

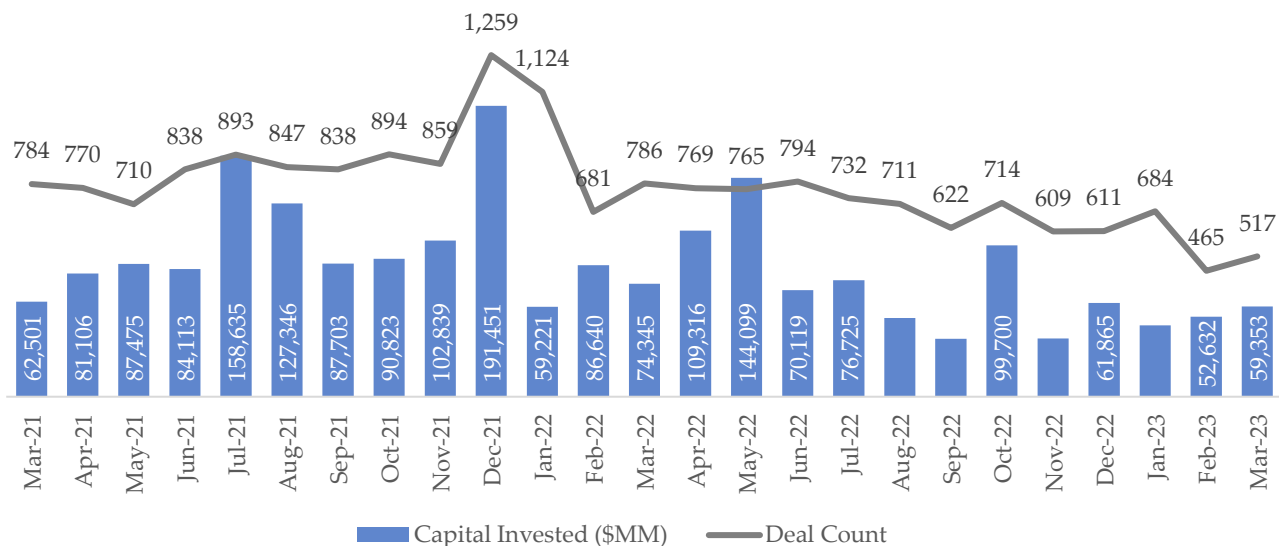


U.S. M&A Report

March 2023

OVERVIEW

Trailing 24 Months M&A Activity



Source: PitchBook

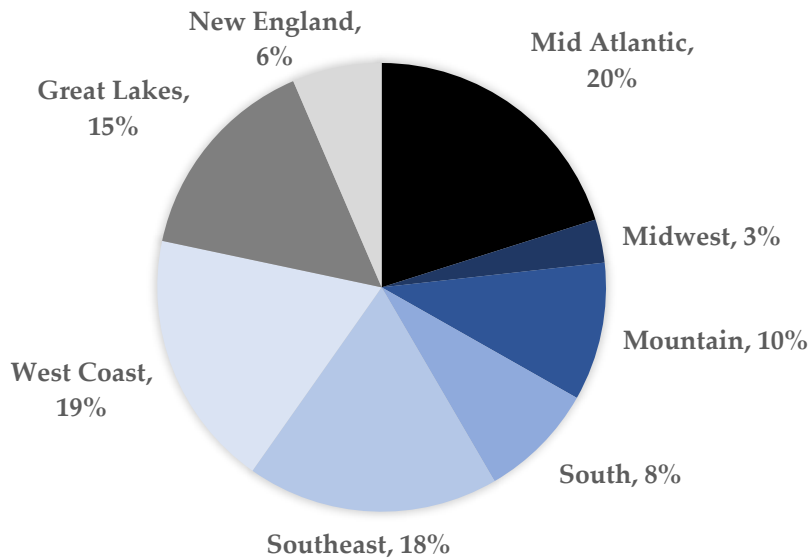
Perspectives on US M&A Market

There were 517 deals completed in March of 2023. M&A activity saw an uptick in deal count and capital invested. However, M&A activity remains lower compared to 2022. Buyers and sellers will continue to deal with an uncertain economic environment over the course of 2023.

