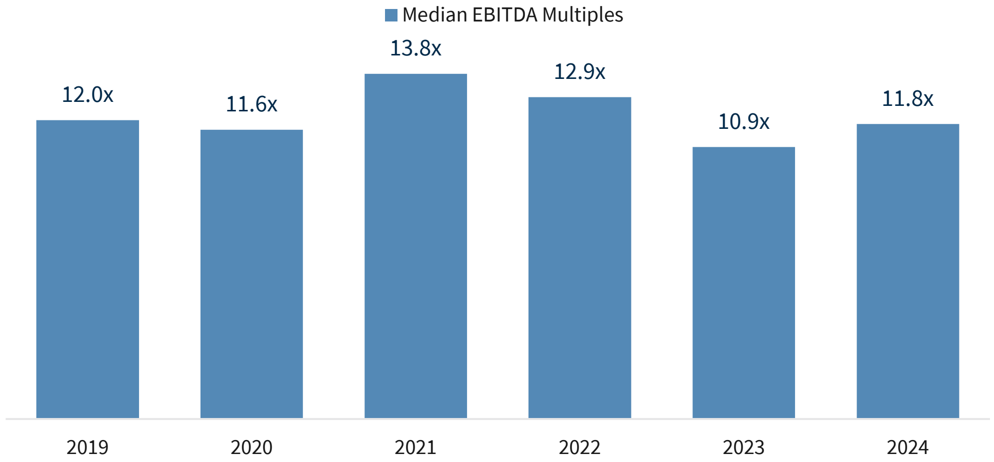
(1) U.S. Bureau of Economic Analysis. Updated as of latest available (02/27/2025).
(2) FactSet.
(3) GDP growth based on 2012 dollars.
(4) Federal Reserve Economic Data. Data represents the monthly average.

M&A Market Statistics

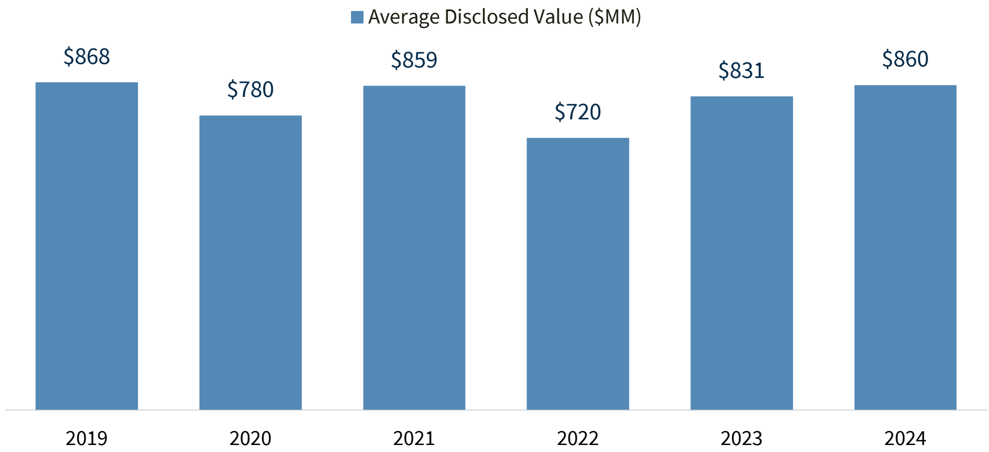
Consideration Offered in U.S. M&A Transactions[1][2]



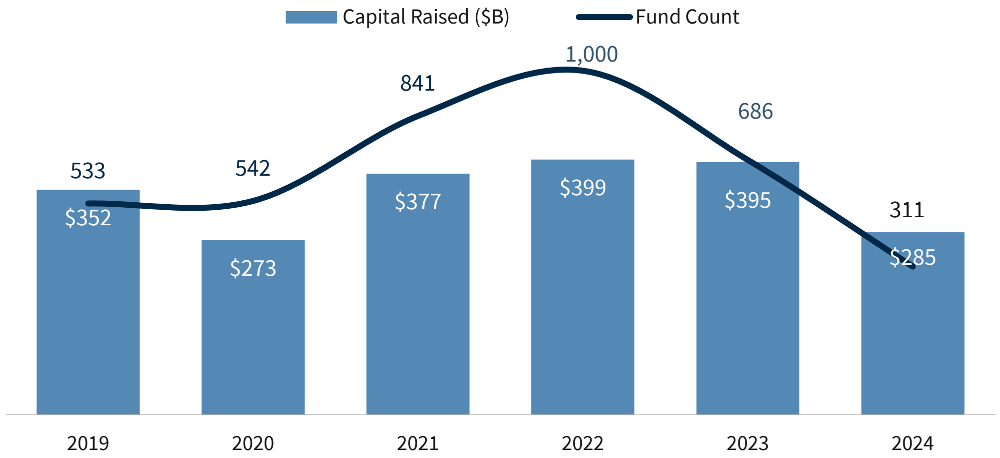
Median EBITDA Multiples in U.S. M&A Transactions[1][2]



