M&A INSIGHT

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

IN THIS EDITION

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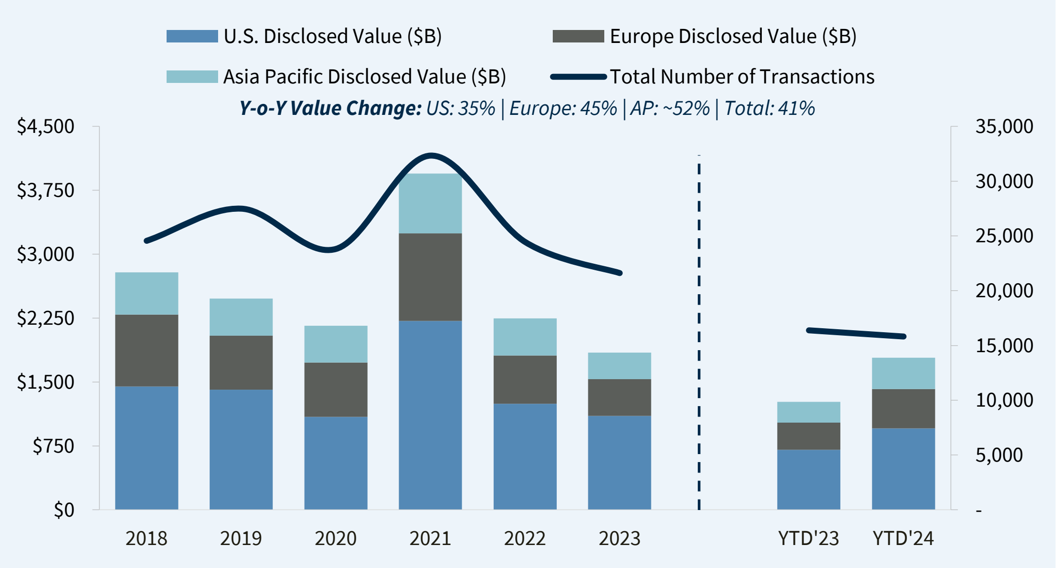
Global M&A Market Commentary

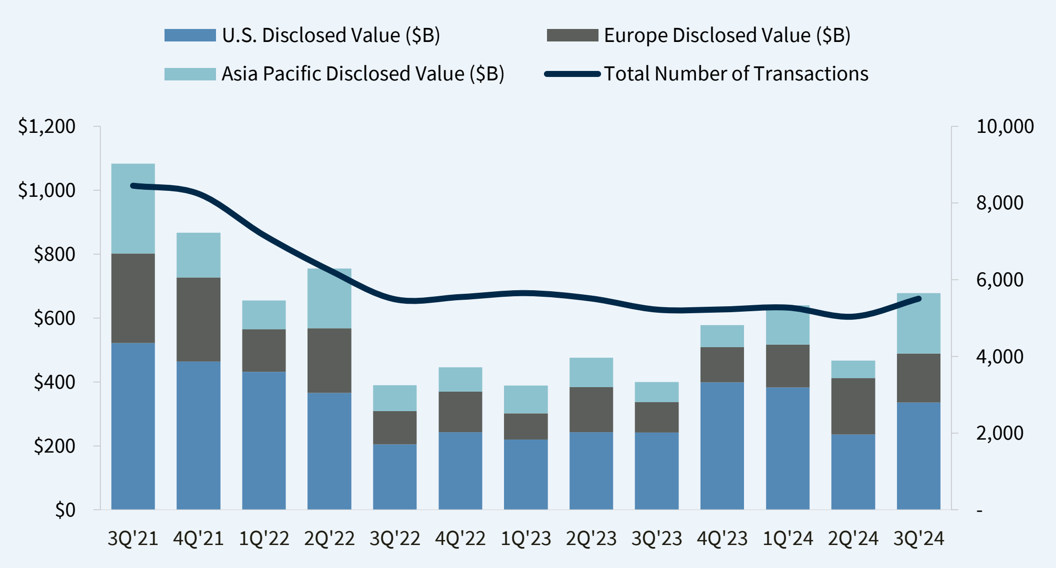
Historical Annual M&A Activity

Total M&A deal volume in the first three quarters of 2024 involving targets based in the U.S., Europe and Asia Pacific decreased by approximately 3% year-over-year ("Y-o-Y")(1). In contrast, M&A deal value increased approximately 41% over the first three quarters of 2024 when compared to the same period in 2023(1). M&A deal value in YTD 3Q'24 remained strong, as all deal size buckets recorded an increase in deal value Y-o-Y in YTD 3Q'24. Notably, large transactions ($1,000M+) displayed the largest percentage increase in deal value of ~51%. 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 ~71% increase in deal value and ~10% increase in deal volume within the large transaction ($1,000M+) bucket.



