



CALABASAS CAPITAL

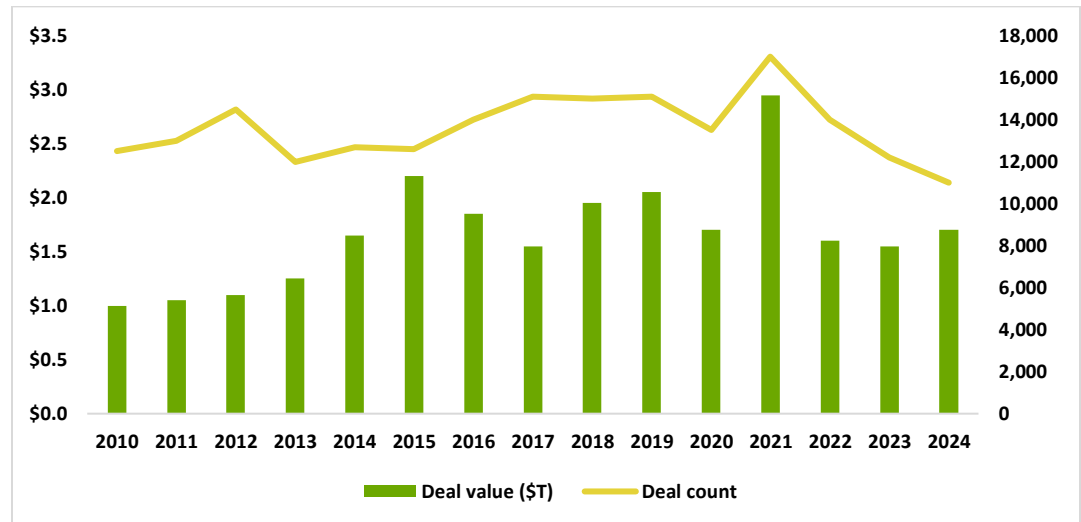
2024 M&A Market Update & 2025 Outlook

About Us

Calabasas Capital is a boutique investment banking firm focused on serving lower middle-market privately held companies, including many family-held businesses, and their owners. We specialize in sell-side and buy-side mergers, sales and acquisitions and we raise private equity and debt capital.

North America M&A Value Up 8% in 2024

According to MergerMarket, although deal count declined, North America M&A value recovered in 2024 rising 8% to \$1.7 Tn over 2023, which was the slowest year over the previous 10 years. North America accounted for half of global M&A in 2024 and 9 of the 10 largest deals globally.

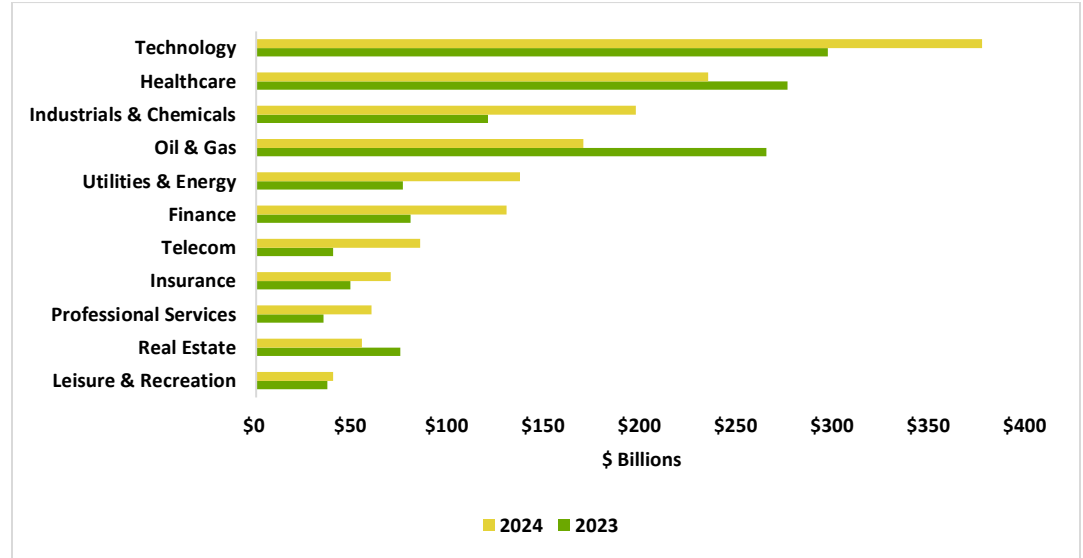


Source: MergerMarket 2024 M&A Highlights.

