



Cassel Salpeter & Co.

INVESTMENT BANKING

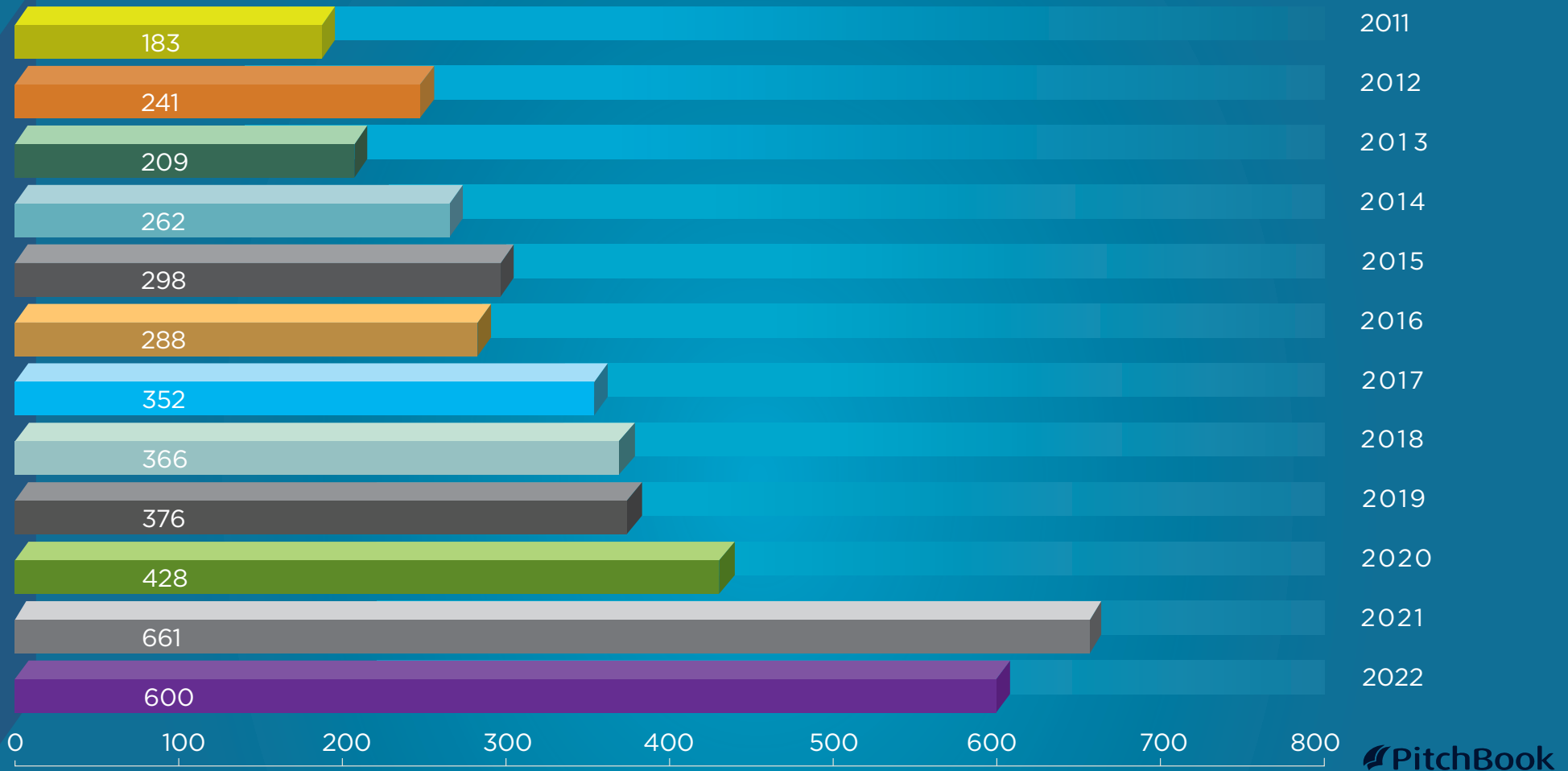
FOUNDED IN FLORIDA OVER 10 YEARS AGO

A VIEW OF 2022: FLORIDA SPONSOR DEAL REPORT

THIS INFOGRAPHIC REPORT AND ALL ASSOCIATED CHARTS, PREPARED BY CASSEL SALPETER & CO. WITH DATA FROM PITCHBOOK AS OF DECEMBER 31, 2022, PROVIDES A TOP-LEVEL EXAMINATION OF SPONSOR ACTIVITY IN FLORIDA. IT OFFERS IN-DEPTH INSIGHT AND DATA-DRIVEN ANALYSIS OF THE STATE'S SPONSOR TRENDS, WITH A FOCUS ON DEAL FLOW ACTIVITY. THIS REPORT INCLUDES ALL SPONSOR INVESTMENTS (INCLUDING BUYOUT, ADD-ON, GROWTH, AND RECAPITALIZATION), EXCLUDING REAL ESTATE INVESTMENTS, MADE INTO TARGET COMPANIES WITH HEADQUARTERS IN FLORIDA.

