



### SUMMER 2023 M&A TAKEAWAYS

- **Deal Volume Lower Again in Q2:** Global M&A Deal volume in Q2 2023 declined 22.9% compared to Q2 2022 and slowed 11.6% compared to Q1 2023. Uncertain economic conditions, higher interest rates, heightened regulatory reviews, and tight credit markets have all weighed on 2023 deal activity.
- **Uncertainty Resulting in Longer Processes:** Due to an uncertain economic outlook caused by high inflation and the sharpest increase in interest rates by the Federal Reserve in four decades, buyers have trod cautiously when approaching M&A transactions often resulting in longer deal processes.
- **M&A Deals Continue to Find Success:** In a survey group of executives, about two-thirds reported that recently completed deals had met or exceeded expectations, indicating that M&A continues to be a value driver despite uncertain macroeconomic conditions.
- **Small Deals Fair Relatively Better:** Deals below \$50mm declined less than other middle market deals as strategic and financial acquirors continue to pursue attractive lower middle-market bolt-on acquisitions.
- **Potential Soft Landing:** Employment trends indicate a soft landing of the economy is possible. While inflation and GDP growth have fallen, they have not caused a corresponding increase in layoffs that typically precedes a recession. Ultimately, the Federal Reserve's assessment of inflationary risks will drive the outcome.
- **2023 Outlook:** Strong appetite remains for high-quality acquisitions that are in relatively short supply. M&A activity is expected to pick up as large reserves of capital are deployed amidst a more stable rate environment.




has been acquired by

INCAP CORPORATION

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*Raptor Partners acted as financial advisor to Pennatronics and assisted in the negotiations.*

has been acquired by

LANTRONIX, INC.

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*Raptor Partners acted as financial advisor to Uplogix, Inc. and assisted in the negotiations.*




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WIREBENDERS

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*Raptor Partners acted as financial advisor to Spang & Company and assisted in the negotiations.*




VALVE SOLUTIONS

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***For a confidential consultation, please contact:***

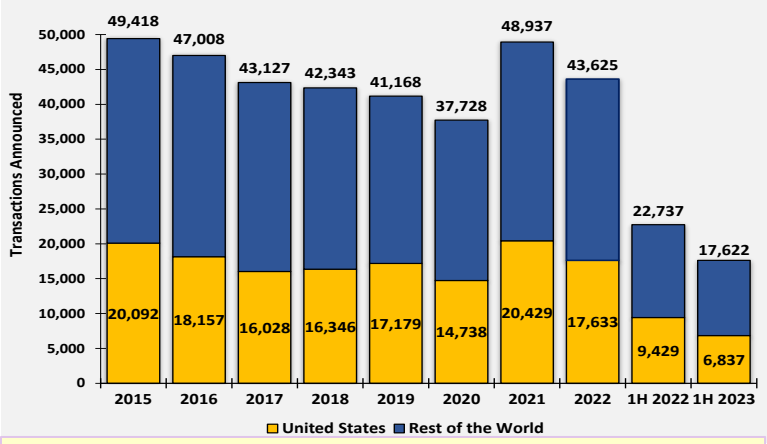
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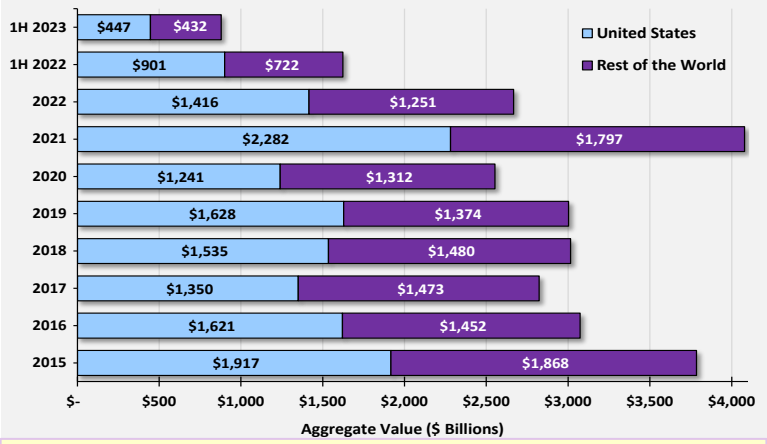


### U.S. vs. Global M&A Deal Count



Global M&A volume in the 1st Half (1H) of 2023 declined 22.5% from 1H 2022, while U.S. M&A deal volume was down 27.5%.

