

Needham & Company

Mergers & Acquisitions Quarterly Newsletter

For the Quarter Ended December 31, 2023



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- Needham & Company is the leading financial advisor to mid-market technology companies and their stakeholders.
- Our M&A team is committed to exceptional service and is born from a tradition which stresses integrity above all else.
- Needham & Company completed or announced 11 transactions in 2023.

Our Transactions

PENDING
M&A/Advisory
Has Acquired Siklu Communications

PENDING
M&A/Advisory
Sale to Renesas Electronics

NOVEMBER 2023
M&A/Advisory
Sale to Hut 8 Mining Corp.

NOVEMBER 2023
M&A/Advisory
Sale to OmegaX

OCTOBER 2023
M&A/Advisory
Has Acquired HIS Innovations Group

OCTOBER 2023
M&A/Advisory
Sale to Urgent.ly, Inc.

MARCH 2023
M&A/Advisory
Sale to Simplifi

MARCH 2023
M&A/Advisory
Sale to Indie Semiconductor

MARCH 2023
M&A/Advisory
Sale to FNOF / Rim Peak Technology Limited

FEBRUARY 2023
M&A/Advisory
Has Acquired Knowbe4, Inc.

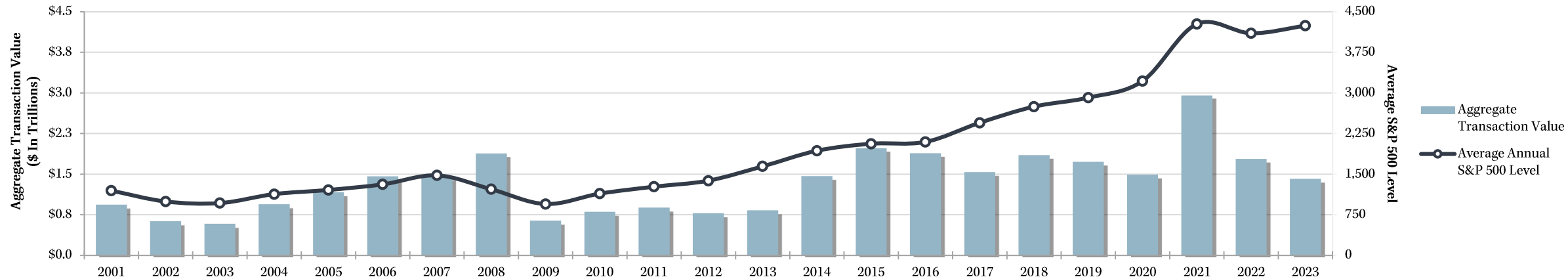
JANUARY 2023
M&A/Advisory
Sale to Cohu, Inc.

