

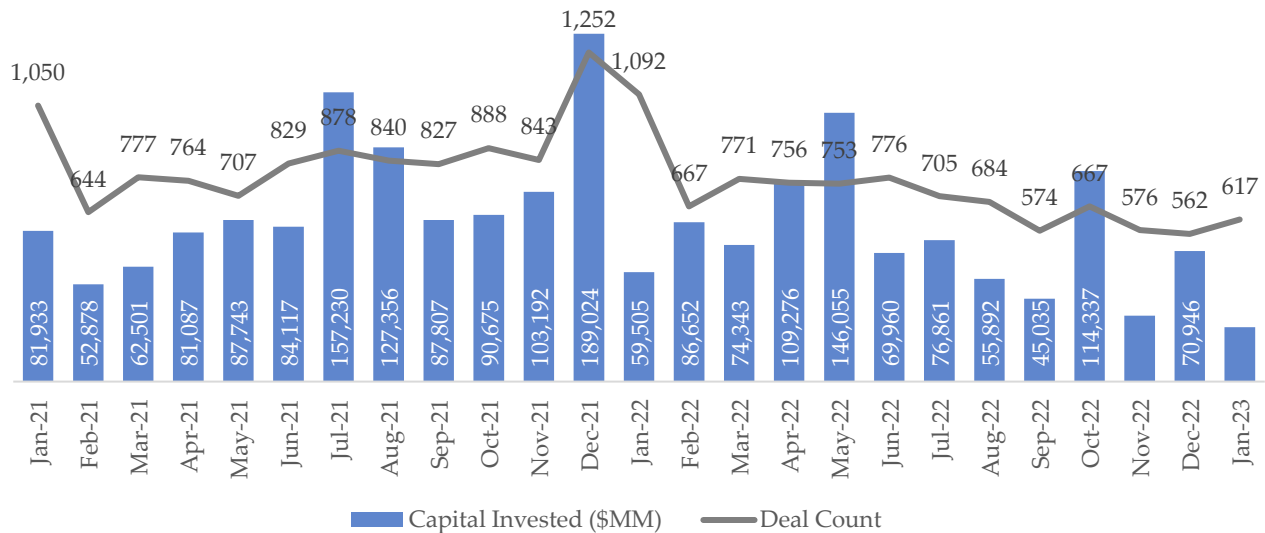


U.S. M&A Report

January 2023

OVERVIEW

Trailing 24 Months M&A Activity



Source: PitchBook

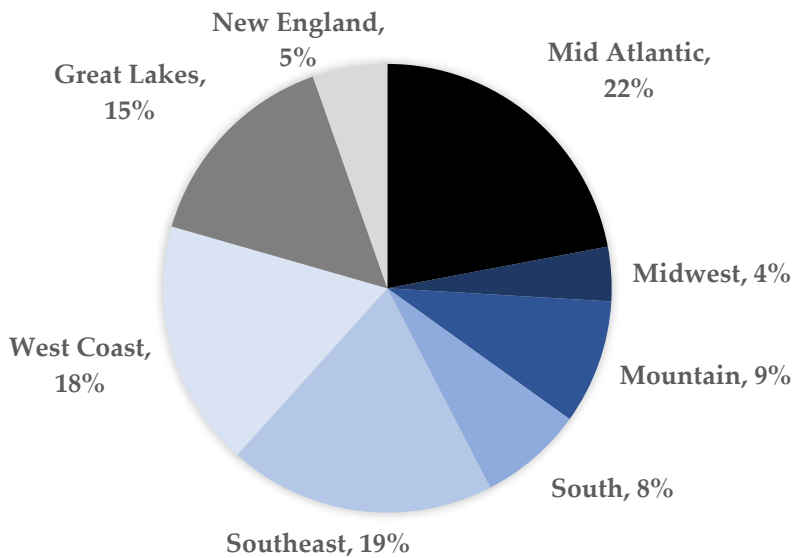
Perspectives on US M&A Market

There were 617 deals completed in January of 2023. M&A activity at the beginning of 2023 is expected to remain on the lower end, consistent with 2022. Buyers and sellers must first understand how inflation, interest rates, and consumer demand will impact valuations.

However, the second half of 2023 is expected to see an increase in dealmaking. This increase is expected to be led by a variety of factors such as well-capitalized companies making acquisitions in their core businesses. The three sectors most likely to see this effect include Healthcare, Technology, and Energy.

