



Cassel Salpeter & Co.

INVESTMENT BANKING

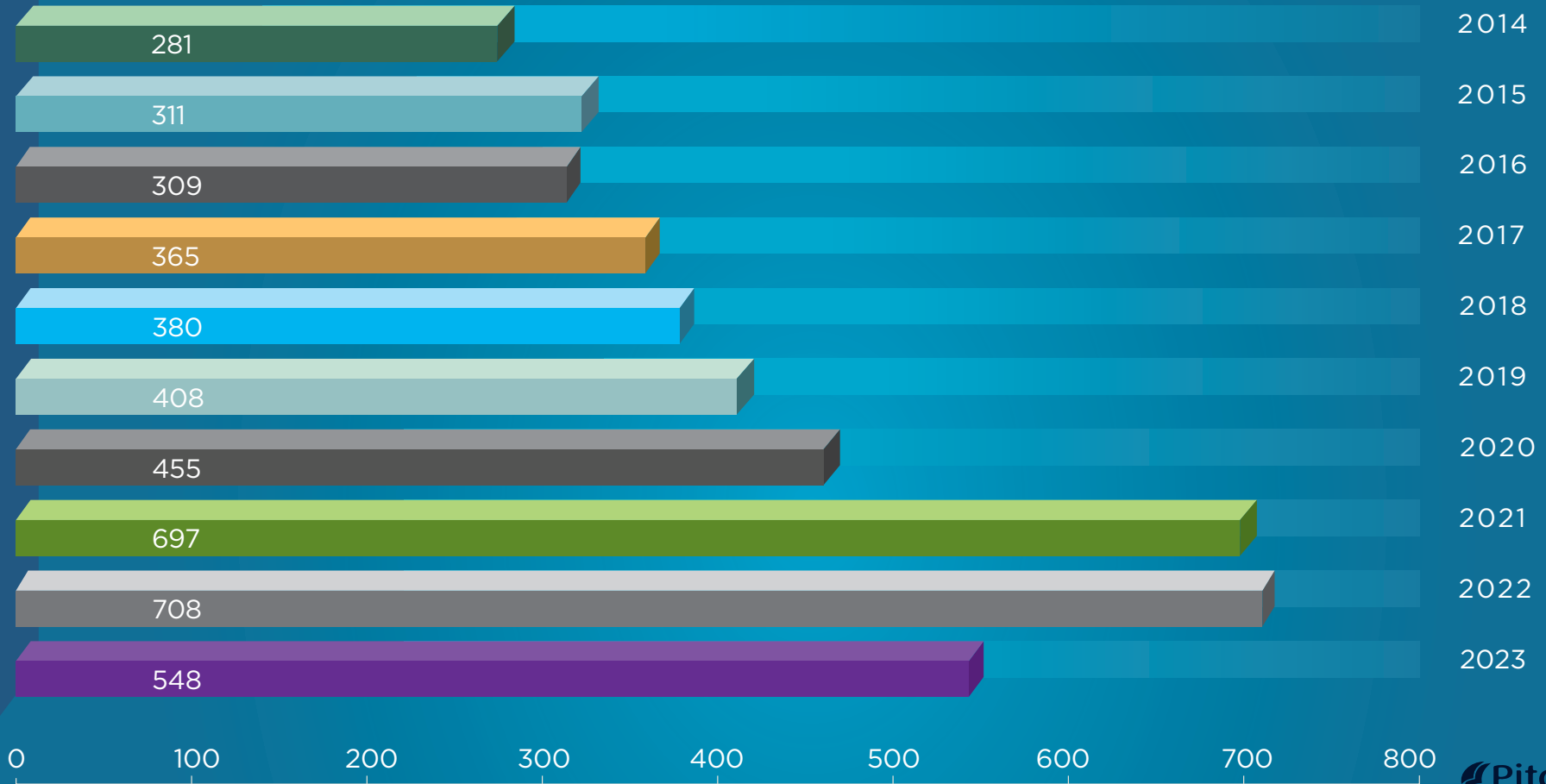
FOUNDED IN FLORIDA OVER 10 YEARS AGO

A VIEW OF 2023: FLORIDA SPONSOR REPORT

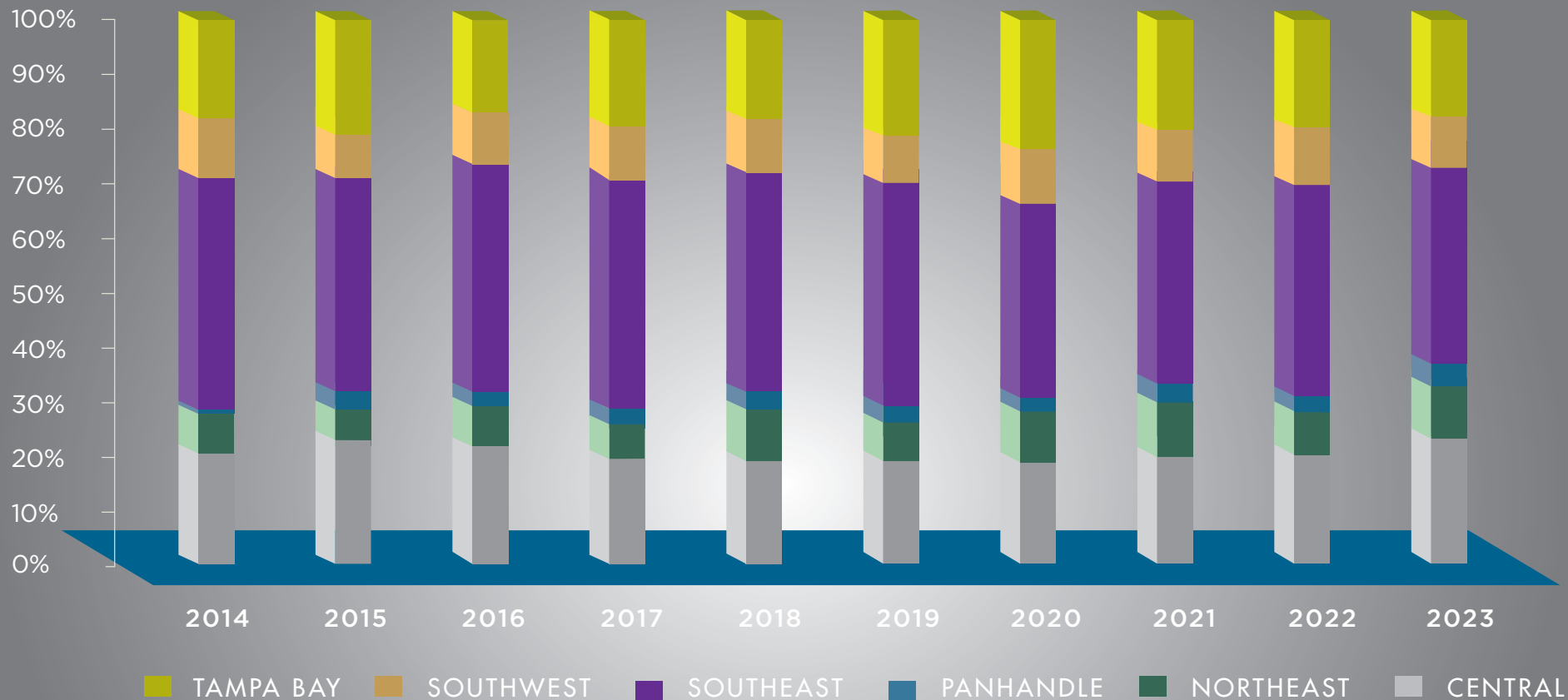
THIS INFOGRAPHIC REPORT AND ALL ASSOCIATED CHARTS, PREPARED BY CASSEL SALPETER & CO. WITH DATA FROM PITCHBOOK AS OF DECEMBER 31, 2023, PROVIDES A TOP-LEVEL EXAMINATION OF SPONSOR ACTIVITY IN FLORIDA. IT OFFERS IN-DEPTH INSIGHT AND DATA-DRIVEN ANALYSIS OF THE STATE'S SPONSOR TRENDS, WITH A FOCUS ON DEAL 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.

In 2022 Pitchbook changed its methodology for recording deal activity that will apply to this and all future sponsor reports. All announced deals are now included in the reporting of total deal activity in addition to completed deals, and announced dates are used to reflect deal timing in lieu of closing dates.