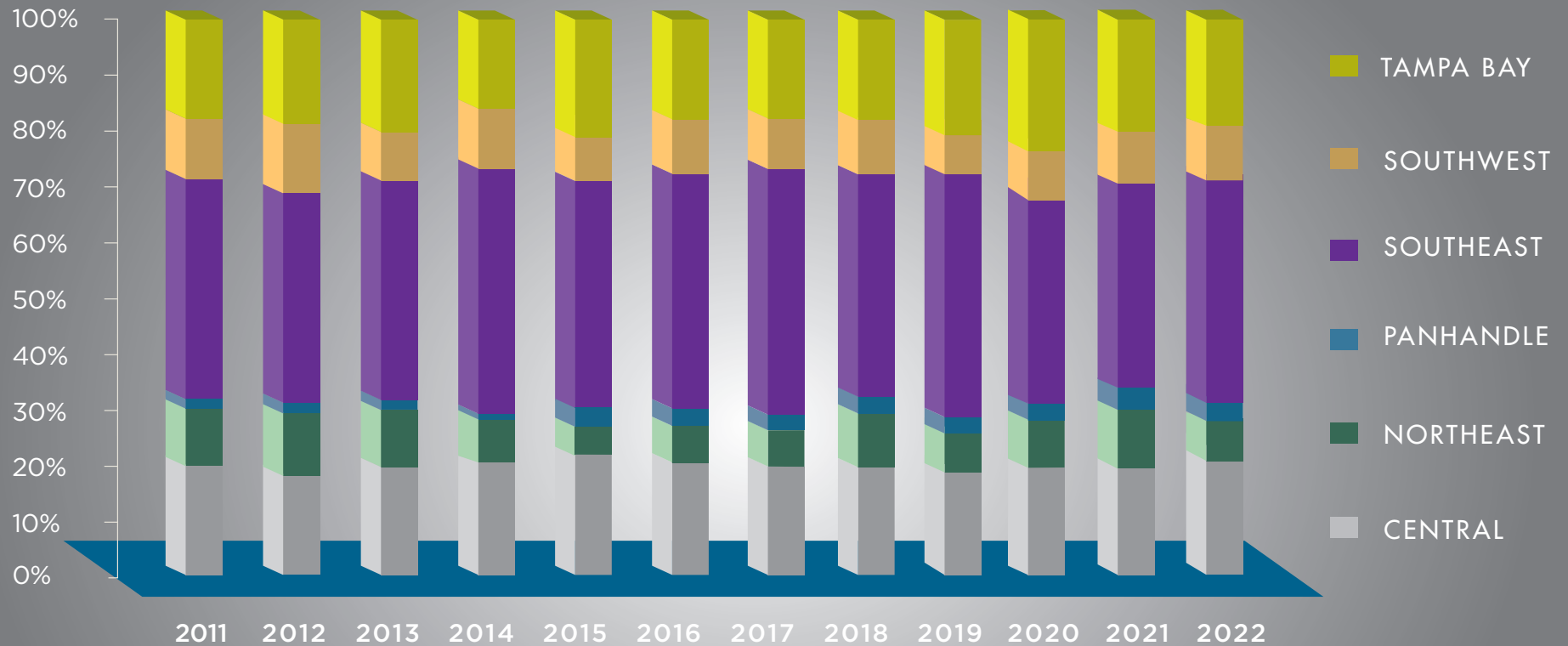
Pitchbook has changed its methodology for recording deal activity that will apply to this and all future sponsor reports. All announced deals will be included in the reporting of total deal activity in addition to completed deals, and announced dates will be used to reflect deal timing in lieu of closing dates.

Florida Sponsor Deal Flow by Year



While Florida sponsor deal flow slowed a bit relative to the prior year in 2021, activity still remained robust compared to historical norms. The higher interest rates and lower multiples no doubt played a factor in the slight slowdown, but sponsors found a way to keep deal flow well above historical paces with smaller deals, which are currently easier to finance.