Average Size of U.S. M&A Transactions[1][2]



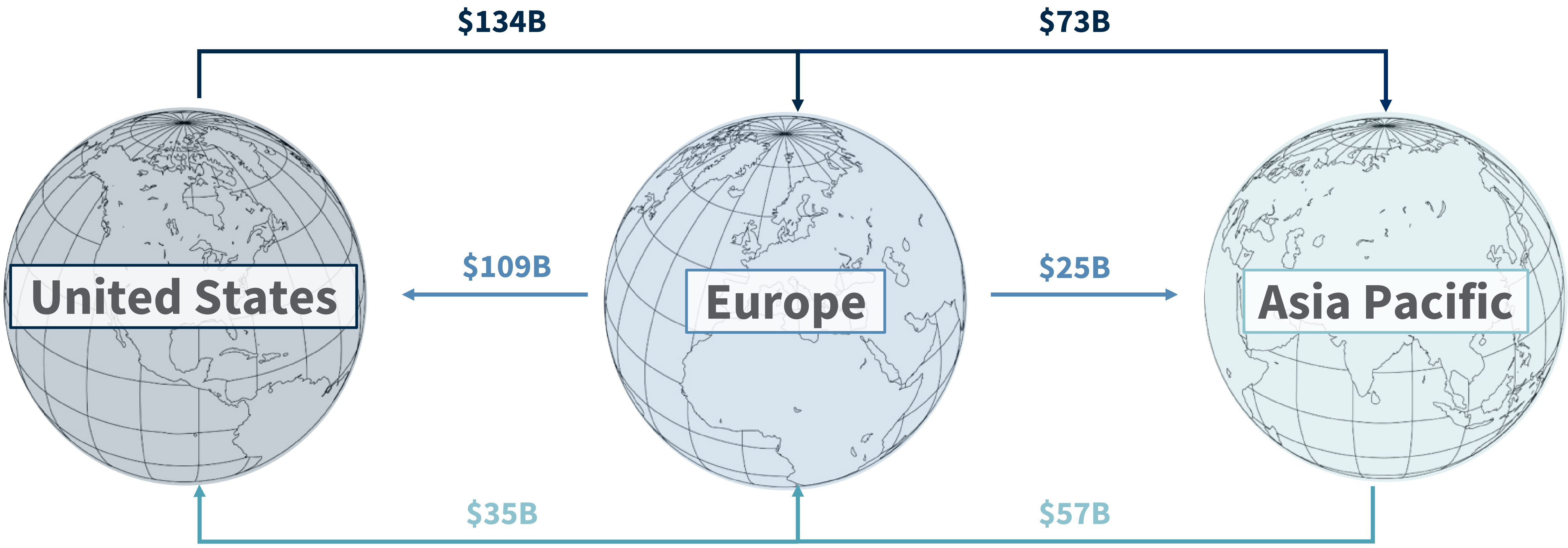
U.S. Private Equity Fundraising[3]



(1) FactSet; data as of 12/31/2024.
(2) Includes transactions with disclosed values over $10M.
(3) PitchBook, *"US PE Breakdown"*. Data as of 12/31/2024.

M&A Market Statistics

2024 Cross Border M&A Deal Activity(1)



(1) Source: FactSet; number of transactions includes those with undisclosed values; Includes transactions with disclosed values over $10M. Data from 1/1/2024 – 12/31/2024.