Florida Sponsor Deal Flow by Year

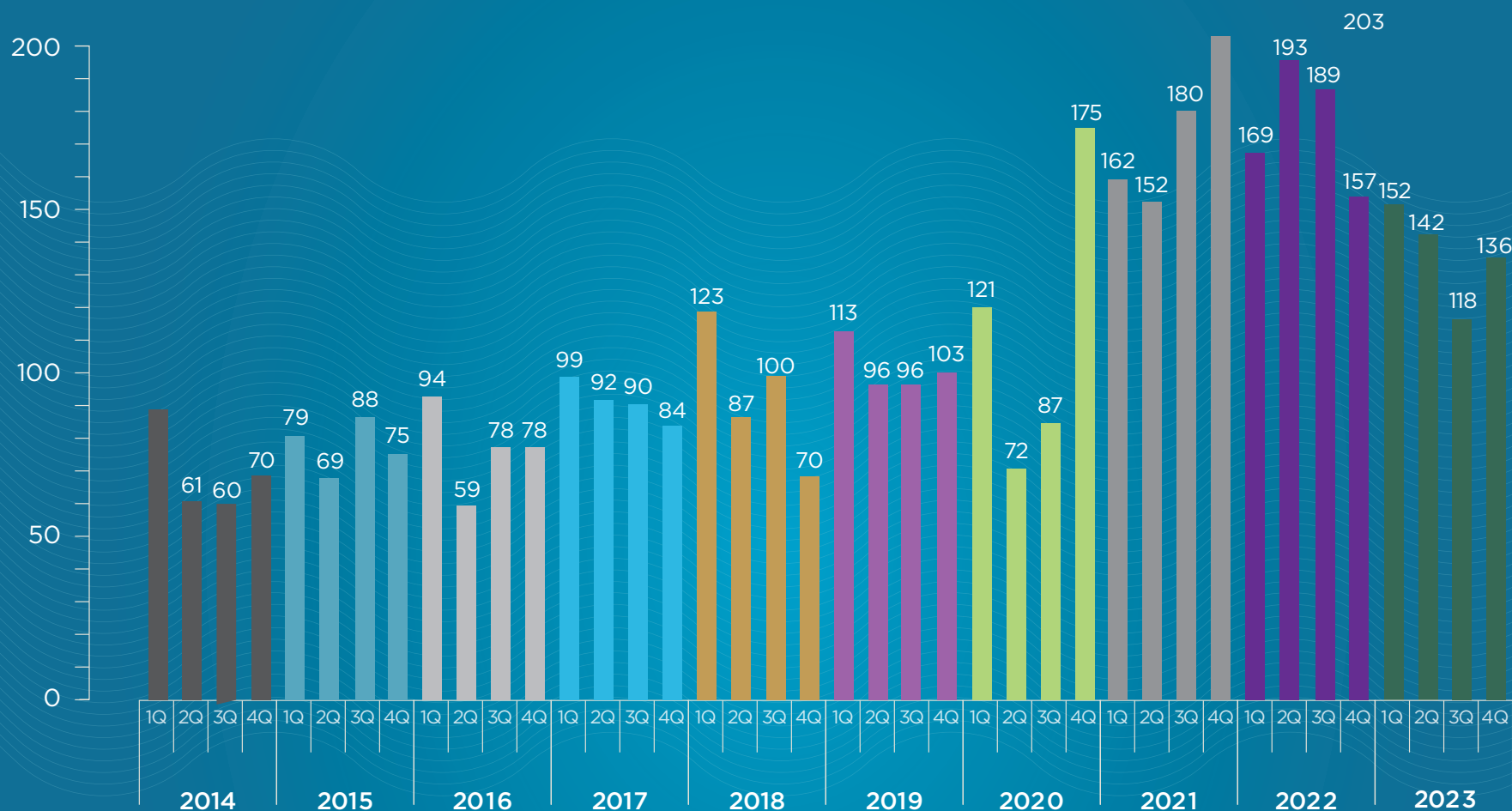


After back-to-back record-setting years in the number of Florida sponsor deals closed, 2023 saw a significant decline of approximately 23%. With a higher interest rate environment in 2023, sponsors are having to adjust their portfolio strategies, holding their current portfolios for longer periods as opposed to divesting them and are being disciplined on acquiring new companies. This is consistent with national levels as seen in Pitchbook's 2023 Annual U.S. PE Report where PE deal count declined approximately 16% from 2022 to 2023.