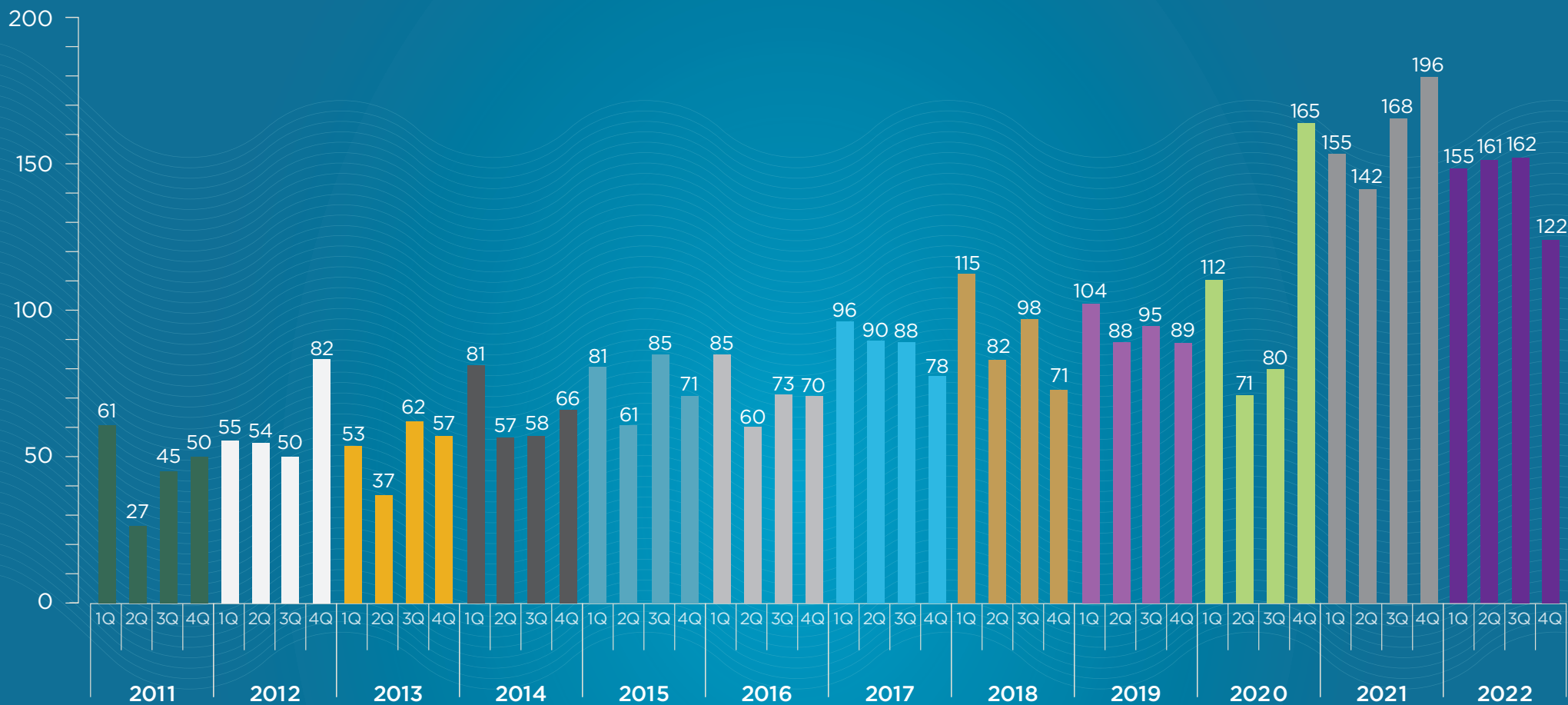
Florida Sponsor Deal Flow by Region



PitchBook

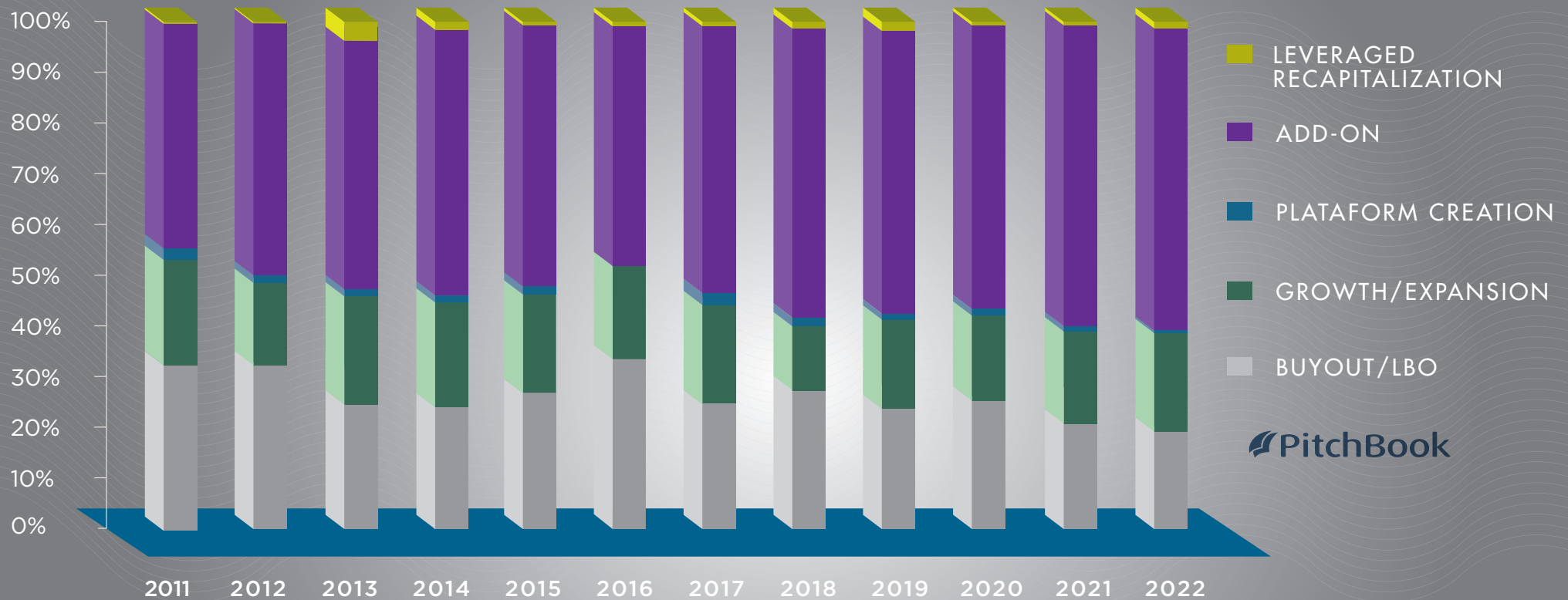
Not much has changed over the years as it relates to sponsor deal flow by region in Florida. The Southeast has consistently been, as expected, and remains, the region with the highest number of sponsor deals in any given year, accounting for 40% of total sponsor deals in 2022. The Central and Tampa Bay regions followed accounting for approximately 20% and 19%, respectively. The Southwest, Northeast, and Panhandle accounted for the least amount of sponsor deal activity, with approximately 10%, 7%, and 4%, respectively.