Key Drivers of M&A Activity in 2024

- Inflation Moderated
- GDP Growth Remained Solid
- Fed Lowered Interest Rates by 100 bps
- Seller Expectations Finally Began to Adjust
- Significant Buyer Dry Powder While Corporates Maintained an Edge over Financial Buyers
- Millions of Aging Baby Boomers Need Exit Plan

North America M&A by Sector



Source: MergerMarket 2024 M&A Highlights.

The strongest sectors were:

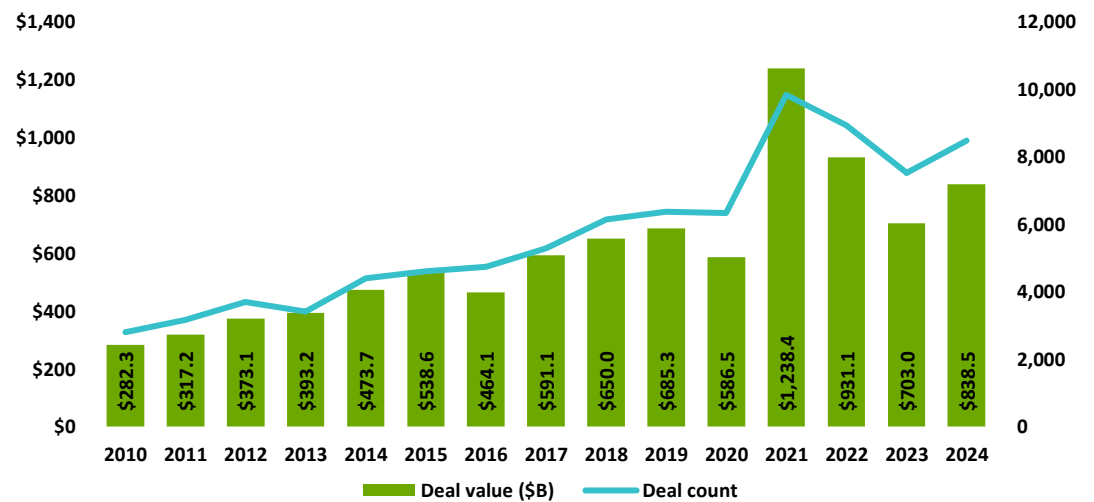
- Technology (largest sector): up 27%
- Industrials & Chemicals: up 63%
- Utilities & Energy: up 80%
- Telecom: up 110%

The weakest sectors were:

- Healthcare: down 15%
- Oil & Gas: down 36%

U.S. Private Equity Activity Bounces Back Strongly

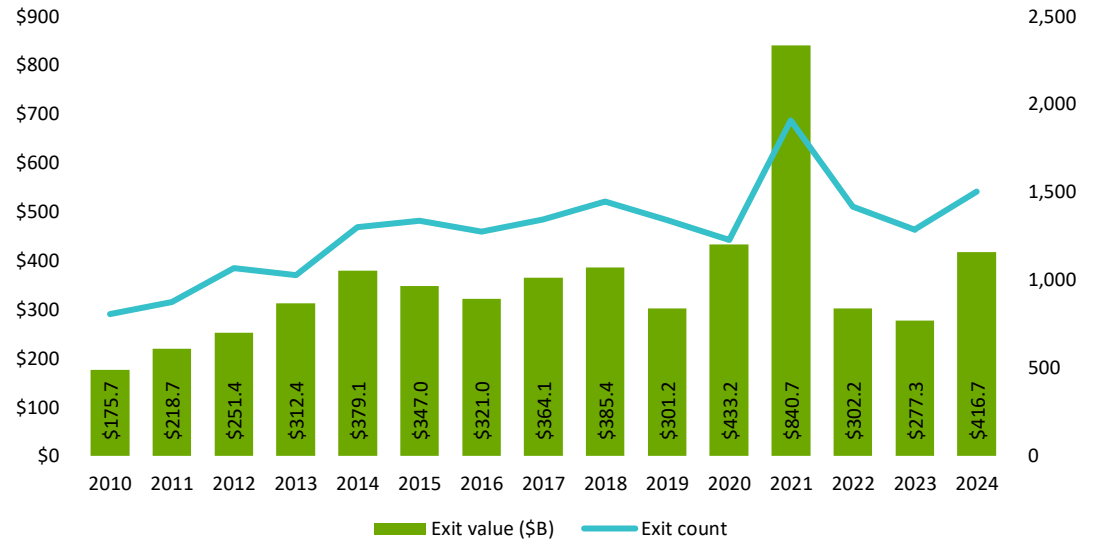
2024 was the first up year for U.S. private equity activity since 2021. The value of U.S. private equity transactions increased 19% in 2024 to \$839 Bn vs. 2023 while the number of deals increased 13% in 2024 to 8,473.