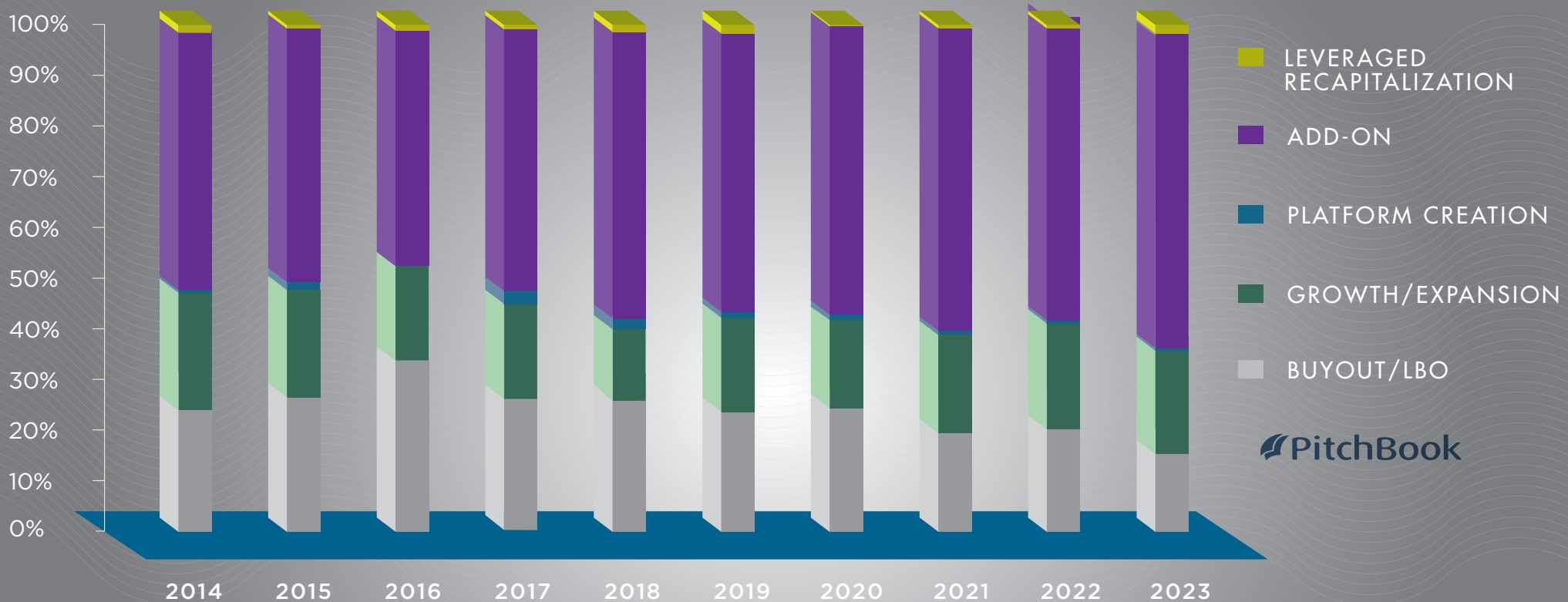
The Southeast region has remained the area with the highest number of sponsor deals in 2023, accounting for approximately 36% of total Florida sponsor deals this year. The Central region has increased in percentage slightly year-over-year, and in 2023 accounted for approximately 23% of total Florida sponsor deals. As we noted in our 1H 2023 report, the Tampa Bay region has normalized back to prepandemic levels accounting for approximately 17% of total Florida sponsor deals in 2023, compared to approximately 24% in 2020. Both the Northeast and Southwest regions accounted for approximately 10% of total Florida sponsor deals in 2023, with the Panhandle trailing the pack with approximately 4%.

Florida Sponsor Deal Flow by Quarter



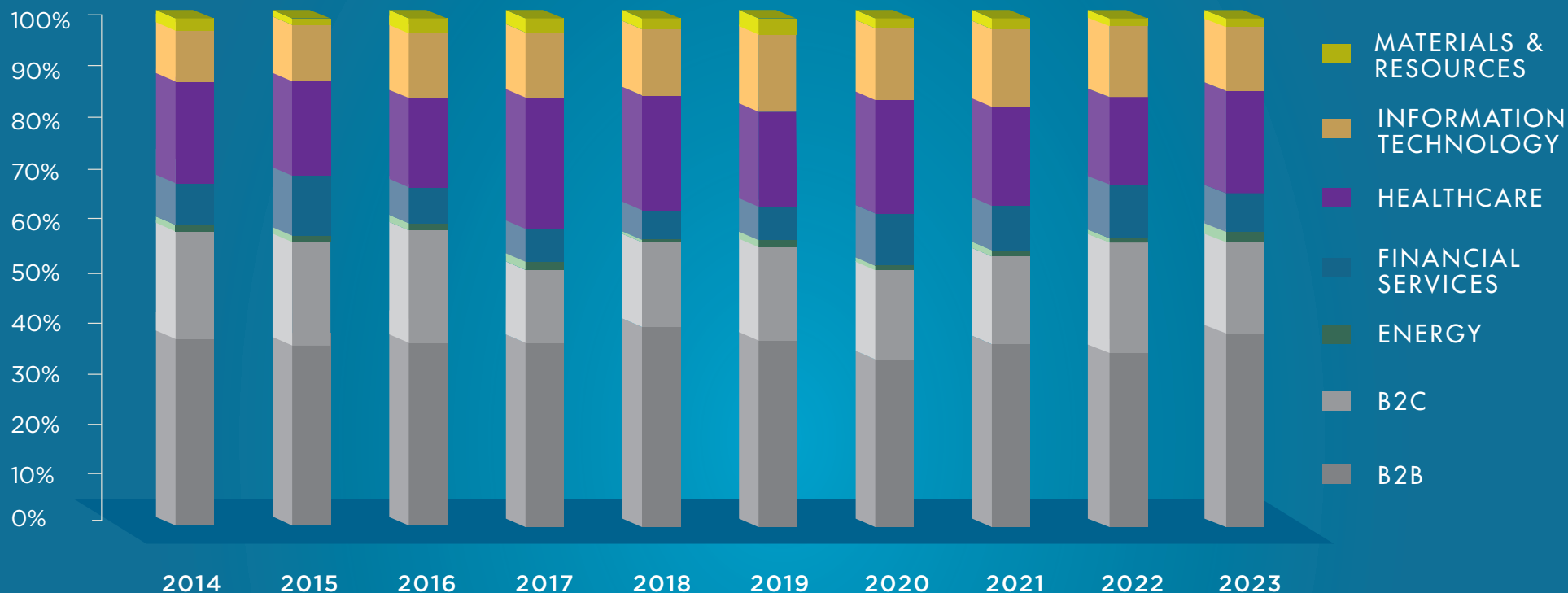
While the decline in Florida Sponsor deals seems to have begun in Q4 2022, Q3 2023 had the largest decline since 2020, with only 118 Florida sponsor deals in the quarter. It will be interesting to see if these numbers continue to decline or level out here as the new normal.