Historical Quarterly M&A Activity

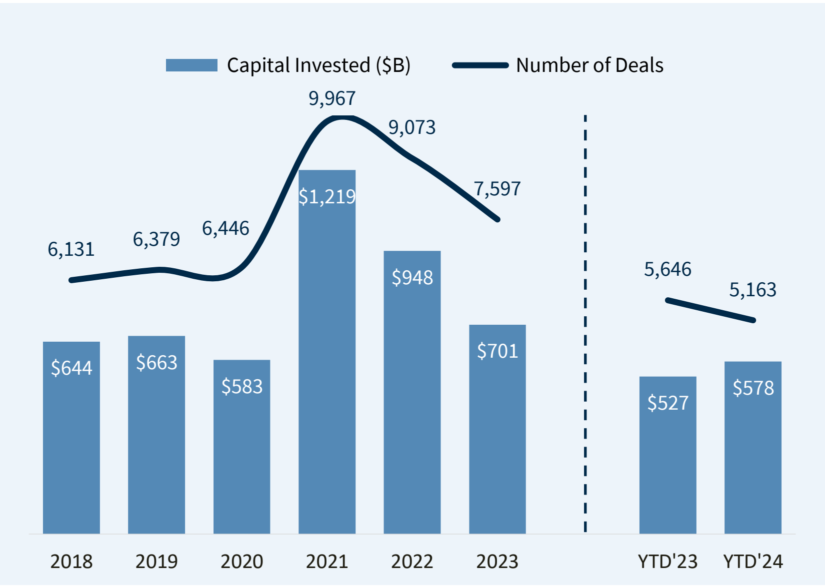
In the U.S., Europe and Asia Pacific, sequential quarter-over-quarter announced M&A deal value and volume increased by approximately 45% and 9%, respectively, in the third quarter of 2024(1). Aggregate quarterly deal value eclipsed $675B+ and represented the third strongest calendar year third quarter over the past 10 years; deal value was also ~13% higher over the same historical period for each respective third quarter. YTD 3Q'24 deal value (~$1,785B) remains in line with the same 10-year YTD 3Q average value (~$1,792B). With the strong quarterly performance coming on the heels of a dip in the prior quarter, market participants will be closely watching activity levels through the end of the year to assess whether a sustained upward trend is emerging.



(1) FactSet; number of transactions includes those with undisclosed values; includes transactions with disclosed values over $10M. Data as of 9/30/2024.

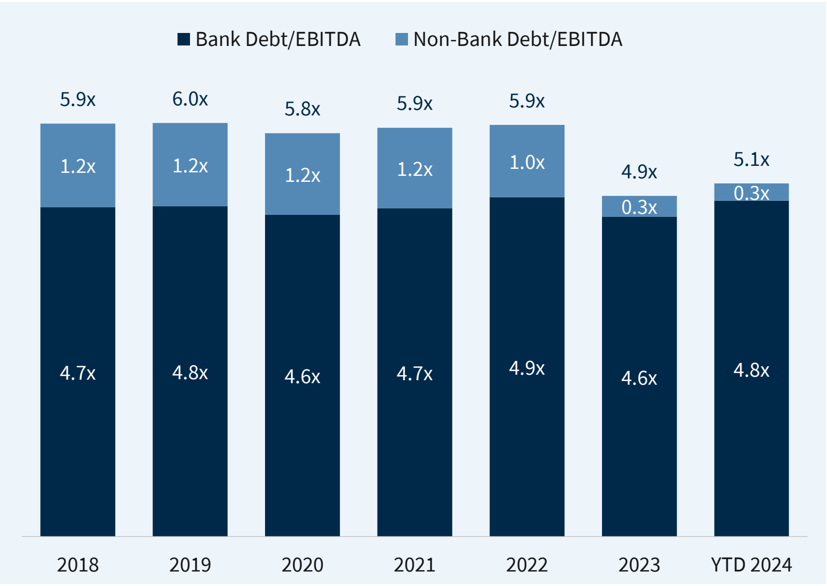
U.S. Private Equity Commentary

Deal Flow[1]



U.S. private equity deal value in the first three quarters of 2024 increased approximately 10% when compared to the same period in 2023, marking another quarter of solid recovery. When measured by deal volume, U.S. private equity saw a year-over-year decrease of approximately 9% in the first three quarters of 2024. When comparing the third quarter of 2024 over a longer horizon, deal value was approximately 5% higher than the quarterly average since 2018; deal volume was approximately 19% lower over the same period. Compositionally, deal sizes from $100M – $500M comprised 31% of total deal volume in the first three quarters of 2024, representing a year-over-year increase of approximately 1%. When measured by deal value, the same size range saw a year-over-year decrease of approximately 16%, representing approximately 39% of total deal value in the first three quarters of 2024[1].