Florida Sponsor Deal Flow by Quarter



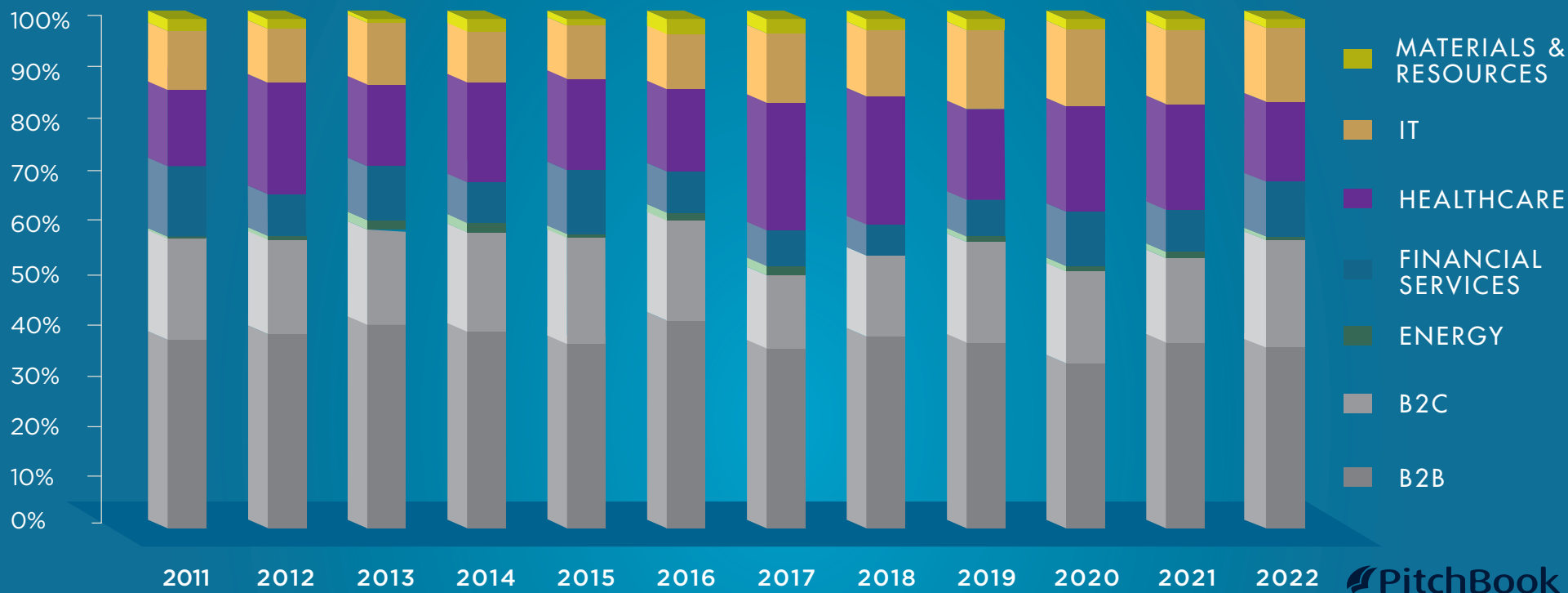
The first three quarters of 2022 were in line with the robust deal flow we saw in 2021. The record-breaking fourth quarter of 2021 is what set the two years apart as 4Q 2022 only saw 122 deals compared to the 196 of 2021. It will be interesting to see how the first half of 2023 turns out. With Add-Ons continuing to be an active part of the marketplace, and the lower middle market appears to be holding up better than the general middle market so far in 2023.