Florida Sponsor Deal Flow by Type



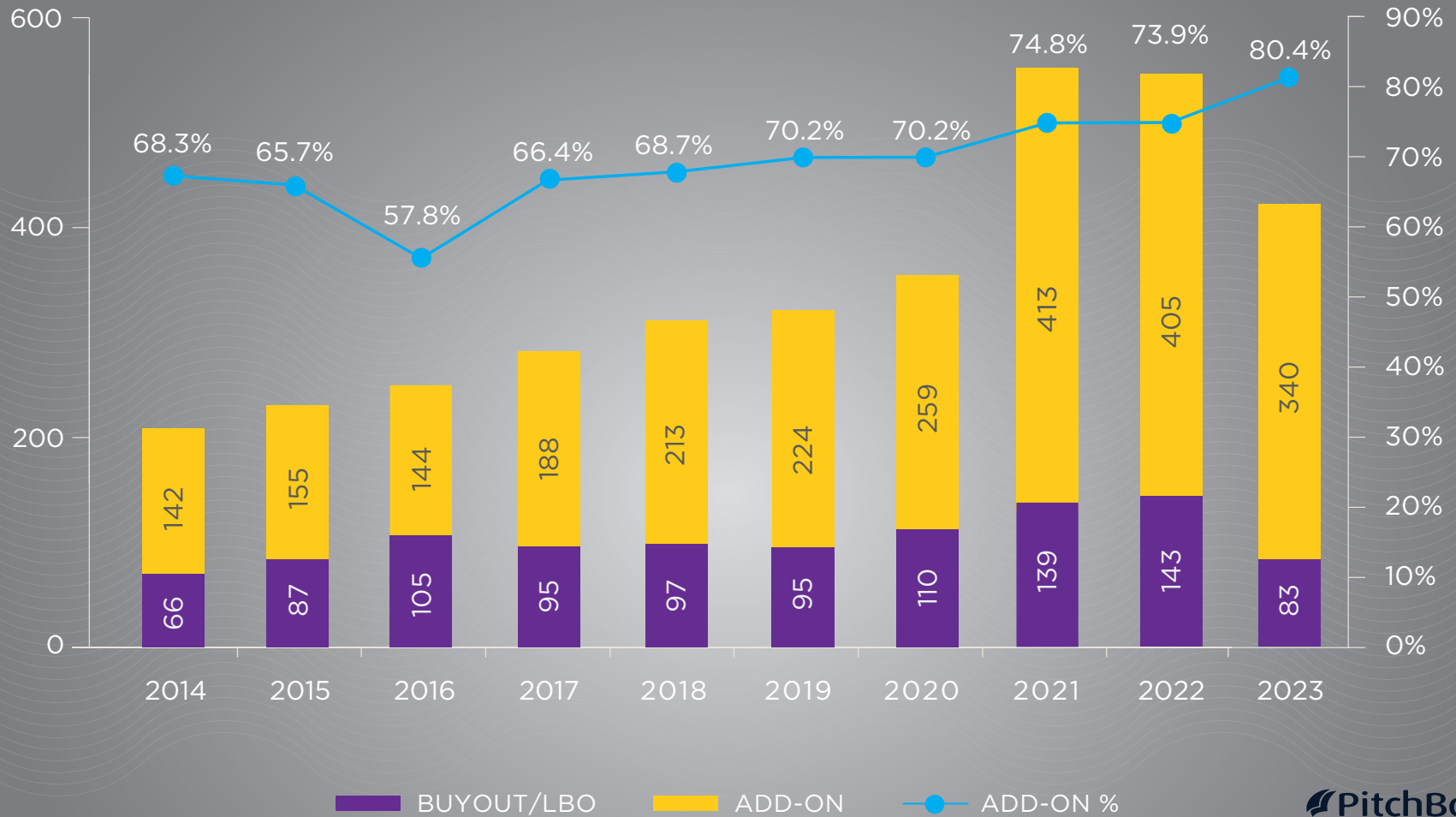
Sponsor Add-Ons continued to play the dominant role driving Florida deal activity in 2023, making up 340, or approximately 62% of the total Florida sponsor deal activity. While Growth/Expansion had a minimal decline in percentage in 2023, it still made up approximately 21% of total Florida sponsor deals. Buyout/LBO continues to decline, with 83 deals, approximately 15% of total Florida sponsor deals in 2023, a number we have not seen since 2015.