DECEMBER 2022
M&A/Advisory
Merger With Kineta

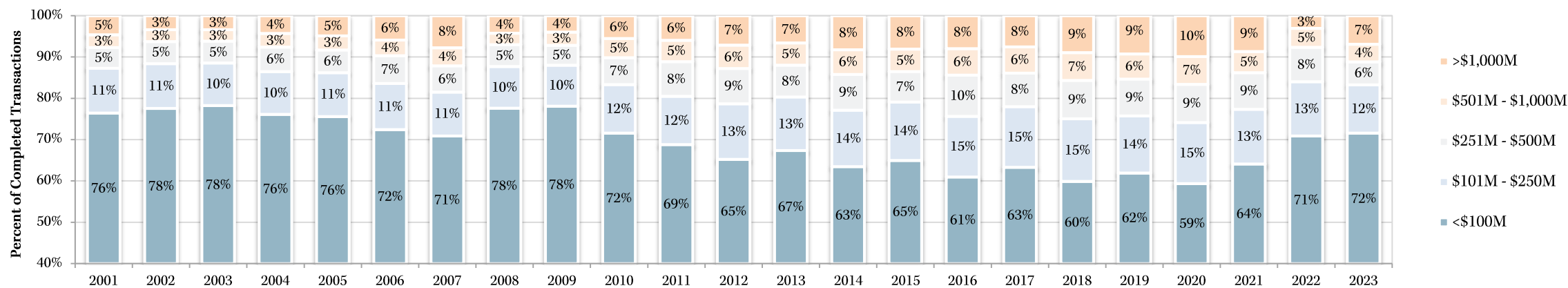
Q4 2023 Market Update

- Overall M&A activity by aggregate value was down sharply in 2023, following a similar sharp decline in 2022. However, taking a longer-term perspective, aggregate value was not dissimilar to the range experienced during the 2017-2022 period, excluding the 2020 outlier year.
- The downturn in 2023 was driven, in particular, by the decline in mega deal activity.
 - The number and aggregate value of Technology transactions was also sharply lower (with AI-related activity being a notable exception).
 - Smaller transactions continued to account for an increasing proportion of transactions, and is at the highest levels since 2009.
 - PE activity was also lower due to difficult credit market conditions.
- Regulatory considerations have been a major headwind, particularly with respect to mega deals, as regulators often impede transactions simply by challenging them, creating uncertainty and delay, whether justified or not by legal precedent.
 - While the regulators' track record of challenging deals in the courts has been mixed/poor, two recent outcomes, Illumina/Grail and Adobe/Figma (in the UK) may give regulators increased conviction.
 - In addition, a new HSR filing process expected to be implemented soon will increase the time and cost of filing, provide further ammunition (in the form of extensive data) to regulators to challenge transactions, and may further chill M&A activity.
- Perhaps paradoxically, there is considerable sentiment that suggests that M&A activity will pick up in 2024, and that PE portfolio company divestitures will play a significant role.

Announced U.S. M&A Activity Since 2001



Completed U.S. M&A Activity by Transaction Size⁽¹⁾

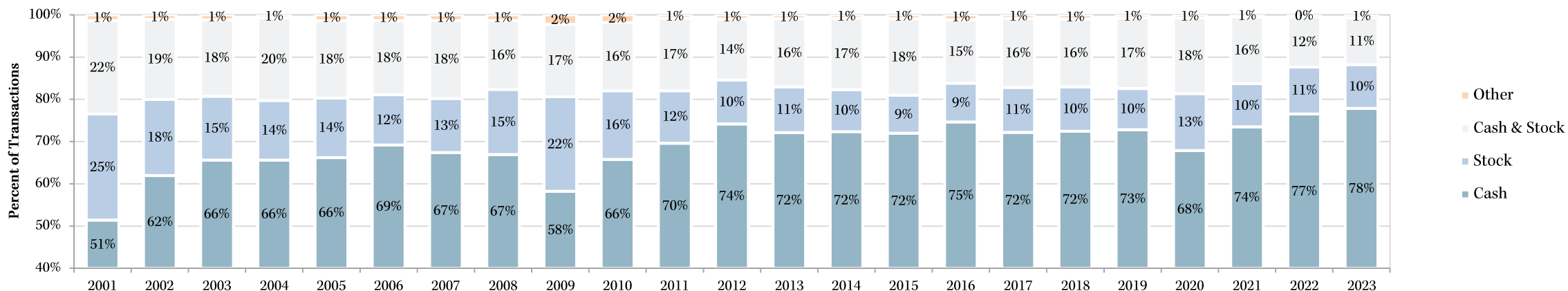


Notes:

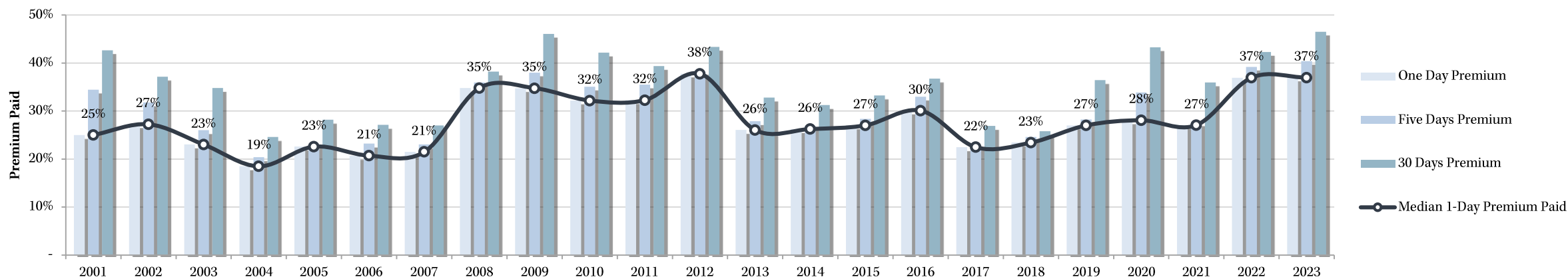
Source: FactSet Research Systems through December 31, 2023