### U.S. vs. Global M&A Aggregate Deal Value



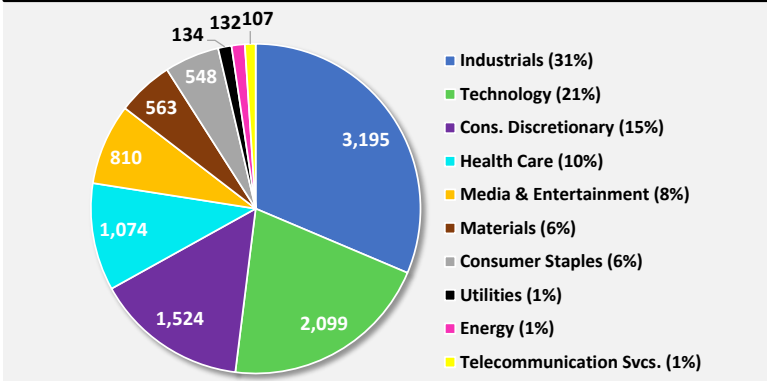
Global M&A deal value fell 45.8% in the 1H 2023 compared to 1H 2022, while U.S. M&A deal value dropped 50.4%.

### U.S. Quarterly M&A Volume & Value



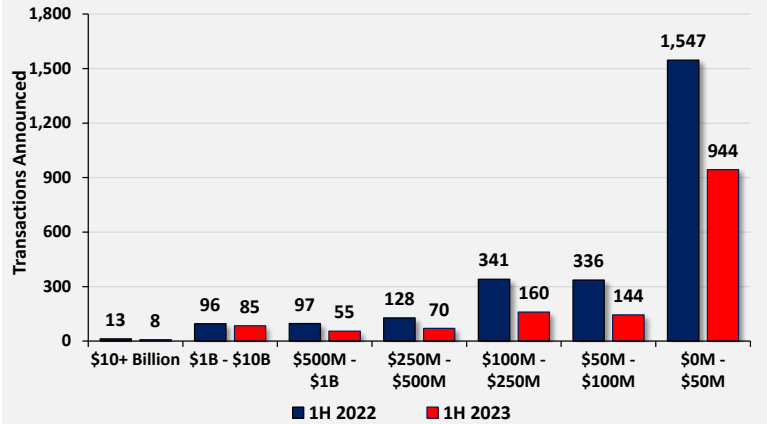
U.S. deals continued their trend of slower activity for the sixth straight quarter in Q2 2023 following record levels in 2021.

### 1H 2023 M&A Deal Volume by Sector



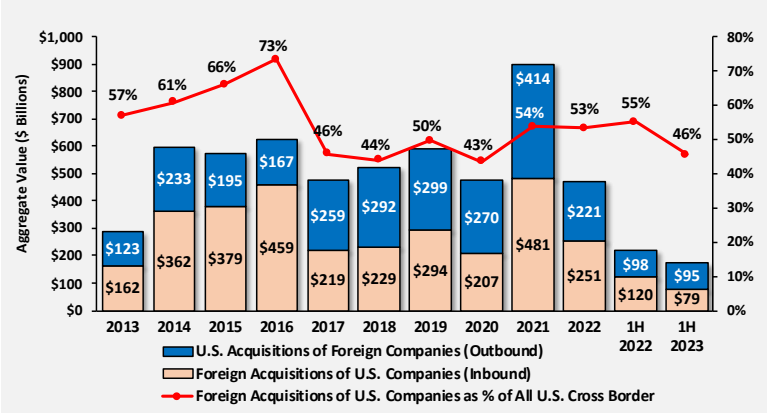
The Industrial and Technology sectors were the most active in 1H 2023 as they accounted for a combined 52% of global deals.

### U.S. M&A Volume by Deal Size



For deals with disclosed values in 1H 2023, transactions >\$1B and <\$50M declined less than deals between \$50M and \$1B.