Florida Sponsor Deal Flow by Sector



B2B once again remained the dominant sector for Florida sponsor activity in 2023, accounting for approximately 38%. Healthcare and B2C remain head-to-head for the second largest numbers in Florida sponsor activity, accounting for approximately 20% and 18%, respectively, in 2023. While IT remained steady at approximately 13% of total Florida sponsor deals, the Financial Services sector declined from 11% in 2022 to approximately 7% in 2023.

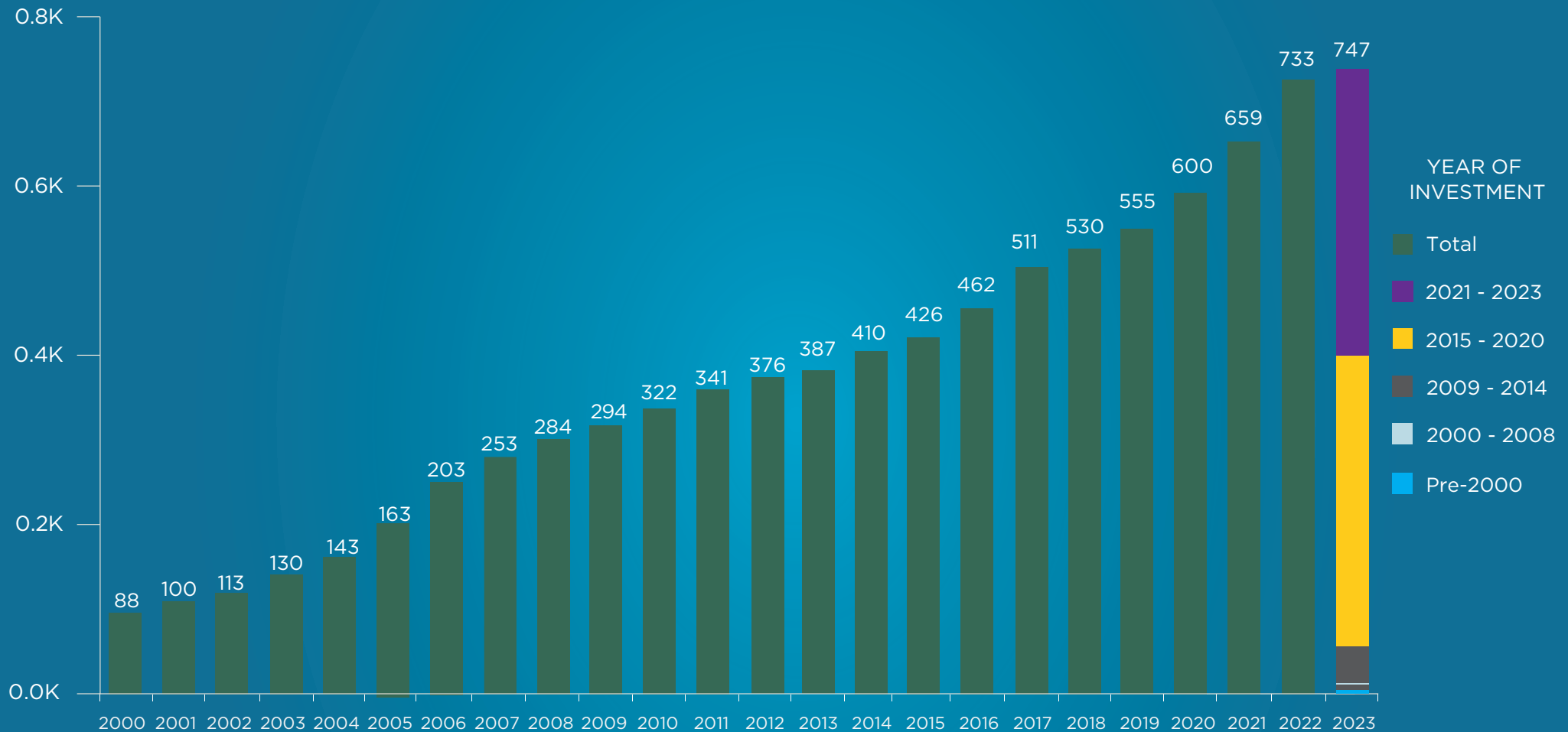
Florida Sponsor Buyouts vs. Add-Ons



PitchBook

Sponsor Add-Ons as a percentage of all Florida sponsor control investments once again hit an all-time high, accounting for approximately 80%. With the growing trend of a longer holding period, sponsors continue to turn to Add-On deals for their existing platforms to optimize their footprint.