Avg. Multiples of Large Corporate LBO Loans[2]

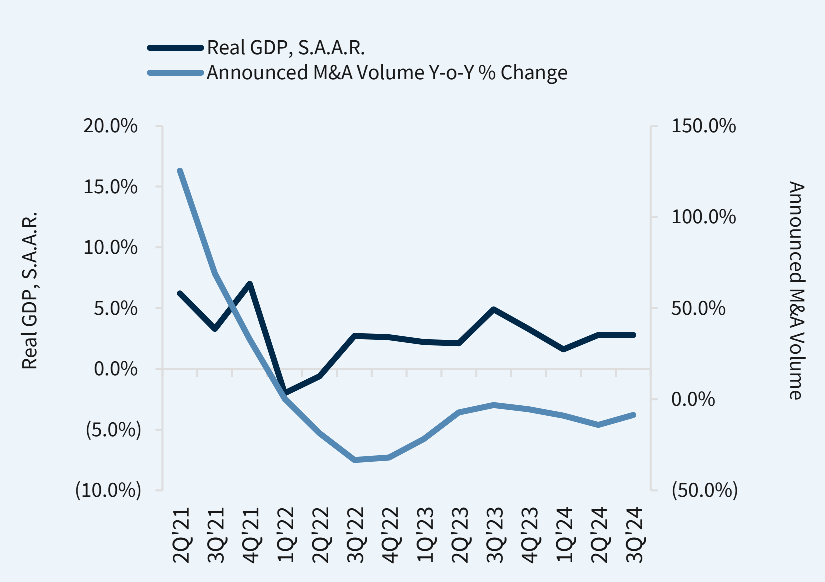


Average debt multiples of large corporate LBO loans in YTD 2024 remain modestly higher than full year 2023, increasing 0.2x, driven by higher LBO loan supply where spreads remained tight and issuers were able to take advantage of rate reductions via repricing in 3Q'24. Given more accommodative market conditions, refinancing transactions have increased meaningfully, with respective YTD 3Q'24 activity exceeding all of 2023 refinancings by over 30% with the overall share of refinancings at its highest levels in five years. Private credit continues to be an important component of the financing ecosystem for both new issuances and refinancing existing credits, as the volume of LBOs financed by private credit markets has significantly outpaced the broadly syndicated loan market by a factor of nearly 3.5x since Q2'22[3].

(1) PitchBook, *"US PE Breakdown"*. Data as of 9/30/2024.
(2) S&P LCD Report. Includes issuers with EBITDA greater than $50M. Data as of 9/30/2024.
(3) Pitchbook Leveraged Finance Report.