Economic Commentary

Eugenio J. Alemán, Ph.D.
March 28th, 2025
Chief Economist, Private Client Group

Tariff Uncertainty to Stay Longer than Expected; Tariff Costs to Go Higher

We were in the camp that the new administration was using the threat of tariffs as an instrument to negotiate deals with other countries, especially with our largest trading partners, Canada and Mexico. However, that no longer seems to be the case, as President Trump announced a 25% tariff on all automobile imports starting April 3 and a 25% tariff on automotive parts starting May 2. These changes, which will remain in flux for several more months make it difficult to know the final effects of these measures. However, what is sure is that the uncertainty will remain with us for a bit longer and the costs of the tariffs will continue to increase.

We have stressed over the last several months that such high uncertainty is not good for economic activity. Consumers have been letting the administration know that they are not happy with these levels of uncertainty by responding to consumer confidence and sentiment surveys, which have dropped back to levels that existed before the presidential election. At the same time, there is a high probability that the uncertainty regarding tariffs has made consumers change their behavior. We have heard that people planning to buy a car later in the year have decided to buy the car today to avoid the extra costs expected by the increase in tariffs, etc. These 'forced' changes in behavior are, typically, not positive for economic activity because they push consumption forward and have the potential to reduce consumption in the future, especially for durable goods.

For firms, the high uncertainty environment is bad as many firms are scrambling to make the adjustments necessary for their businesses to remain competitive, to manage their inventory levels, to plan ahead, etc. For example, the February NFIB Small Business Survey showed a decline in seven of the ten components of the index compared to January due to increased uncertainty about the future. Still, business confidence seems to be in better shape than consumer confidence today, but the longer such high levels of uncertainty linger, the higher the probability that it creates increased stress in the economy.

Higher Prices for Smaller Cars

The increase in automobiles and automobile parts tariffs will hurt Americans in general but it will hurt those that are struggling economically and financially even more. As we have said in the past, American auto manufacturers decided a long time ago that they were not competitive nor profitable in producing small cars/sedans and decided to specialize in the production of light trucks (See our previous reports for May 24, 2024; February 7, 2025; and February 25, 2025), whose production has been protected with a 25% tariff since the 1960s. Thus, they have been importing cheaper/smaller cars and typically produce high-end light trucks in the US. However, the imposition of tariffs on small cars/sedans imports, even from Canada and Mexico, will increase the average price of small cars/sedans considerably, hitting lower-income Americans the most.

Since we no longer produce small cars, the new tariffs will have an immediate impact and while there have been reports that President Trump has asked automobile companies to refrain from increasing prices by using tariffs as an argument, it will be very difficult for them to do that if they want to remain in business. One of the arguments for tariffs used by the Trump administration is that they want automobile companies to increase domestic production. However, as we have argued before, this will need billions of dollars in new investments and could take from five to ten years. During this time, automobile companies will have to be able to raise capital for these new investments and they cannot do it if their businesses are losing money because they cannot raise prices to take into account tariffs.

Furthermore, the auto loan market is already on high alert. Delinquency rates on auto loans, as well as credit cards, have been on the rise for a while and are approaching levels not seen since the Great Recession. An increase in the price of cars is going to put even more stress on the automobile sector and the automobile lending market, as it will tend to reduce the number of potential buyers.

Source: Raymond James Weekly Economics, "Thoughts of the Week". Link. FactSet, RJ Economics.

Raymond James

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Industry knowledge and distribution power are central to helping Raymond James' investment bankers serve the needs of growth companies in the areas of public equity and debt underwriting, private equity and debt placement, and merger and acquisition advisory services. Raymond James investment banking offices are located in 20 cities, including Atlanta, Boston, Charlotte, Chicago, Dallas, Denver, Greater Washington D.C., Houston, Los Angeles, Memphis, Nashville, New York, Raleigh, San Francisco, St. Petersburg, Toronto and Vancouver, along with Munich, Frankfurt and London in Europe.