Sponsor-Backed Florida Companies

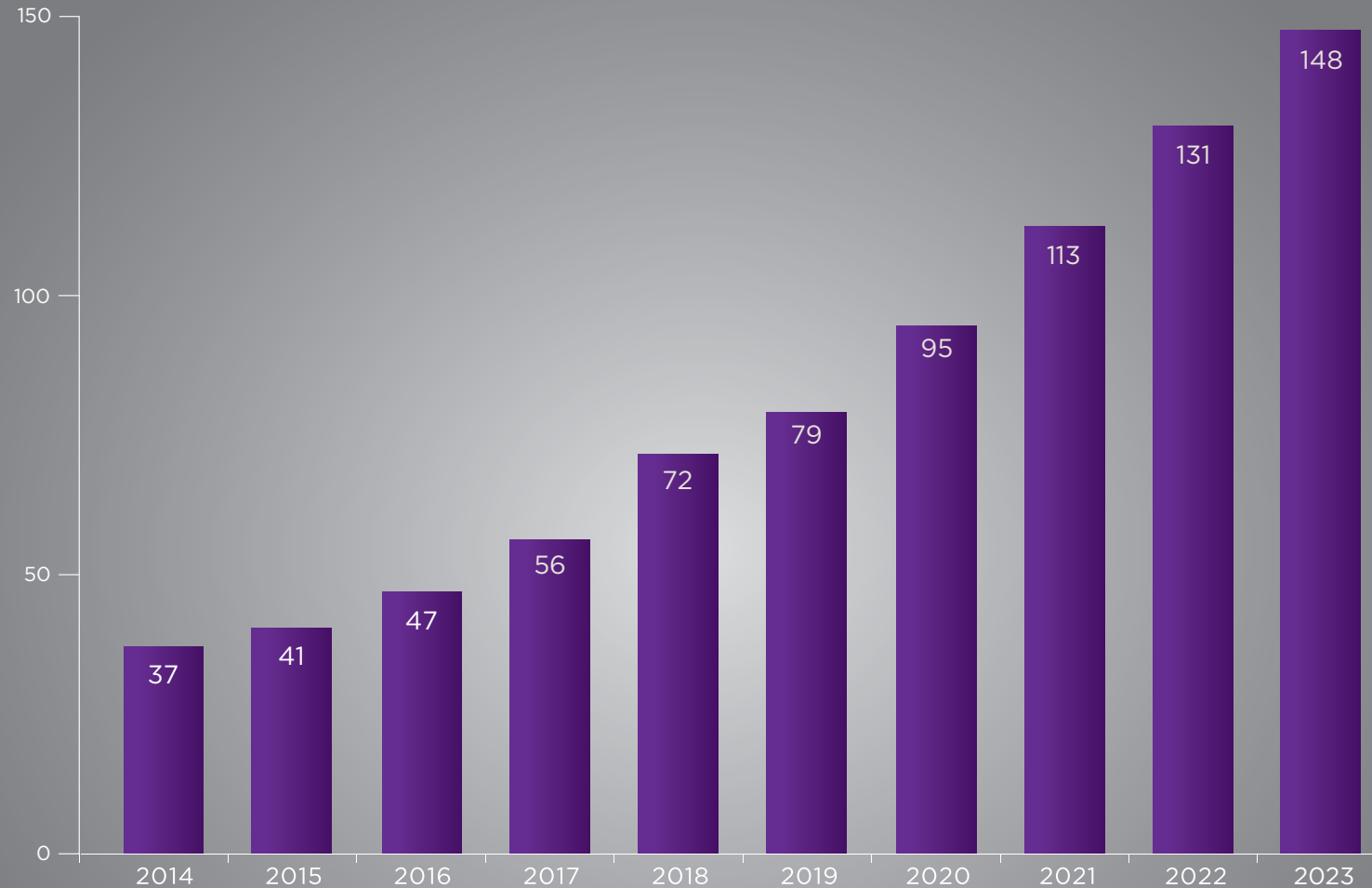


While Florida sponsor-backed company inventory continued to grow, it grew at a slower pace as compared to recent prior years. Given the slowdown in deals in general, this makes sense as there were less acquisitions across the board and sponsors were holding their current portfolios for longer periods.