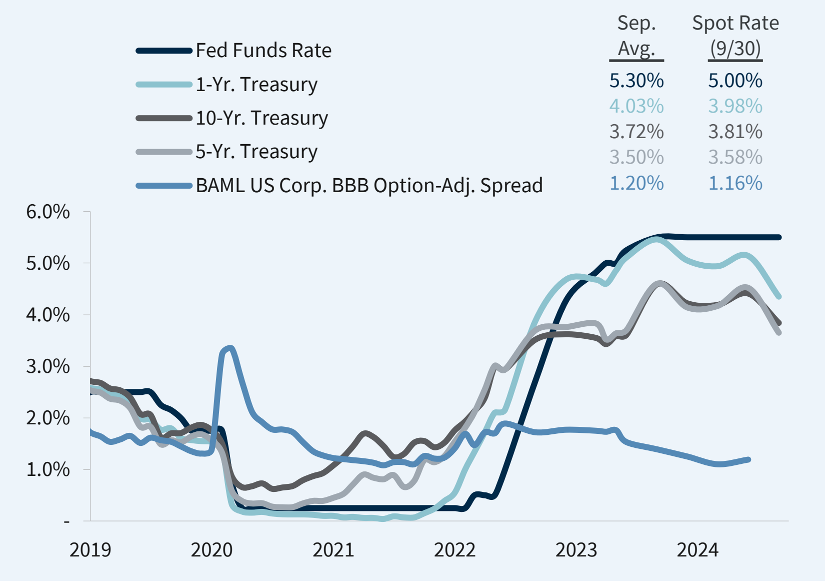
U.S. Corporate Finance Commentary

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 2.8% in Q3 2024; comparatively, GDP increased 3.0% in Q2 2024 and 1.6% in Q1 2024. The increase in third quarter GDP reflected increases in consumer spending, exports and federal government spending. Real personal spending, which accounts for about 70% of GDP, had a positive impact on GDP growth, increasing 3.7% in the third quarter of 2024, compared to increases of 2.8%, 1.9% and 3.5% in each of the last three sequential quarters, respectively. The Consumer Price Index, a broader measure of inflation in the economy, increased 2.6% during the same period.

U.S. Corporate Spreads[(4)]

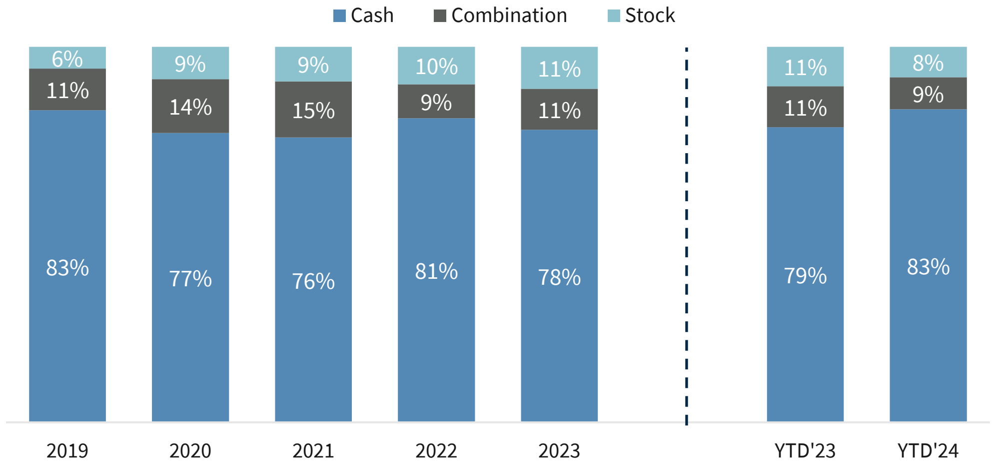


The Federal Reserve reduced interest rates in the third quarter, lowering the target range for the federal funds to 475bps – 500bps, reflecting a reduction of 50bps. The Fed's posturing consequently changed the existing dynamics in the broader bond market, as longer-duration bond funds that carry a higher degree of interest rate sensitivity, such as the Morningstar US 10+ Year Treasury Bond Index, outperformed high-yield and floating rate indices. The stock market continued its momentum in the third quarter as the S&P 500 increased ~5.3%. Multiple sectors posted growth during the third quarter, led by the utilities sector at ~19.3%. Following utilities was the real estate and industrials sectors, which posted increases of ~17.5% and ~12.4%, respectively.

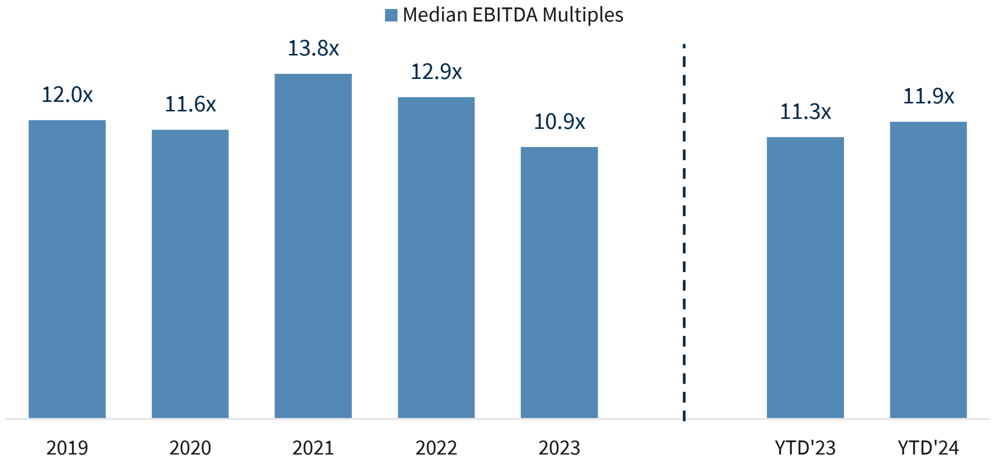
(1) U.S. Bureau of Economic Analysis. Updated as of latest available (10/30/2024).
(2) FactSet.
(3) GDP growth based on 2012 dollars.
(4) Federal Reserve Economic Data. Data represents the monthly average.