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Raymond James recent Advisory transactions (10/01/24-12/31/24)

December 2024
FC2 FEMALE CONDOM
business of
veru
has been acquired by
RIVA RIDGE

December 2024
wirtualna polska
has acquired
invia Group

December 2024
valcon
a portfolio company of
WATERLAND
has received a majority investment from
Rivean Capital

December 2024
100
has received an investment from
LEVINE LEICHTMAN CAPITAL PARTNERS

December 2024
cerberus
has acquired
LANDMARK
a portfolio company of
GRAYCLIFF PARTNERS

December 2024
Firian
a portfolio company of
Deutsche Beteiligungs AG
has acquired
VANSTRAELEN SPRINKLER + PIPING

December 2024
Firian
a portfolio company of
Deutsche Beteiligungs AG
has acquired
a2ap

December 2024
ButterflyMX
a portfolio company of
VOLITION CAPITAL
JMI
secures significant growth equity investment from
FTV CAPITAL

December 2024
HUB ORGANOIDS
has been acquired by
MERCK

December 2024
First Commonwealth.
has agreed to acquire
CenterBank

December 2024
HALIFAX GROUP
has acquired
Q·MATION

December 2024
TruckerTools
a subsidiary of
ASG
has been acquired by
DAT Freight & Analytics
a subsidiary of
Roper Technologies

December 2024
BerkshireHills Bancorp
has agreed to a merger of equals with
BROOKLINE BANCORP

December 2024
TRIUMVIRATE ENVIRONMENTAL
has been acquired by
Berkshire Partners

December 2024
Carter Bank
has agreed to acquire two branches from
FIRST RELIANCE BANK

December 2024
Broadlume
a portfolio company of
PSG
has agreed to be acquired by
Cyncly
a portfolio company of
GENSTAR
TA ASSOCIATES

December 2024
THOMABRAVO
has acquired a majority stake in
USU Product Business

December 2024
Nationwide Medical
has been acquired by
HERITAGE GROUP
Acquisition financing arranged by Raymond James

December 2024
tci Trademark Cosmetics, Inc.
a portfolio company of
TRUARC PARTNERS

November 2024
kravet
has received a majority investment from
DUNES POINT CAPITAL

November 2024
plentysystems
has agreed to received a significant growth investment from
PSG

November 2024
inseego Telematics Business
has been acquired by
Ctrack
a portfolio company of
CONVERGENCE PARTNERS

November 2024
CSD Center for Social Dynamics
a portfolio company of
NMS CAPITAL
has been capitalized by
Goldman Sachs Alternatives

November 2024
OLIVE & JUNE
has agreed to be acquired by
Helen of Troy

Raymond James recent Advisory transactions (10/01/24-12/31/24) (cont.)

- November 2024 — Hg has made a significant investment in Empyrean Solutions
- November 2024 — Keensight Capital has acquired a minority stake in advancis
- November 2024 — ondeso has been acquired by everfield
- November 2024 — Numerated, a portfolio company of Fintop, Patriot, Venrock, has been acquired by Moody's
- November 2024 — i-Tracing Cybersecurity has been acquired by Oakley Capital, Eurazeo, Sagard
- November 2024 — MidFirst Bank has acquired seven branches from Amerant
- November 2024 — Brava has been acquired by Golden Gate Capital
- November 2024 — JobNimbus, a portfolio company of Mainsail Partners, has received a growth investment from Sumeru
- November 2024 — Implan, a portfolio company of Boathouse, has been acquired by Charlesbank
- November 2024 — Commercial Bank has acquired Community Bank of the Bay, Different. On Purpose.
- November 2024 — CH Investment Partners has been acquired by Cresset
- November 2024 — Badia majority sale to bia and BDT&MSD
- November 2024 — Charter Impact has received an investment from Red Iron Group
- November 2024 — terminus, a portfolio company of Great Hill Partners, edison partners, Atlanta Ventures, has merged with demandscience
- October 2024 — Sero EMS Group, a portfolio company of Deutsche Beteiligungs AG, has acquired EPSa
- October 2024 — Stealth Monitoring, a portfolio company of Twin Point, LLR, Auxo, has been acquired by GardaWorld
- October 2024 — Kaizen has secured a new strategic growth investment from Guidepost Growth Equity
- October 2024 — alterDomus, a portfolio company of Permira, has secured a new strategic investment from Cinven
- October 2024 — lmn, a portfolio company of Serent Capital, has been acquired by SingleOps, a portfolio company of FTV Capital
- October 2024 — Bregal Unternehmerkapital has acquired Communardo
- October 2024 — ara Antenna Research Associates has been acquired by Oceansound Partners
- October 2024 — The Vets Pet Care Comes Home has merged with BetterVet
- October 2024 — Hub Group has entered into a joint venture with EASO
- October 2024 — Legacy Pharma Solutions has been acquired by Nutra-Med Packaging, a portfolio company of GenNx360 Capital Partners

Past performance is not indicative of future results.