The second half of 2023 is still 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.

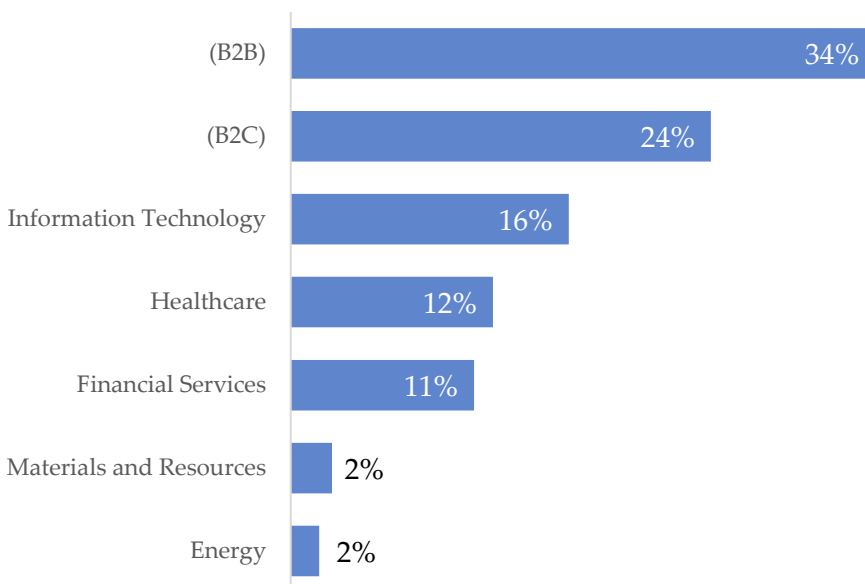
Another source would be financial sponsors, who are currently holding record amounts of dry powder, will likely continue to deploy this capital. Additional areas likely to boost M&A activity include an increase in international deals and an increase in shareholder activists advocating for more M&A activity. Overall, while deal activity is cool to start 2023, the latter half of the year is expected to pickup.

March 2023 M&A Deal Regionality



The Mid Atlantic and the West Coast led the U.S. regions in percent of deals done in March 2023 coming in with 103 and 95 deals, respectively. The Southeast, Great Lakes, Mountain, and South regions followed suit with 93, 78, 51, and 43 deals respectively.

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



The B2B and B2C sectors led M&A activity in March 2023 combining for 58% of deals. Information technology, financial services, healthcare, materials and resources, and energy sectors followed suit accounting for the other 42%. 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.

March Transaction Highlights

CVS Health / Signify Health (Texas)

CVS Health acquired Signify Health for \$8 billion. The acquisition enhances CVS Health's connection to consumers in the home and better address patient needs.



globalpayments



Global Payments / EVO Payments (Georgia)

Global Payments acquired EVO Payments for \$4 billion. The acquisition expands Global Payments' geographic footprint around the world, while also strengthening existing locations.

TD Bank Group / Cowen Inc. (New York)