### U.S. Inbound vs. Outbound Cross-Border Activity

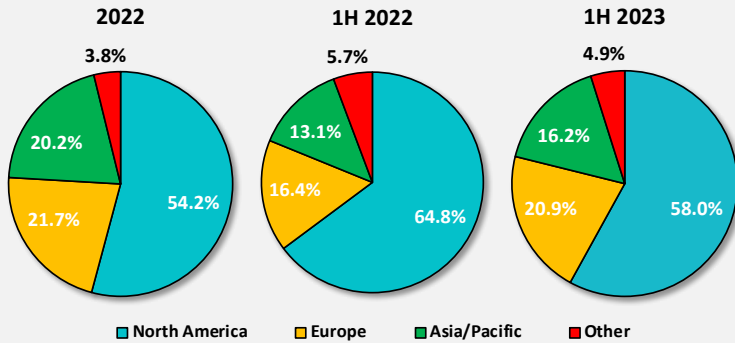


1H 2023 total cross-border M&A deal value fell by 20.2% compared to 1H 2022.

Source for all data: S&P Capital IQ. All M&A data: Announced or Closed deals where at least 50% of target has been acquired.



### % of Total Deal Value by Geographic Region



North American M&A deal value accounted for 58.0% of the total global deal value in 1H 2023, a 6% decrease from 1H 2022

### Median M&A Control Premiums & Minority Discounts

Median M&A Control Premiums							
Years Ended December 31,							
Premiums	2017	2018	2019	2020	2021	2022	1H 2023
One Day	25.5%	23.0%	22.1%	24.7%	24.3%	39.2%	35.5%
One Week	27.5%	27.1%	25.4%	28.4%	26.0%	41.4%	39.3%
Four Week	33.1%	31.3%	29.1%	31.9%	36.9%	49.0%	45.8%

Median M&A Minority Discounts							
Years Ended December 31,							
Discounts	2017	2018	2019	2020	2021	2022	1H 2023
One Day	-20.3%	-18.7%	-18.1%	-19.8%	-19.5%	-28.2%	-26.2%
One Week	-21.6%	-21.3%	-20.3%	-22.1%	-20.6%	-29.3%	-28.2%
Four Week	-24.9%	-23.8%	-22.5%	-24.2%	-27.0%	-32.9%	-31.4%

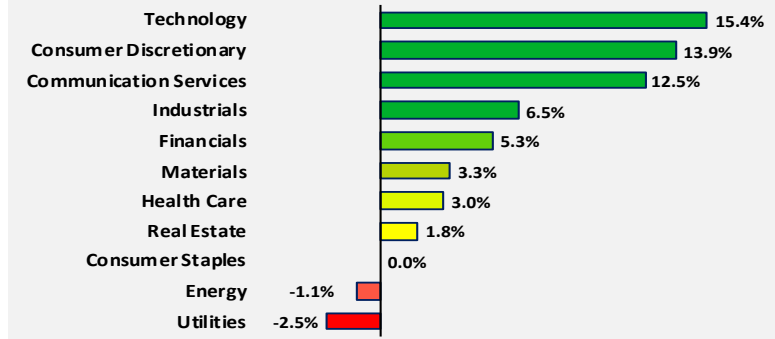
Acquisition control premiums for public companies declined in 1H 2023 from 2022 but remained above historical averages.