Florida Sponsor Exits by Type

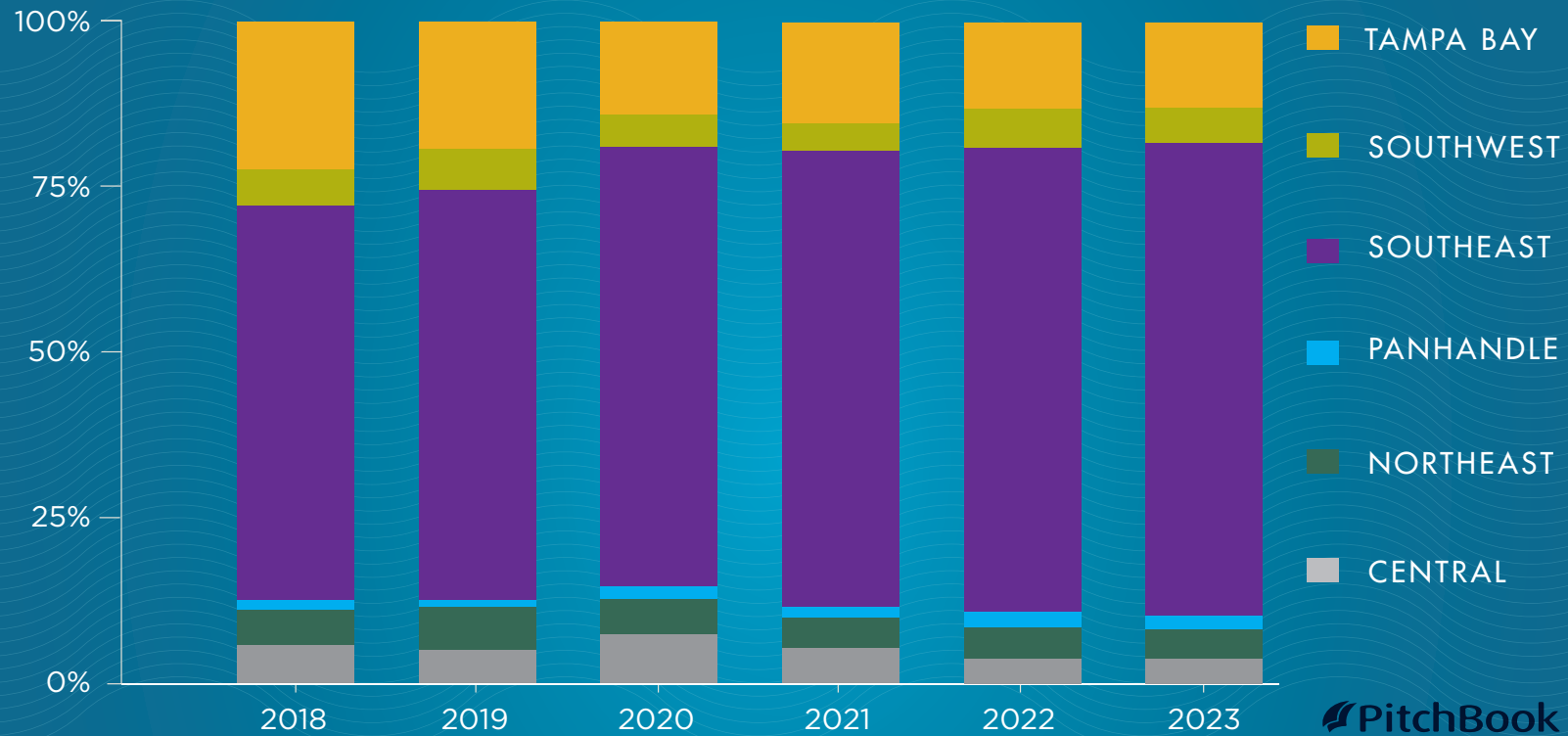


Reversing the trend that we have seen in recent prior years of secondary buyouts being the primary exit route for Florida sponsor deals, 2023 corporate acquisitions accounted for approximately 64% of total Florida sponsor exits. Prior to 2023, 2019 was the last year we saw corporate acquisitions accounting for greater than 50% of Florida sponsor exits.



The number of sponsors with headquarters in Florida continues to grow, with 2023 seeing an additional 17 Florida-based sponsors. This represents a CAGR of approximately 14% and is in line with prior recent years, which saw an increase of between 16 and 18 new Florida-based sponsors.

Florida-Based Sponsors by Region



PitchBook

Of the 148 sponsors headquartered in Florida, approximately 72% are located in the Southeast region of Florida. This percentage has been gradually increasing while the percentage in the Tampa Bay region continues to decline, from approximately 22% in 2018 to approximately 13% in 2023. All other regions accounted for approximately 5% or less in 2023.

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 independent 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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