Raymond James recent Advisory transactions (10/01/24-12/31/24) (cont.)

October 2024
3MG Roofing & Solar
has received an investment from
Bayview Asset Management

October 2024
ipn Inspired Pet Nutrition
a portfolio company of
CAPVEST
has acquired
Butcher's Nourishing Food for Dogs

October 2024
ROIMA
a portfolio company of
Intera Partners
has been acquired by
CortenCapital

October 2024
SKIMMER
a portfolio company of
Unbundled Capital
has raised $74M in growth capital from
Mainsail Partners

October 2024
ALERUS
has acquired
HMN Financial, Inc.

October 2024
Risk Control Technologies Inc.
a portfolio company of
Long Span Technologies
has been acquired by
Duck Creek Technologies
a portfolio company of
VISTA

October 2024
F24
a portfolio company of
Hg
has received a majority investment from
ALTOR

October 2024
atVenu
a portfolio company of
Frontier Growth
has received an equity investment from
Sixth Street

October 2024
JAMCO Group
has been acquired by
Imperative Logistics Group
a portfolio company of
Littlejohn & Co.

October 2024
iFH
has merged with
Capital Bancorp, Inc.

October 2024
Business First Bancshares
has acquired
Oakwood Bank

October 2024
W Services Group
has been acquired by
Bessemer Investors
Supported by debt financing arranged by Raymond James

October 2024
Orenco Systems
has been acquired by
Infiltrator Water Technologies
a wholly-owned subsidiary of
ADS Advanced Drainage Systems, Inc.

Raymond James recent Capital Markets transactions (10/01/24-12/31/24)

December 2024
AOI
$125,000,000
Convertible Offering
Left Bookrunner

December 2024
VersaBank
$86,250,001
Follow-On Offering
Left Bookrunner

December 2024
Berkshire Hills Bancorp
$100,000,000
Private Placement of Common Equity
Sole Placement Agent

December 2024
FFIC FLUSHING Financial Corporation
$70,000,001
Follow-On Offering
Active Bookrunner

December 2024
COASTAL FINANCIAL CORPORATION
$97,980,000
Follow-on Offering
Co-Manager

December 2024
Gallagher
$8,500,000,040
Follow-On Offering
Co-Manager

December 2024
DATADOG
$1,000,000,000
Convertible Offering
Co-Manager

December 2024
PROFOUND
$40,250,288
Follow-On Offering
Active Bookrunner

December 2024
Crescent Energy
$346,150,000
Follow-on Offering
Active Bookrunner

November 2024
MERCHANTS BANCORP
$230,000,000
Perpetual Preferred
Active Bookrunner

November 2024
OneStream
$465,000,000
Follow-On Offering
Passive Bookrunner

November 2024
KODIAK GAS SERVICES
$226,500,021
Follow-On Offering
Passive Bookrunner

November 2024
DIME
$143,749,984
Follow-On Offering
Left Bookrunner

November 2024
DIGITAL REALTY
$1,150,000,000
Convertible Offering
Co-Manager

October 2024
CARETRUST REIT
$507,840,000
Follow-on Offering
Co-Manager

October 2024
BOEING
$18,500,625,000
Follow-On Offering
Co-Manager

October 2024
BOEING
$5,750,000,000
Convertible Offering
Co-Manager

October 2024
INGRAM MICRO
$470,580,000
Initial Public Offering
Co-Manager

October 2024
ProQR
$69,790,252
Follow-On Offering
Active Bookrunner

October 2024
GUIDEWIRE
$690,000,000
Convertible Offering
Co-Manager

October 2024
GBank Financial Holdings Inc.
$20,000,000
Private Placement of Common Equity
Lead Placement Agent

October 2024
Scholar Rock
$345,000,046
Follow-On Offering
Co-Manager

October 2024
Chain Bridge BANCORP, INC.
$43,843,734
Initial Public Offering
Active Bookrunner

Past performance is not indicative of future results.

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