### LARGEST U.S. M&A TRANSACTIONS ANNOUNCED

Date	Target	Acquiror	Enterprise Value	Industry
03/13/2023	Seagen Inc. (NasdaqGS:SGEN)	Pfizer Inc. (NYSE:PFE)	\$43.0 B	Health Care
05/14/2023	Magellan Midstream Partners, L.P.	ONEOK, Inc. (NYSE:OKE)	\$18.8 B	Energy
03/12/2023	Qualtrics International Inc. (NasdaqGS:XM)	Silver Lake Technology Management, LLC; Canada Pension Plan Investment Board (CPP Investments)	\$10.9 B	Information Technology
06/12/2023	Adenza Group, Inc.	Nasdaq, Inc. (NASDAQGS:NDAQ)	\$10.7 B	IT
02/08/2023	Oak Street Health, Inc. (NYSE:OSH)	CVS Health Corporation (NYSE:CVS)	\$10.5 B	Health Care
04/16/2023	Prometheus Biosciences, Inc.	Merck & CO., Inc. (NYSE:MRK)	\$10.2 B	Health Care
04/03/2023	World Wrestling Entertainment, Inc.	Zuffa, LLC; Endeavor Group Holdings, Inc. (NYSE:EDR)	\$9.3 B	Media and Entertainment
03/14/2023	Univar Solutions Inc. (NYSE:UNVR)	Apollo Global Management, Inc. (NYSE:APO); Abu Dhabi Investment Authority	\$8.1 B	Industrials
05/22/2023	PDC Energy, Inc. (NasdaqGS:PDCE)	Chevron Corporation (NYSE:CVX)	\$7.7 B	Energy
01/23/2023	Evoqua Water Technologies Corp. (NYSE:AQUA)	Xylem Inc. (NYSE:XYL)	\$7.5 B	Industrials
05/10/2023	Syneos Health, Inc.	Veritas Capital Fund Management, L.L.C.; Elliot Investment Management L.P.; Patient Square Capital LP	\$7.4 B	Health Care
02/27/2023	Focus Financial Partners Inc. (NasdaqGS:FOCS)	Clayton, Dubilier & Rice, LLC; Stone Point Capital LLC	\$7.0 B	Financials
04/30/2023	IVERIC bio, Inc. (NasdaqGS:ISEE)	Astellas US Holding, Inc.	\$5.4 B	Health Care
04/05/2023	Scopely, Inc.	Savvy Games Group	\$4.9 B	Media and Entertainment
05/04/2023	Arconic Corporation (NYSE:ARNC)	Apollo Global Management, Inc. (NYSE:APO); Irenic Capital Management LP	\$4.7 B	Materials
06/26/2023	Apptio, Inc	International Business Machines Corporation (NYSE:IBM)	\$4.6 B	IT
03/14/2023	Cvent Holding Corp. (NasdaqGM:CVT)	Blackstone Inc. (NYSE:BX); Abu Dhabi Investment Authority	\$4.6 B	IT
03/08/2023	Diversey Holdings, Ltd. (NasdaqGS:DSEY)	Solenis International LLC (Platinum Equity, LLC)	\$4.6 B	IT
05/09/2023	Mattress Firm Group Inc.	Tempur Sealy International Inc. (NYSE:TPX)	\$4.0 B	Consumer Discretionary
06/05/2023	Amedisys, Inc. (NasdaqGS:AMED)	Optum, Inc.	\$3.9 B	Health Care
05/10/2023	Livent Corporation (NYSE:LTHM)	Allkem Limited (ASX:AKE)	\$3.8 B	Materials
03/20/2023	Franchise Group, Inc. (NasdaqGM:FRG)	Senior Management Team and Private Equity Group	\$3.8 B	Consumer Discretionary
05/04/2023	Holly Energy Partners, L.P.	HF Sinclair Corporation (NYSE:DINO)	\$3.7 B	Energy
02/09/2023	NuVasive, Inc. (NasdaqGS:NUVA)	Globus Medical, Inc. (NYSE:GMED)	\$3.6 B	Health Care
03/06/2023	NJOY Holdings, Inc.	Altria Group, Inc. (NYSE:MO)	\$3.3 B	Consumer Staples
02/01/2023	TravelCenters of America Inc. (NasdaqGS:TA)	BP Products North America Inc. (BP p.l.c. (LSE:BP.))	\$3.2 B	Consumer Discretionary



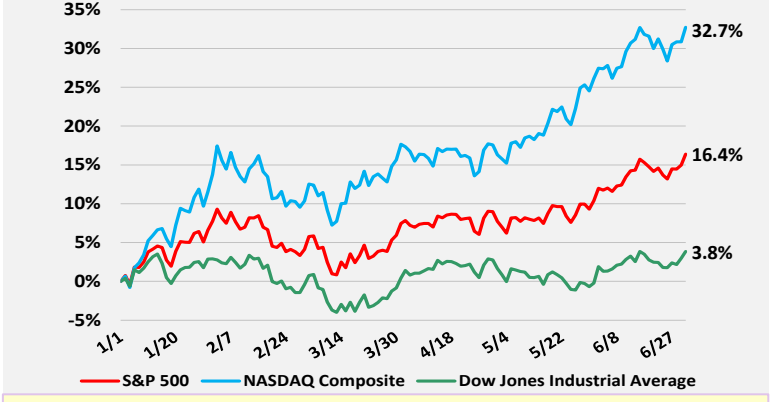
### S&P 500 Sector Performance - 2023



\*YTD Data as of June 30, 2023. Performance based on total return.  
Source: S&P Capital IQ. Based on S&P 500 industry groups.