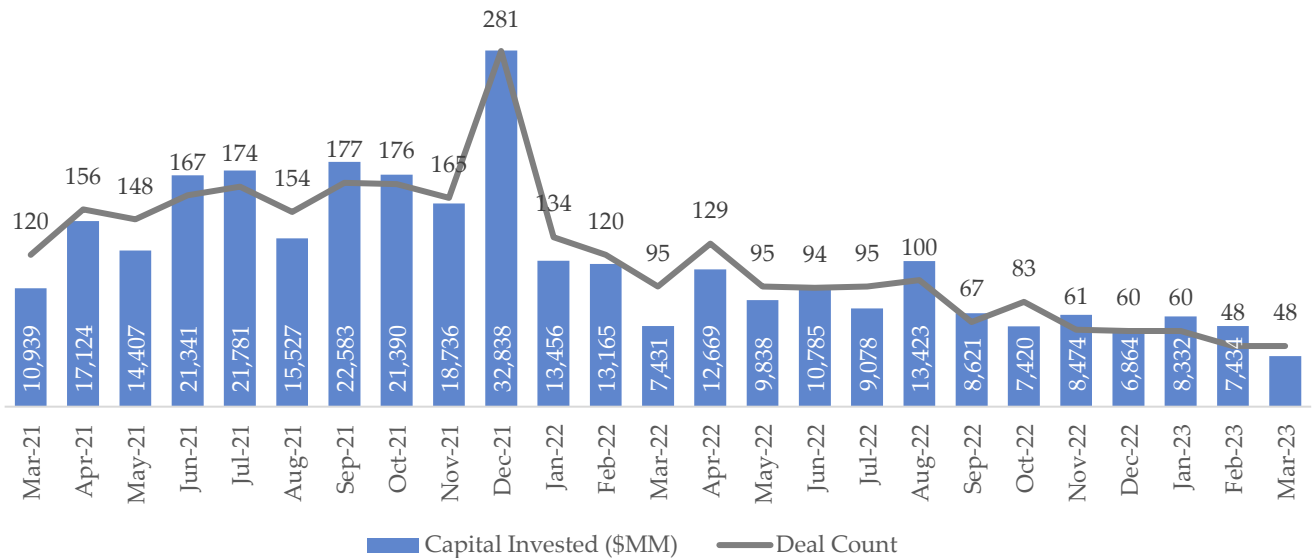
TD Bank Group acquired Cowen Inc. for \$1.3 billion. The acquisition advances TD Securities' long-term growth strategy in the US. It will also add highly complementary products and services to TD Securities' existing businesses.



Lower-Middle Market

(\$5MM-500MM Transactions)

Trailing 24 Months M&A Activity



Source: PitchBook

Monthly Analysis

Lower-middle market U.S M&A activity saw a decrease in capital invested from a February. 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 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.

March Transaction Highlights

Hewlett Packard Enterprise / Axis Security (Texas)

Hewlett Packard acquired Axis Security for \$500 million. The transaction enhances Hewlett Packard's ability to provide edge-to-cloud security capabilities by offering a unified Secure Access Services Edge.



Hewlett Packard Enterprise

axis



Stahl Holdings / ICP Industrial (Illinois)

Stahl Holdings acquired ICP Industrial for \$205 million. The acquisition reinforces Stahl Holdings' position as the global leader in specialty coatings for flexible substrates.

Sonata Software / Quant Systems (Texas)

Sonata Software acquired Quant Systems for \$160 million. The acquisition will further Sonata's strategy to accelerate the growth curve and build scale.



SONATA SOFTWARE



QUANT SYSTEMS

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

Deal Date	Companies	Investors	Deal Size (\$MM)
28-Mar-23	Sevana Bioenergy	Ontario Teachers' Pension Plan	250.00
20-Mar-23	Trax USA	AAR	140.00
19-Mar-23	Signature Bank	Flagstar Bank	300.00
16-Mar-23	ICP Industrial	Stahl Holdings	205.00
16-Mar-23	Quant Systems	Sonata Software	160.00
15-Mar-23	Storage Solutions	Jungheinrich	375.00
10-Mar-23	Hilton Minneapolis Hotel	Wells Fargo	225.00
9-Mar-23	First Eagle Alternative Capital BDC	Crescent Capital BDC	365.00
8-Mar-23	Semi-Stow	GreenPoint Partners	500.00
8-Mar-23	F-Star Therapeutics	invoX Pharma	161.00
8-Mar-23	RSI Logistics	Trinity Industries	70.00
7-Mar-23	GammaRey	GoLogiq	320.00
7-Mar-23	Carisma Therapeutics	Sesen Bio	140.00
7-Mar-23	Ault Alliance	Ecoark Holdings	100.00
3-Mar-23	GEO Semiconductor	indie Semiconductor	270.00
2-Mar-23	Axis Security	Hewlett Packard Enterprise	500.00
2-Mar-23	Transit Energy Group	GPM Investments	375.00
2-Mar-23	Opiant Pharmaceuticals	Indivior	145.00
1-Mar-23	Lone Star State Bank of West Texas	Prosperity Bancshares	226.42