Source: Pitchbook 2024 Private Equity M&A Report.

U.S. Private Equity Exits Increase

The value of U.S. private equity exits increased 50% in 2024 over 2023 to \$417 Bn while the number of PE exits increased 17% to 1,502 in 2024.

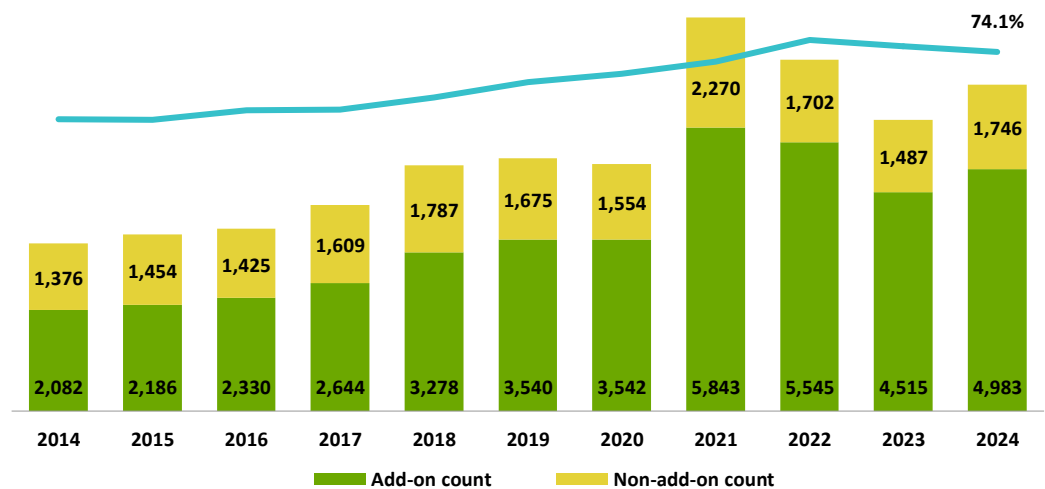


Source: Pitchbook 2024 Private Equity M&A Report.

Add-Ons Continue to Dominate PE Acquisition Activity

Lower mid-market investment banking firms like Calabasas Capital continue to be relatively insulated from macro factors since add-ons are easier to complete and are a priority for platforms to (a) reduce their average buy-in multiples and (b) consistently deploy capital.

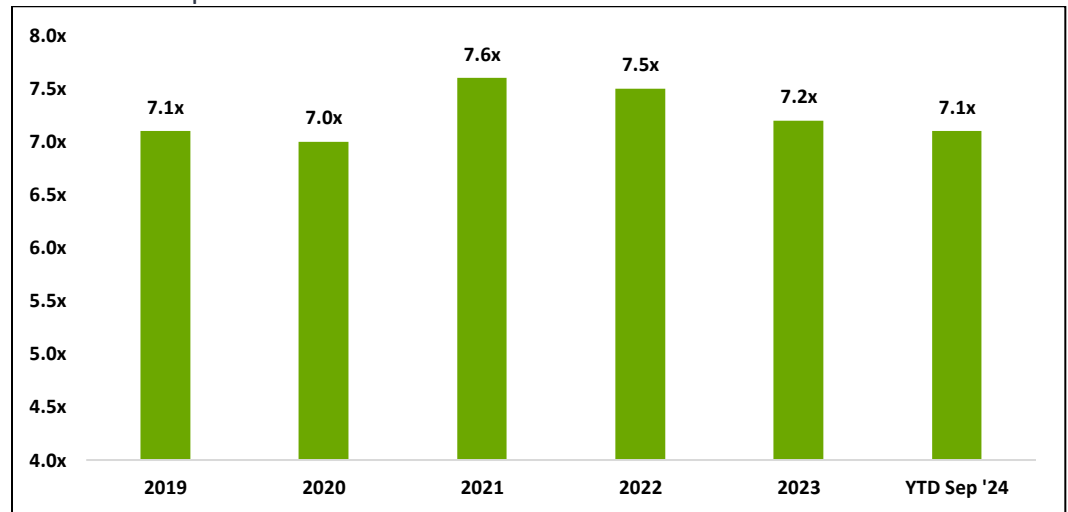
In 2024, add-ons represented 74% of all U.S. PE acquisitions (vs. 26% platforms); the number of add-ons completed in 2024 rose 17% vs. 2023 while platforms increased 10%.