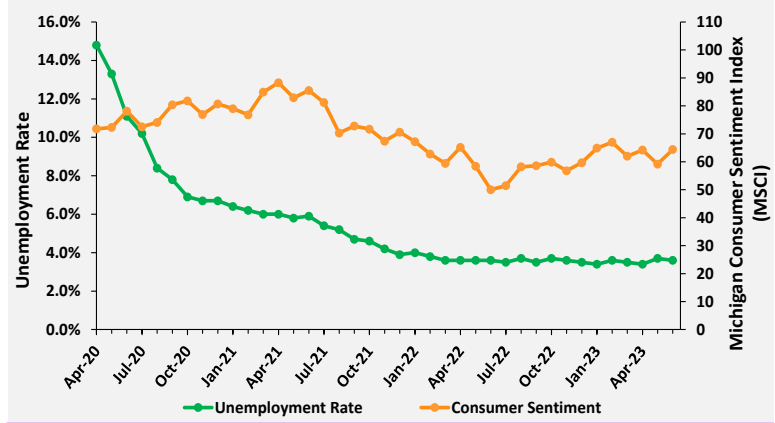
The S&P 500's 16.4% increase was driven by strong gains in the Tech and Consumer Discretionary Sectors

### 1H 2023 Major Stock Index Performance



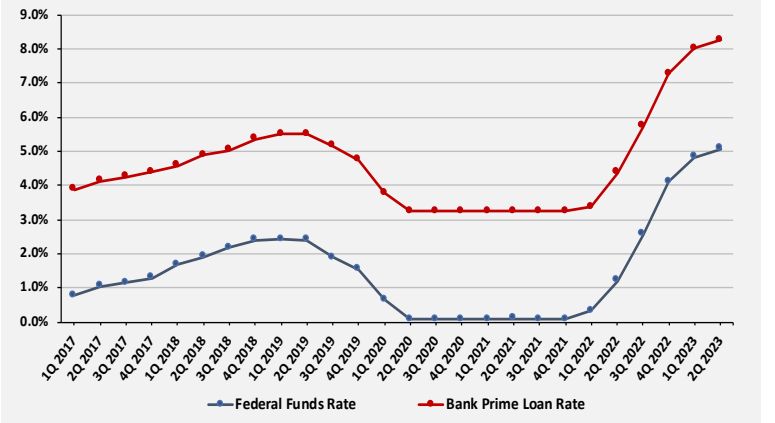
The Nasdaq led all indices with its best first half performance in the last five years driven by Artificial Intelligence stocks.

### Unemployment Rate & Consumer Sentiment



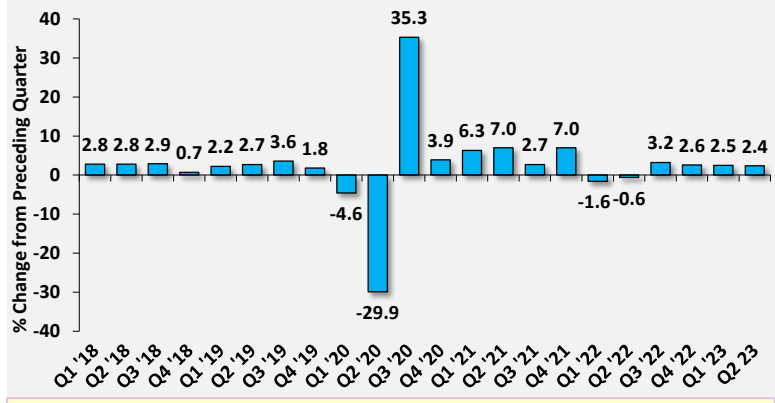
The U.S. unemployment rate remained low at 3.6% in June. Consumer sentiment improved slightly from Q1.

### Federal Funds Rate & Prime Lending Rate



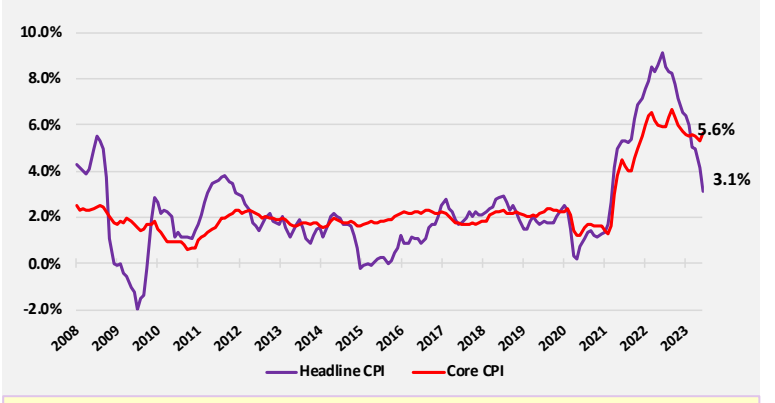
The Federal Reserve continued raising rates in Q2 2023 in its campaign to curb inflation.