Florida Sponsor Deal Flow by Type



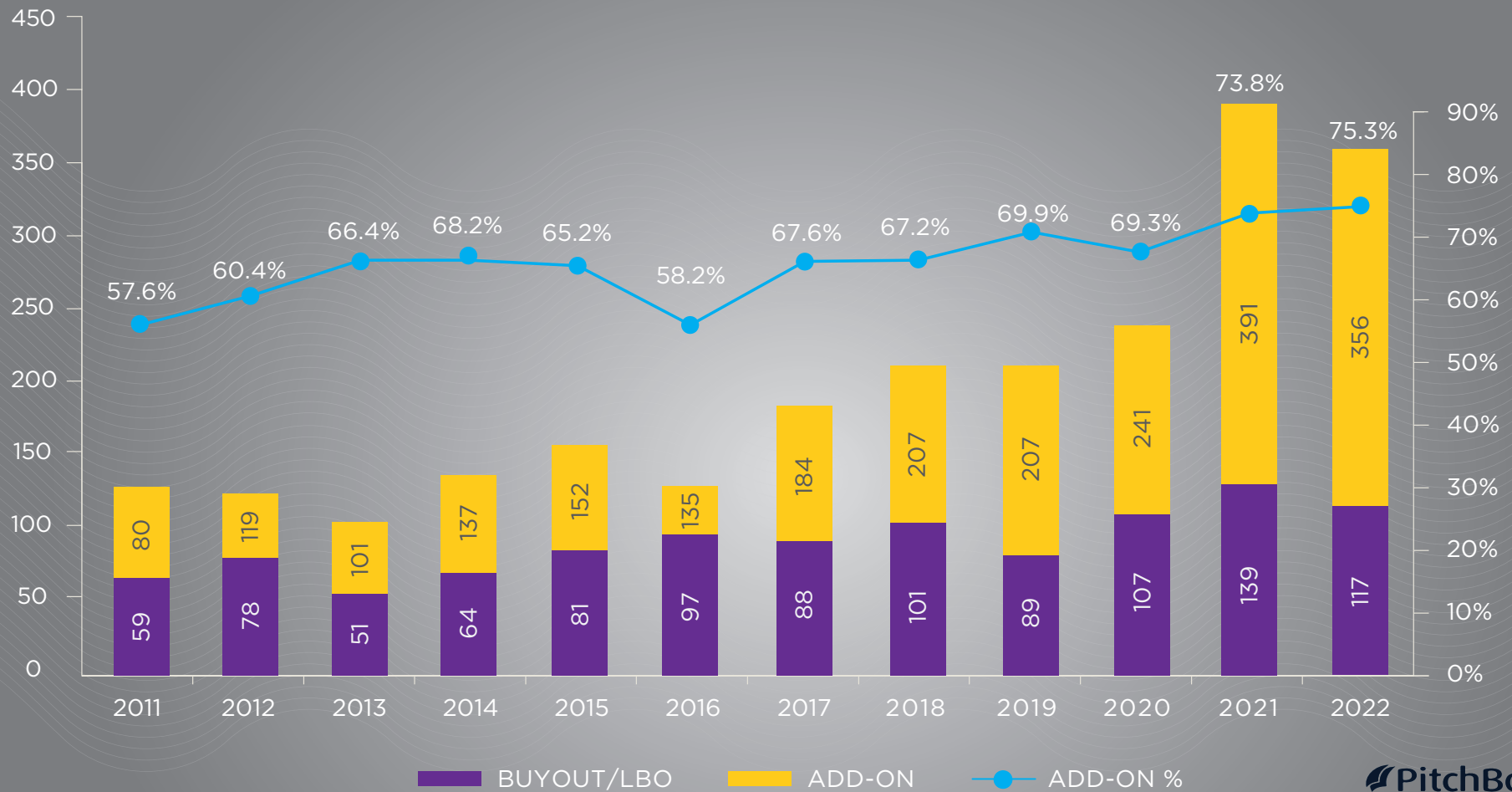
Sponsor Add-Ons drove Florida deal activity in 2022, consistent with years past. Sponsor Add-Ons accounted for approximately 59% of Florida sponsor deal activity in 2022, the same percentage as in 2021. Sponsor Buyout/LBO and Growth/Expansion accounted for approximately 20% and 19%, respectively. It is interesting to see the percentage of sponsor Buyout/LBOs fall year-over-year; solidifying the fact that deals are still getting done, just smaller in size.

Florida Sponsor Deal Flow by Sector



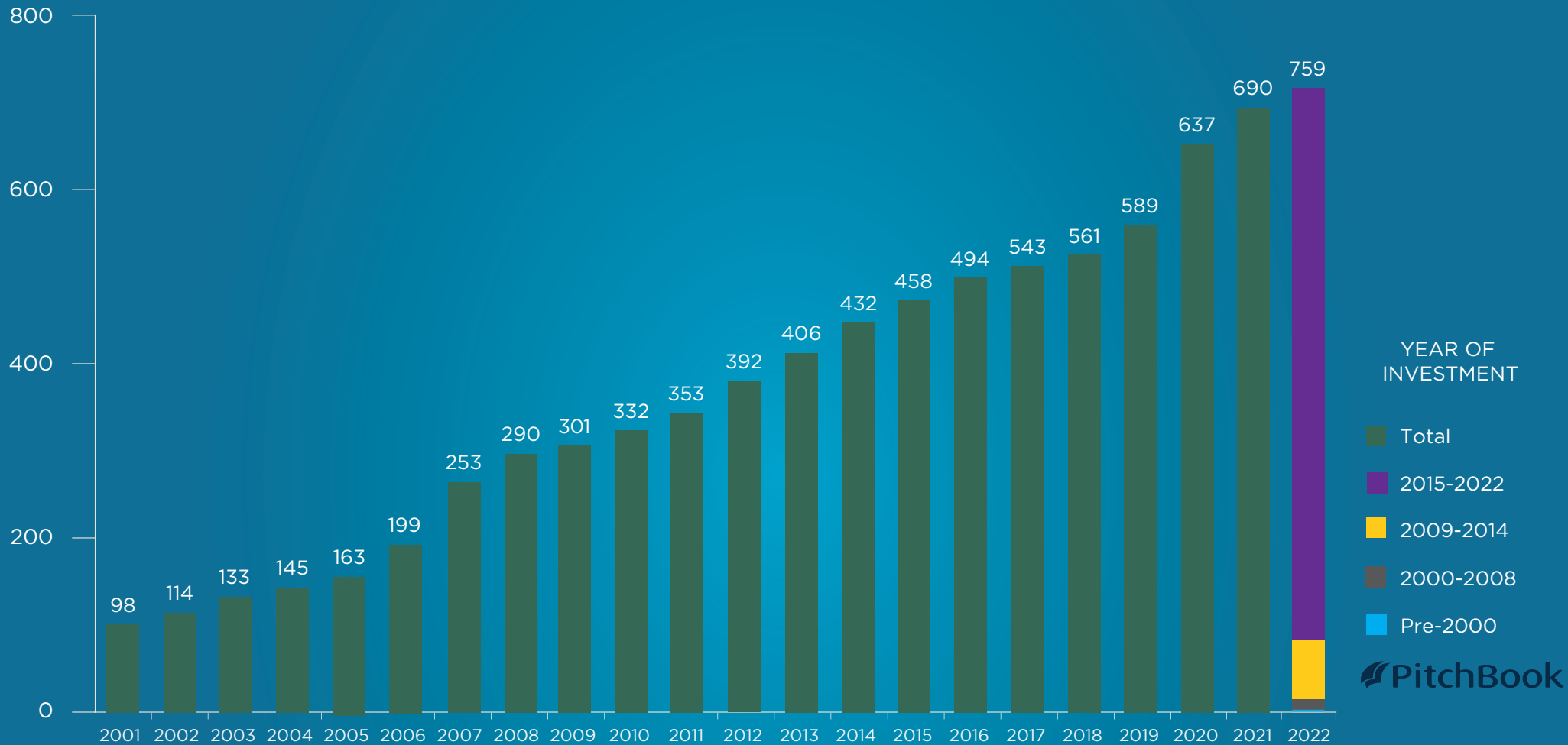
B2B remained the dominant sector for sponsor deal activity in 2022, accounting for approximately 36%. Of significant note, B2C percentage rose significantly in 2022, accounting for approximately 21%, surpassing Healthcare, at approximately 16%, for the first time since pre-pandemic. IT and Financial Services both remained steady at approximately 14% and 10%, respectively, while Materials and Resources and Energy lagged behind the group at approximately 2% and 1%.