M&A Market Statistics

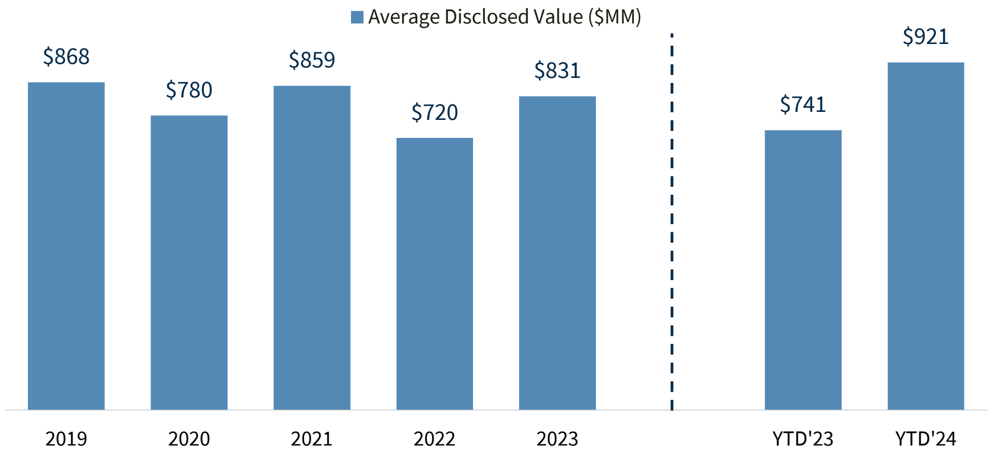
Consideration Offered in U.S. M&A Transactions(1)(2)



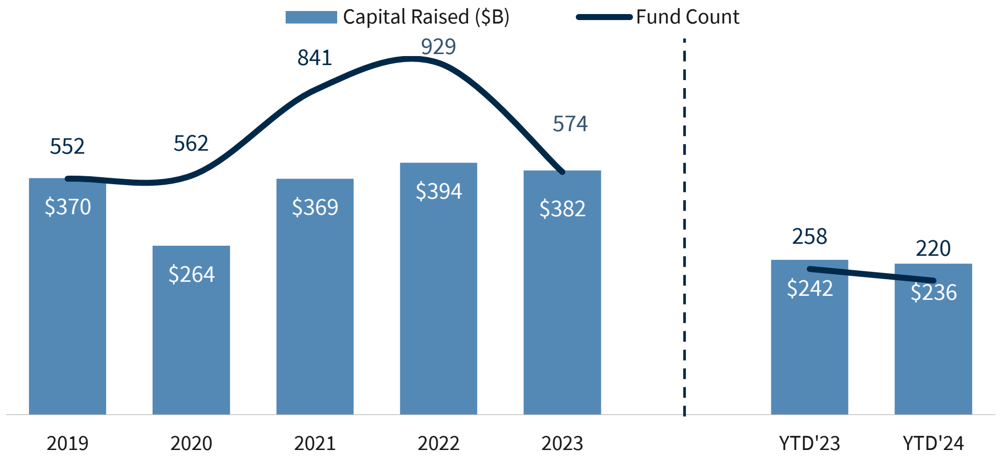
Median EBITDA Multiples in U.S. M&A Transactions(1)(2)



Average Size of U.S. M&A Transactions(1)(2)