### U.S. Real GDP: % Change from Preceding Quarter



The U.S. real GDP grew 2.4% in Q2 2023, down from 2.5% in Q1 2023 continuing its deceleration in growth.

### Consumer Price Index: % Change from a Year Ago



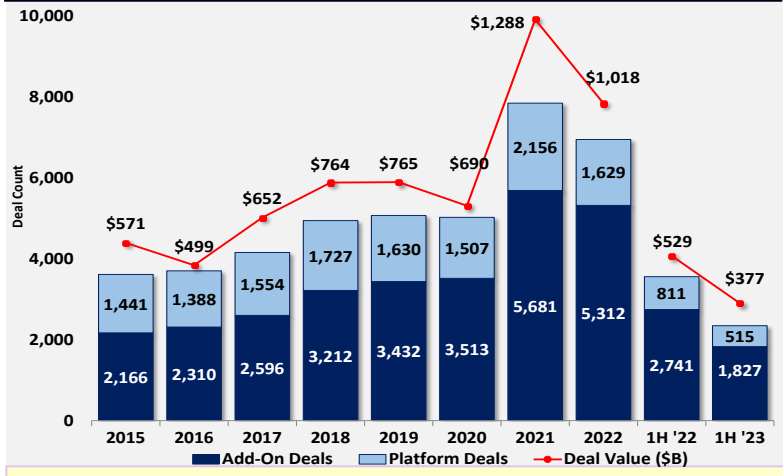
The U.S. Consumer Price Index cooled to 3.1% in June, continuing its rapid decline from its highs.

\* Seasonally adjusted at annualized rates. Q1 '23 GDP is the Atlanta Federal Reserve's GDPNow Estimate as of April 14, 2023.  
Sources: Federal Reserve Bank of St. Louis, Bureau of Labor Statistics, Bureau of Economic Analysis, Department of the Treasury, The Conference Board.

Headline CPI = CPI for All Urban Consumers: All Items in US City Average, Monthly, Seasonally Adjusted  
Core CPI = CPI for All Urban Consumers: All Items Less Food and Energy in U.S. City Average, Monthly, Seasonally Adjusted

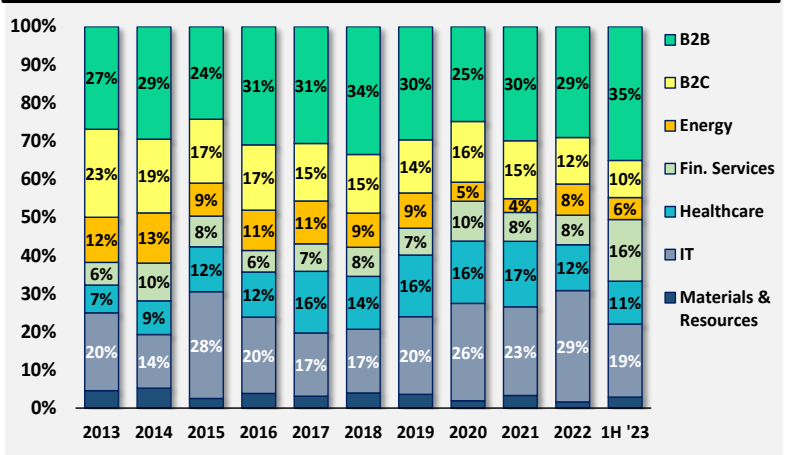


### Private Equity Buyout M&A Volume & Value



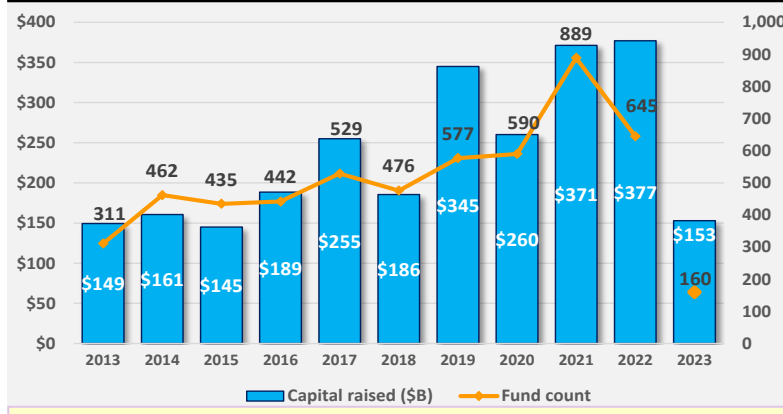
U.S. private equity buyout volume in 1H 2023 fell 34.1% from 1H 2022, and value fell 28.7%. 80% were add-on deals.