Florida Buyouts vs. Add-Ons



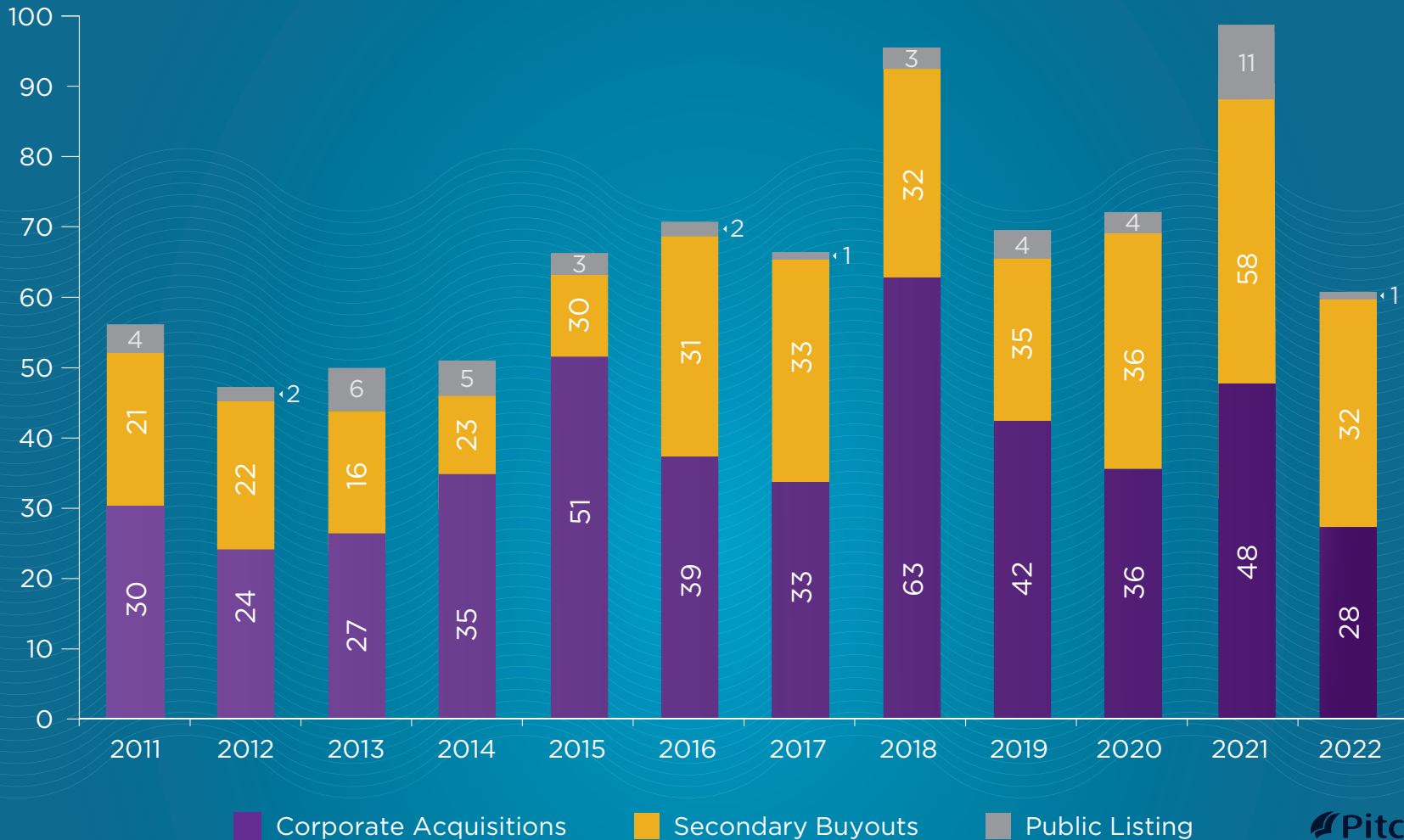
Sponsor Add-Ons as a percentage of all Florida sponsor control investments hit an all-time high in 2022, accounting for 75.3%. As Add-Ons tend to be smaller deals for sponsors, this makes a lot of sense given what we have reported in this report thus far.