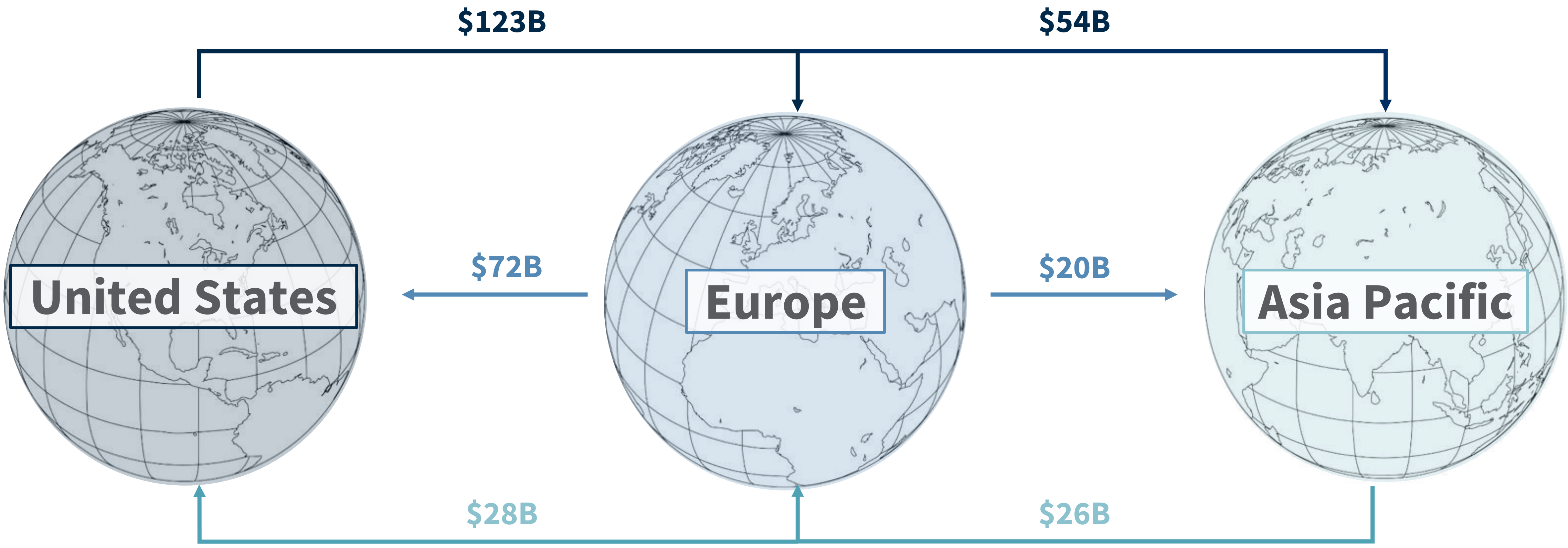
U.S. Private Equity Fundraising(3)



(1) FactSet; data as of 9/30/2024.
(2) Includes transactions with disclosed values over $10M.
(3) PitchBook, *"US PE Breakdown"*. Data as of 9/30/2024.

M&A Market Statistics

YTD 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 – 9/30/2024.

Economic Commentary

Eugenio J. Alemán, Ph.D.
December 6th, 2024
Chief Economist, Private Client Group

Inflation Expectations, Not Inflation, Will Drive Monetary Policy in 2025

We have started to hear that inflation is no longer top of mind for US consumers and businesses going into 2025. Americans remain concerned with the level of prices, that is, with the fact that prices today are much higher than before the pandemic recession and this is one of the reasons they remain sour on the US economy. The fight against inflation was not easy. How do you beat inflation back into submission if Americans amassed the means, due to accumulated excess savings, and the will, due to the pandemic lockdowns, to go back and enjoy life after such a difficult period in our lives? Not to mention the disruption from supply chains as well as the distortions created by some of these supply chains. Case in point, at some time during the period, a used car was more expensive than a new car! Just think about this!!

Today, the issues facing the Federal Reserve (Fed) are different. It has brought back the rate of change of prices, i.e., the rate of inflation, close to the coveted 2.0% target inflation rate. However, even though it seems that inflation is falling off the radar of Americans, it will be ever-present for Fed members during all of 2025. The incoming administration has proposed some policies that could keep the Fed on the defensive because the fight against inflation is still not over, as the "Federal Reserve seeks to achieve inflation at the rate of 2 percent over the longer run as measured by the annual change in the price index for personal consumption expenditures (PCE)."

That is, the fact that inflation is close to 2.0% is not good enough, the Fed needs to keep it at 2.0% over the longer run, not just for one or two months during a year. Furthermore, and for this we have to wait and see what the actual policies from the incoming Trump administration are going to look like, the potential for higher inflation down the road has increased due to some of the economic proposals, but especially by the potential imposition of a blanket tariff on all our trading partners. We understand that what ends up happening may be very different from what we have heard from President-elect Trump himself on these policies, but the Fed knows that anything that can disrupt inflation expectations in the future could be a threat to monetary policy and to the achievement of its inflation target.