### U.S. Private Equity Deal Value by Sector (%)



B2B and IT deals continued to represent the largest PE deal sectors, although tech deals have seen a decline from 2022.

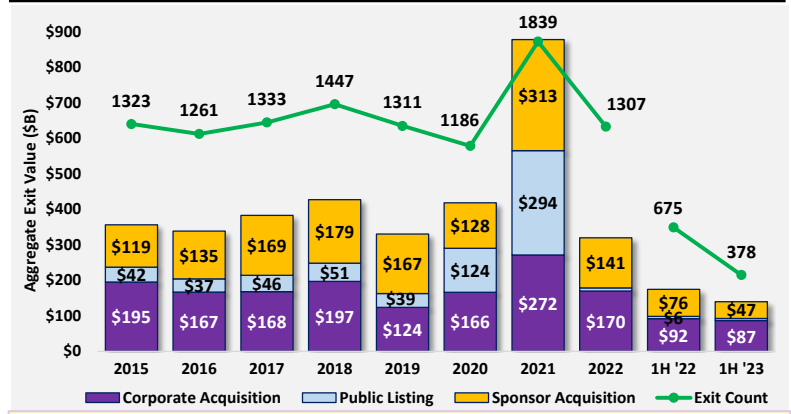
### Private Equity Fundraising and Fund Count



Fundraising in 2023 remains depressed, with the proportion of \$1-\$5 Billion funds increasing significantly.

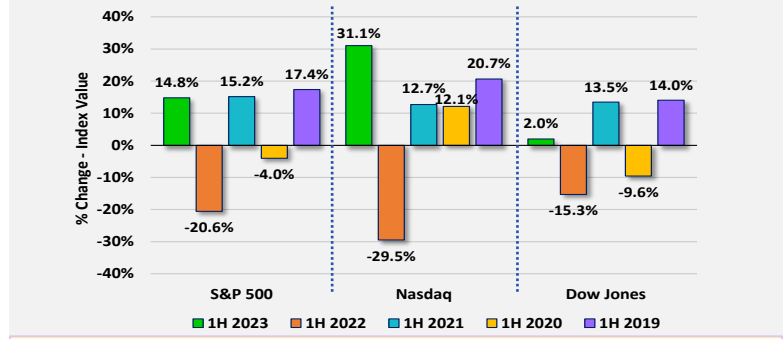
Source for all private equity data: PitchBook Data, Inc.

### Private Equity Exit Volume and Value by Type



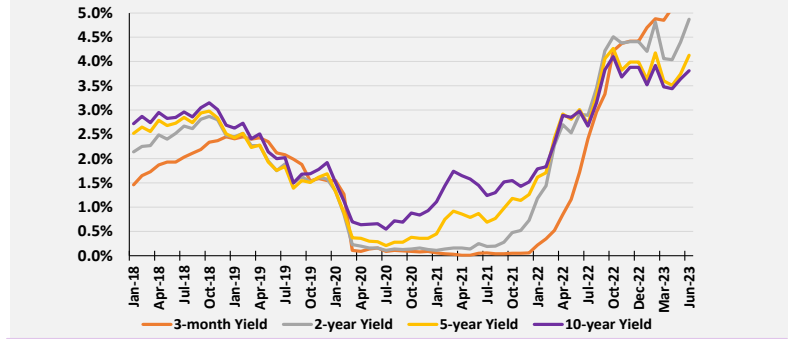
U.S. PE exits fell by 44% in 1H 2023. Public listings of PE-backed companies have been nonexistent since 2021.

### Historical Q1 Major Stock Index Performance



The NASDAQ led all major indices with its best 1H performance in the past five years following sharp declines in 2022.

### Historical U.S. Treasury Market Yields



The Treasury curve remained inverted during 1H 2023, with short-term bonds paying a higher interest rate than long-term bonds.