Source: Pitchbook 2024 Private Equity M&A Report.

Lower Mid-Market Valuations Continue to Bounce Back

According to ACG/GF Data, PE Lower Mid-Market (\$1-\$250MM in deal size) valuation multiples stabilized in 2024 at an average of 7.1x but remained well below 2021's peak.



Source: ACG/GF Data's Middle Market Growth 2025 Outlook (Jan 2025).

2025 M&A Outlook: Cautiously Optimistic

- No Recession as GDP Growth Remains Solid
- Buyer-Seller Bid-Ask Spread Continues to Narrow
- Continued Availability of Capital
- PE Desperate for Realizations Will Stop Waiting for Higher Valuations
- Millions of Aging Baby Boomers Still Need an Exit Plan
- Much More Favorable Regulatory Environment Expected
- Buyers Have Adapted to Higher Interest Rates
- U.S. remains the most dynamic and productive country in which to invest
- Animal Spirits Rekindled: According to Citizens Bank 2025 M&A Outlook, 54% of buyers surveyed* believe M&A will be strong in 2025, the highest in five years.

BUT.....

- Lower Inflation?
- Tariffs?
- Strong Dollar and Earnings Impact?

2025 Lower Mid-Market M&A Sectors of Focus

These are the sectors we think will be the strongest sectors in 2025:

- Industrial Manufacturing
 - strong appetite for quality industrial assets with increased optimism, expected deregulation and pro-business policies
 - Domestic Manufacturing, Distribution, Chemicals and A&D
- Business, Industrial and Home Services with Recurring Revenue
- Software/SaaS that incorporates AI & ML and Cybersecurity
- Food Distribution
- Healthcare
- Consumer Products with Diversified Supply Chains

Calabasas Capital

Our comprehensive services include:

- Sell-Side and Buy-Side Mergers & Acquisitions Advisory
- Private Equity & Debt Capital Raising
- Acquisition Financing
- Financial Restructuring

Our industries of expertise include:

- Food
- Industrial Manufacturing & Distribution
- Software & Technology
- Business Services
- Aerospace & Defense & Government Services
- Packaging
- Consumer Products & Services
- Healthcare

Contact Us

Team

- David Bonrouhi, Managing Director, David@CalabasasCapital.com
- Andrew Williamson, Managing Director, Andrew@CalabasasCapital.com

Strategic Partner

- Sunil Joshi, The Prospera Group (GT Securities)

For more information, please visit our website at <https://calabasascapital.com/>

Calabasas Capital
26610 Agoura Road, Suite 120
Calabasas, CA 91302

Securities offered through Fallbrook Capital Securities Corp. Member FINRA - SIPC

This should not be considered in any way an offer to buy or sell a security. This is for informational purposes only. Buying or selling a security involves substantial risk. Investment may be worth more or less than the original investment. An investment in securities products involves a high degree of risk and there can be no assurance that the investment objectives will be attained.

This message is for the named person only. It contains confidential, proprietary or legally privileged information. No confidentiality or privilege is waived or lost by any mis-transmission. If you receive this message in error, immediately delete it and all electronic copies, destroy any hard copies of it and notify the sender. You must not, directly or indirectly, use, disclose, distribute, print, or copy any part of this message without Sender's authorization. This communication is not an intention by the sender or the sender's client or principal to conduct a transaction or make any agreement by electronic means. Nothing contained in this message or in any attachment shall satisfy the requirements for a writing, and nothing contained herein shall constitute a contract or electronic signature under the Electronic Signatures in