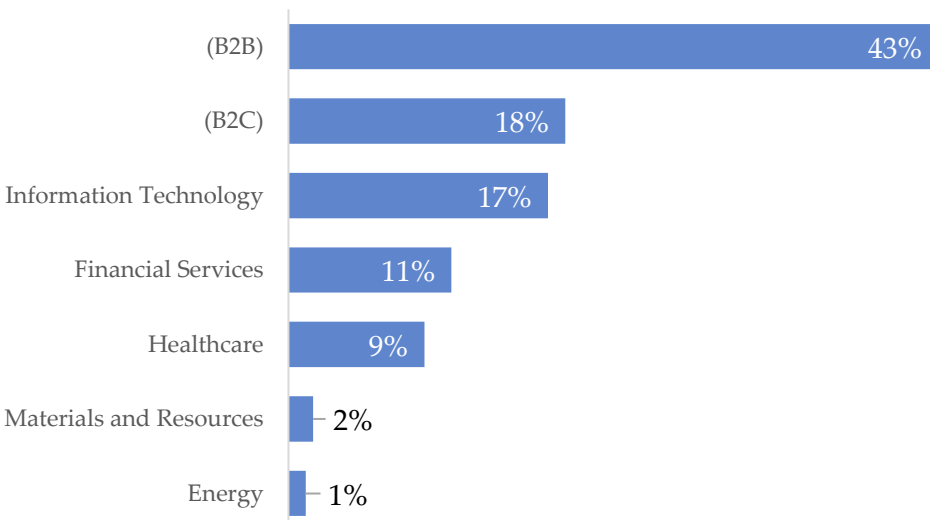
Another source would be financial sponsors, who are currently holding record amounts of capital, will likely begin to deploy this capital. Additional areas likely to boost M&A activity include an increase in international deals and an increase in shareholder activists advocating for more M&A. Overall while likely to start slowly, 2023 is expected to be a good year for M&A.

January 2023 M&A Deal Regionality



The Mid Atlantic and Southeast led the U.S. regions in percent of deals done in January 2023 coming in with 135 and 118 deals, respectively. The West Coast, Great Lakes, Mountain, and South regions followed suit with 109, 93, 55, and 46 deals respectively.

January 2023 Top M&A Sectors (% of Total Deals)



The B2B and B2C sectors led M&A activity in January 2023 combining for 61% of deals. Information technology, financial services, healthcare, materials and resources, and energy sectors followed suit accounting for the other 39%. The information technology sector has continued its hyper-growth stage as technological advancements continue in the U.S.; the sector is expected to continue to boom in the M&A market as larger firms look for add-ons and synergies to maintain a competitive advantage in the market.

January Transaction Highlights

VillageMD / Summit Health *(New Jersey)*

VillageMD acquired Summit Medical Group for \$8.9 billion. The acquisition will lead to more than 680 provider locations in 26 markets, making them one of the largest independent provider groups in the country



PTC / ServiceMax (California)

PTC acquired ServiceMax for \$1.46 billion. The acquisition is expected to strengthen PTC's closed-loop product lifecycle management offerings

Voya Financial / Benefitfocus (South Carolina)