On top of this, the proposal to deport illegal workers could also put more pressure on the rate of unemployment and we know that there is an inverse relationship between the rate of unemployment and the rate of inflation. That is, if the rate of unemployment is too low, the rate of inflation tends to go up. Today the US economy has a very low unemployment rate compared to historical standards, allowing workers to push for higher salaries and wages. Thus, deporting an estimated 12 million illegal workers could put further downward pressure on the rate of unemployment and generate higher inflation through a wage-price spiral.

These are some of the reasons we believe that the Fed will be very careful with its interest rate policy going forward. We still believe that the Fed is going to lower interest rates during the December meeting of the Federal Open Market Committee (FOMC); however, our expectations for next year may soon align more closely with what markets are expecting today.

The US Labor Market is Alive and Well

Although the two different employment surveys, the establishment and the household surveys released today showed a very different picture of the US labor market in November, our overall view continues to be the same: the US labor market is slowing down but it is not falling off a cliff. The strong increase in service sector jobs in November compared to the slowdown reported in October is an indication that October's numbers may have been an exception. At the same time, the change in employment in different sectors of the economy is also showing that in November, the US consumer continued to be engaged in traveling and leisure activities while the recession-proof Health Care sector continued to drive employment growth during the month.

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

Raymond James

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Raymond James Recent Advisory Transactions (07/01/24 – 09/30/24)

September 2024
Webglobe
Has been acquired by
group.one

September 2024
SkinCure Oncology
A portfolio company of
Seacoast Capital
Has been recapitalized by
H.I.G. Capital

September 2024
Delek US
Has divested the Company's retail segment to
FEMSA

September 2024
evive
A portfolio company of
Susquehanna Growth Equity
Has been acquired by
bswift
A portfolio company of
Francisco Partners

September 2024
Verticals Merchant Services business
Has acquired
payroc
A portfolio company of
Parthenon Capital

September 2024
PAI Partners
Has acquired
BEAUTYNOVA

September 2024
ani Pharmaceuticals, Inc.
Has acquired
alimera

September 2024
Vita protech
A portfolio company of
seven2
Has acquired
IDENTIV

September 2024
artel
A portfolio company of
TPG
Has been acquired by
CYDECOR

September 2024
V/O med spa
Has received a majority investment from
Freeman Spogli

September 2024
level
Has been acquired by
ASSA ABLOY

September 2024
AbsenceSoft
A portfolio company of
NORWEST
Bow River Capital
Has been acquired by
LUMINATE

September 2024
Camden National Corporation
Has entered into a definitive agreement to acquire
Northway Financial, Inc.

September 2024
DonorDrive
A subsidiary of
InvoiceCloud
Has been acquired by
Bonterra
A portfolio company of
Apax

September 2024
skykick
Has been acquired by
CONNECTWISE
A portfolio company of
THOMABRAVO

September 2024
IEX
Has been acquired by
GDIT

September 2024
AFFINIPAY
A portfolio company of
TA ASSOCIATES
Has received an investment from
GENSTAR CAPITAL

September 2024
eSky
Has acquired
Thomas Cook

September 2024
ARCHER
A portfolio company of
LLR
Has entered into a definitive agreement to be acquired by
BNY

September 2024
SHENANDOAH
A portfolio company of
KLH CAPITAL
Has been acquired by
GenNx360 Capital Partners

September 2024
Skyline Bankshares, Inc.
Has acquired
Johnson County Bank

Past performance is not indicative of future results.

Raymond James Recent Advisory Transactions (07/01/24 – 09/30/24)

September 2024
VersaBank
Has acquired
Stearns Bank N.A.

September 2024
CSMI
Has received a strategic investment from
DC Capital Partners

September 2024
Freedom CNG
Has been acquired by
Apollo

August 2024
NContracts
A portfolio of company of
Gryphon Investors
Has been acquired by
Hg
And has concurrently acquired
venminder

August 2024
The Bank of Princeton
Has acquired
Cornerstone Financial Corporation

August 2024
Busey
Has entered into a definitive agreement to acquire
CrossFirst Bank

August 2024
hobbycraft
A portfolio company of
Bridgepoint
Has been acquired by
Modella Capital

August 2024
Parsons
Has acquired
BlackSignal
A portfolio company of
Razor's Edge

August 2024
MoxFive
Has received a growth investment from
Falfurrias Management Partners

August 2024
Carlyle Secured Lending
Has entered into a definitive agreement to acquire
Carlyle Secured Lending III

August 2024
smartsimple
Has been acquired by
Foundant Technologies
A portfolio company of
L2 Capital Partners

August 2024
ICD Treasury First
A portfolio company of
Parthenon Capital
Has been acquired by
Tradeweb

August 2024
Capital Product Partners L.P.
Advised on its GP-IDR buy-in and C-Corp conversion

August 2024
aosphere
A portfolio company of
inflexion
Has acquired
brp

July 2024
supplypike
Has been acquired by
SPS Commerce

July 2024
Heartland BancCorp
Has entered into a definitive agreement to be acquired by
German American

July 2024
SePRO
A portfolio company of
Elevation Partners
Has received a majority investment from
Stanley Capital
And a minority co-investment from
Goldman Sachs Alternatives

July2024
WesBanco
Has entered into a definitive agreement to acquire
premier financial corp.