Sponsor Backed Florida Companies by Year

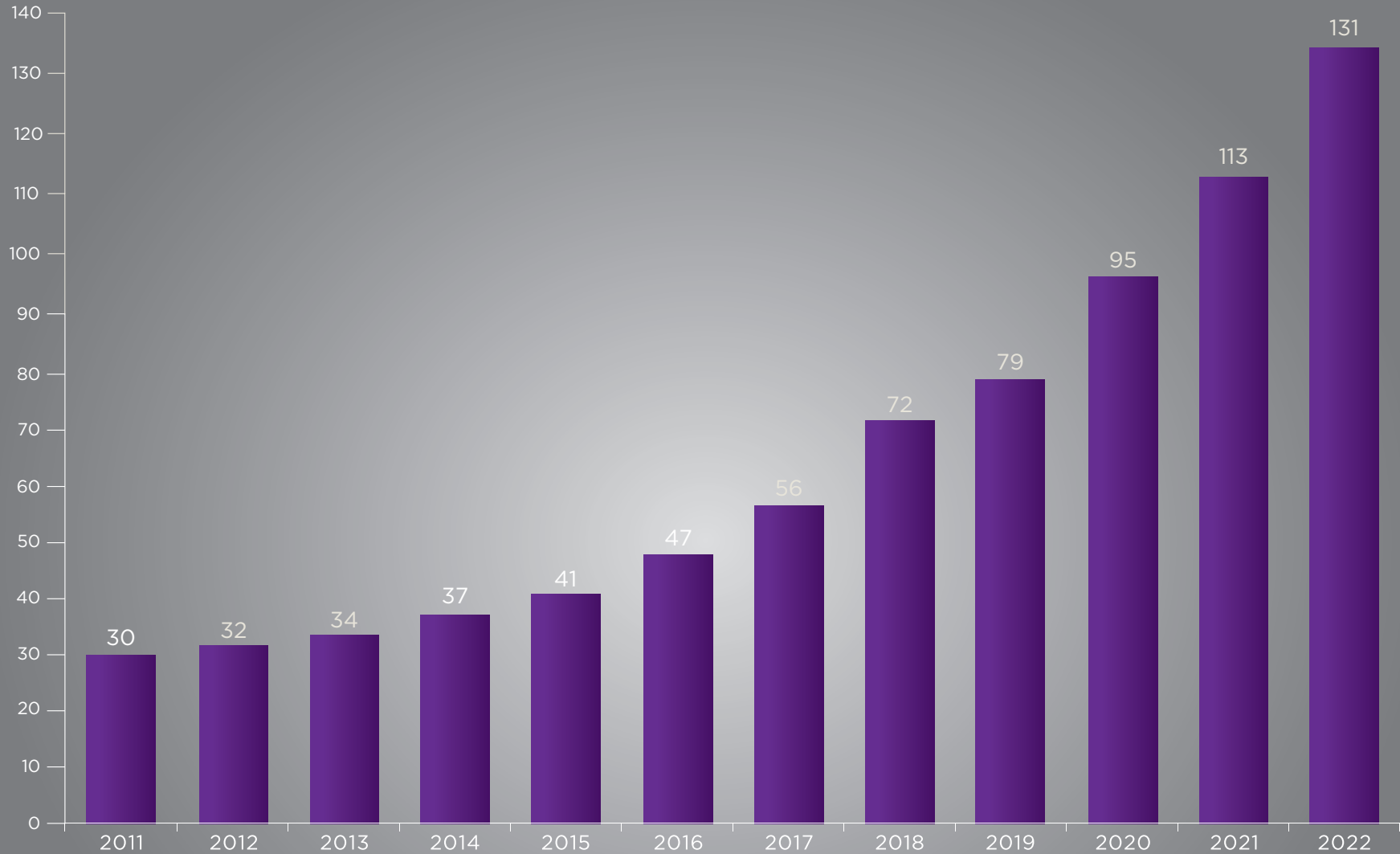


Florida sponsor-backed company inventory continued to grow, with an additional (net) 69 new Florida sponsor-backed companies. This growth is significant compared to what we reported in 2021 at 15 (net) new Florida sponsor-backed companies.