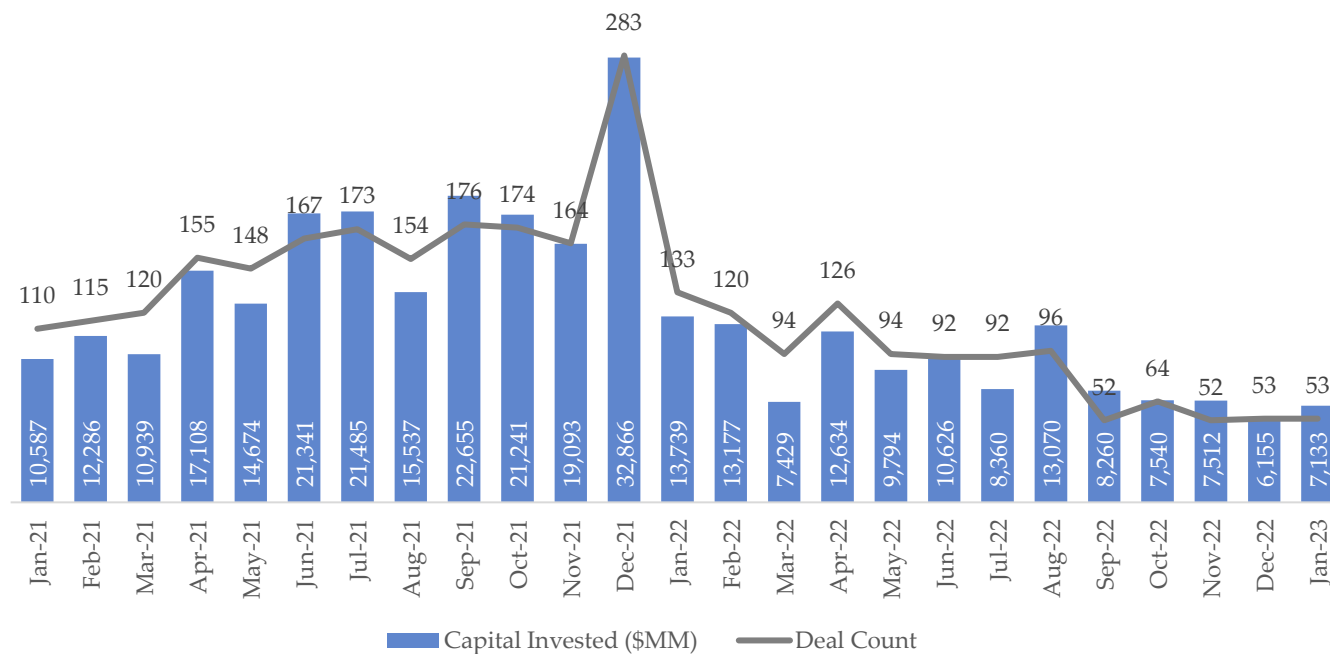
Voya Financial acquired Benefitfocus for \$570 million. The acquisition accelerates Voya's strategy in health and wealth solutions



Lower-Middle Market

(\$5MM-500MM Transactions)

Trailing 24 Months M&A Activity



Source: PitchBook

Monthly Analysis

Lower-middle market U.S M&A activity has followed a similar trend to that of the broader market. As seen in both the lower-middle market and the broader market, deal counts cooled off in 2022 in comparison to 2021. This muted effect has now continued into 2023

Healthcare IT and SaaS sectors have seen explosions in M&A activity within the lower-middle market as larger companies look for niche add-ons that provide synergies to maintain a competitive advantage in the two growing competitive markets. The lower-middle market will continue to follow trends of the broader market as we navigate 2023 with leverage ratios decreasing across the market.

January Transaction Highlights

Masonite / Endura Products (North Carolina)

Masonite acquired Endura Products for \$375 million. The transaction will accelerate Masonite's strategy by unlocking the value of fully integrated door solutions



Seacoast Bank / Professional Holding (Florida)

Seacoast Bank acquired Professional Holding for \$488.6 million. The acquisition will help strengthen Seacoast Bank's growth strategy and expand its presence in the tri-country South Florida market

The First Bancshares / Heritage Southeast Bancorporation (Georgia)

The First Bancshares acquired Heritage Southeast Bancorporation for \$207 million. The acquisition will expand The First Bancshares presence in Georgia and Florida.



Selected U.S. Lower/Middle Market Transactions for January 2023

Deal Date	Companies	Investors	Deal Size (\$MM)
31-Jan-2023	Professional Holding	Seacoast Bank (NAS: SBCF)	488.60
31-Jan-2023	Elementis (Chromium Unit)	Yildirim Group	170.00
18-Jan-2023	Royal Crown Cola	Macay Holdings (PHS: MACAY)	21.40
13-Jan-2023	Streamsong Resort	Lone Windmill	160.00
13-Jan-2023	Farmers Bank Windsor	TowneBank (NAS: TOWN)	56.00
05-Jan-2023	Dog Food Advisor	Wag! (NAS: PET)	9.00
04-Jan-2023	Blasters	Federal Signal (NYS: FSS)	22.00
03-Jan-2023	Endura Products	Masonite (NYS: DOOR)	375.00
03-Jan-2023	OncoBay Clinical	Neuca (WAR: NEU)	33.50
03-Jan-2023	EEDS	HealthStream (NAS: HSTM)	7.00
01-Jan-2023	Heritage Southeast Bancorporation	The First Bancshares (PINX: FBSI)	207.00