July 2024
Valenz
A portfolio company of
Kelso
Has acquired
Healthcare Bluebook
A portfolio company of
Primus

July 2024
Summer Fridays
A portfolio company of
Prelude Growth Partners
Has received a strategic growth investment from
TSG Consumer

July 2024
Core Industrial
Has acquired
Winky Lux

Past performance is not indicative of future results.

Raymond James Recent Advisory Transactions (07/01/24 – 09/30/24)

July 2024 — FULLBAY — A portfolio company of Mainsail Partners — Has received a strategic growth investment from JMI Equity

July 2024 — THE BOUNDARY — A portfolio company of mobeus — Has been acquired by KESTER CAPITAL

July 2024 — intech — A portfolio company of Deutsche Beteiligungs AG — Has been acquired by Infosys

July 2024 — LANDTEK — Has been acquired by TENCATE — A portfolio company of LGP LEONARD GREEN & PARTNERS

July 2024 — The Association & Events and Nonprofit Solutions divisions of communitybrands — A portfolio company of INSIGHT PARTNERS, GENSTAR, HARBOURVEST — Have been acquired by TA ASSOCIATES

July 2024 — Vetnique labs — A portfolio company of GRYPHON INVESTORS — Has acquired Lintbells Home of YUMOVE

July 2024 — BEST TRASH — A portfolio company of AMBERJACK CAPITAL PARTNERS — Has been acquired by H.I.G. INFRASTRUCTURE

July 2024 — inflexion — Has acquired FDM

July 2024 — THOMABRAVO — Has acquired everbridge

July 2024 — glueck kanja — A portfolio company of PRIMEPULSE — Has been acquired by Norvestor

July 2024 — Vericity — Has been acquired by iA Financial Group

July 2024 — ORRSTOWN Financial Services, Inc. — Has completed a merger of equals with CODORUS VALLEY BANCORP, INC.

July 2024 — montagu — Has acquired the MEDICAL DEVICE COMPONENTS Business of JM Johnson Matthey Inspiring science, enhancing life

July 2024 — First — Has acquired Simply Bank.

July 2024 — scribbles SOFTWARE — A portfolio company of Alamar Partners — Has been acquired by INSTRUCTURE

Raymond James Recent Capital Market Transactions (07/01/24 – 09/30/24)

Date	Company	Amount	Transaction	Role
September 2024	Amerant	$164,999,990	Follow-On Offering	Co-Manager
September 2024	Guardian Pharmacy Services	$128,800,000	Initial Public Offering	Left Bookrunner
September 2024	Casella	$517,500,000	Follow-On Offering	Left Bookrunner
September 2024	Viper	$488,750,000	Follow-on Offering	Passive Bookrunner
September 2024	Relay Therapeutics	$230,000,001	Follow-On Offering	Co-Manager
September 2024	Xencor	$201,286,800	Follow-On Offering	Active Bookrunner
September 2024	Kodiak Gas Services	$175,000,000	Follow-on Offering	Passive Bookrunner
September 2024	RXO	$575,000,010	Follow-on Offering	Co-Manager
September 2024	NewtekOne	$75,000,000	8.625% Fixed Rate Senior Notes due 2029	Active Bookrunner
September 2024	Mach Natural Resources	$136,804,685	Follow-On Offering	Left Bookrunner
September 2024	UL Solutions	$1,127,000,000	Follow-On Offering	Co-Manager
September 2024	V2X	$110,400,000	Follow-on Offering	Passive Bookrunner
August 2024	Avidity Biosciences	$345,138,000	Follow-On Offering	Co-Manager
July 2024	Renasant Corporation	$230,000,000	Follow-On Offering	Passive Bookrunner
July 2024	OneStream	$563,500,000	Initial Public Offering	Passive Bookrunner
July 2024	Archrock	$265,650,000	Follow-On Offering	Passive Bookrunner

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