Florida Sponsor Exits by Type

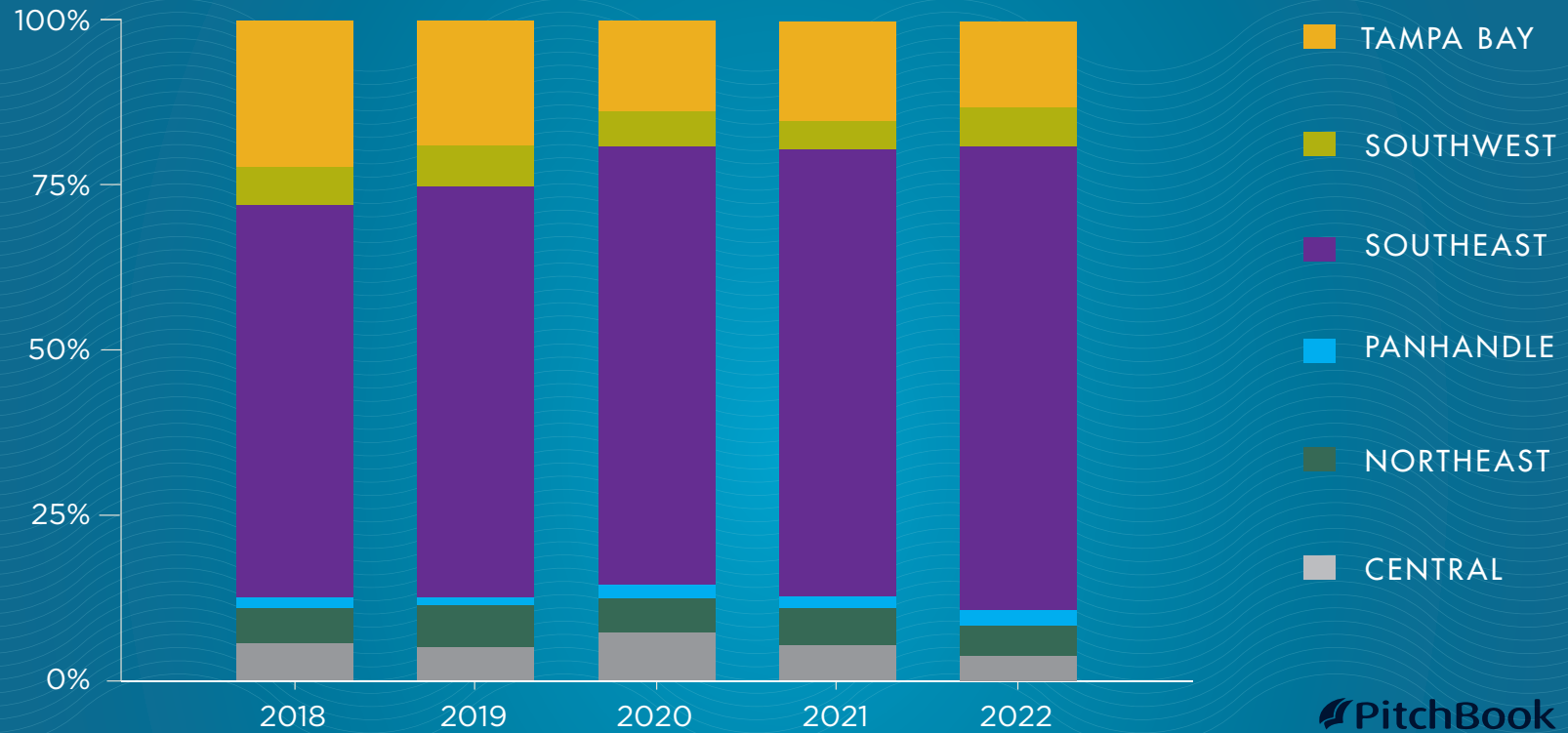


Coming in at approximately 52% and continuing with the trend, secondary buyouts was the primary exit route (although slight) for Florida sponsors in 2022. While 2021 was the year of SPACs, they have come to a screeching halt in 2022, with only one exit.



As we predicted in our 2021 report, the number of sponsors with headquarters in Florida continued to skyrocket, with an additional 18 Florida-based sponsors in 2022. While we continue to hear of sponsors having the intention of moving to Florida, it will be interesting to see if the rate at which they do so remains this significant.

Florida Sponsor by Region



PitchBook

Of the 131 sponsors headquartered in Florida, approximately 70% reside in the Southeast region. This is such a significant amount over any other region, with the next being Tampa Bay accounting for approximately 13%. The Southwest region accounted for approximately 6%, while all other regions accounted for less than 5% each.

METHODOLOGY



SPONSOR DEALS

This report includes all sponsor investments (buyout, growth, recapitalization, and add-on), excluding real estate investments, made into target companies, with headquarters in Florida. Only investments made directly by sponsor firms or their portfolio companies are counted. Buyout deals are defined as transactions in which the sponsor investors receive controlling ownership stakes in the target companies. Growth deals are defined as minority investments in target companies. Add-on deals are defined as acquisitions by companies with sponsor backing.



FLORIDA-BASED SPONSOR FIRMS

This report includes sponsor firms with headquarters in Florida that were either actively investing or raising funds during the reported periods.



SPONSOR-BACKED FLORIDA-BASED COMPANIES

This report includes companies headquartered in Florida that are in part or in whole backed by sponsor firms.

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Cassel Salpeter & Co. is a Florida-based boutique investment banking firm focused on providing independent and objective advice to middle market and emerging growth companies for over 10 years.



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