(1) Excludes completed transactions with undisclosed deal values

Percentage of Announced U.S. M&A Activity by Form of Consideration

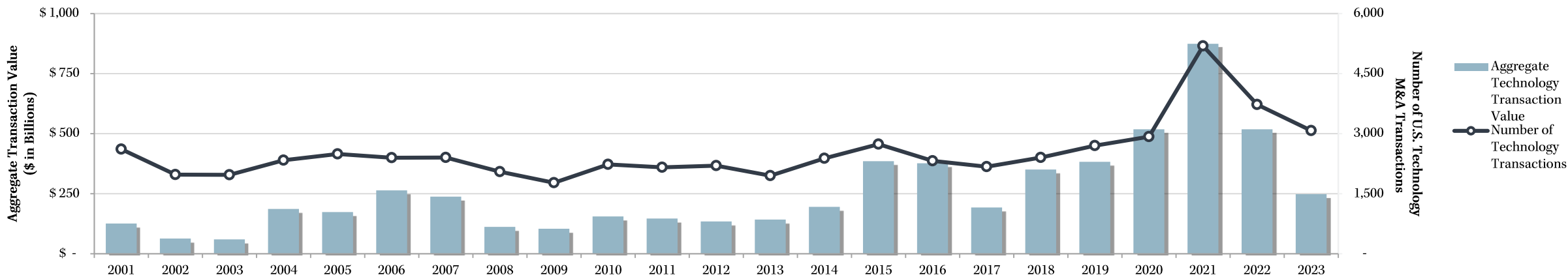


Premiums Paid in U.S. M&A Transactions ⁽¹⁾

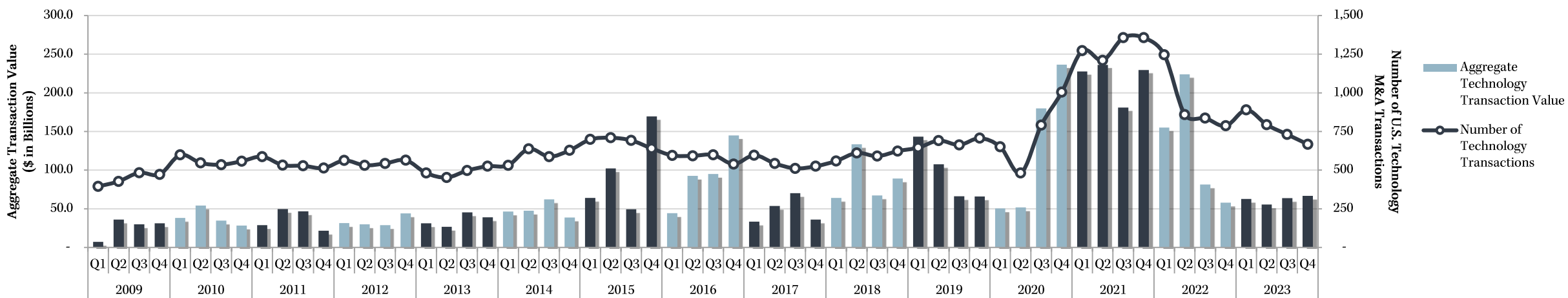


Notes:
 Source: FactSet Research Systems through December 31, 2023
 (1) Excludes private company transactions or transactions with undisclosed premiums

Annual U.S. Technology M&A Activity

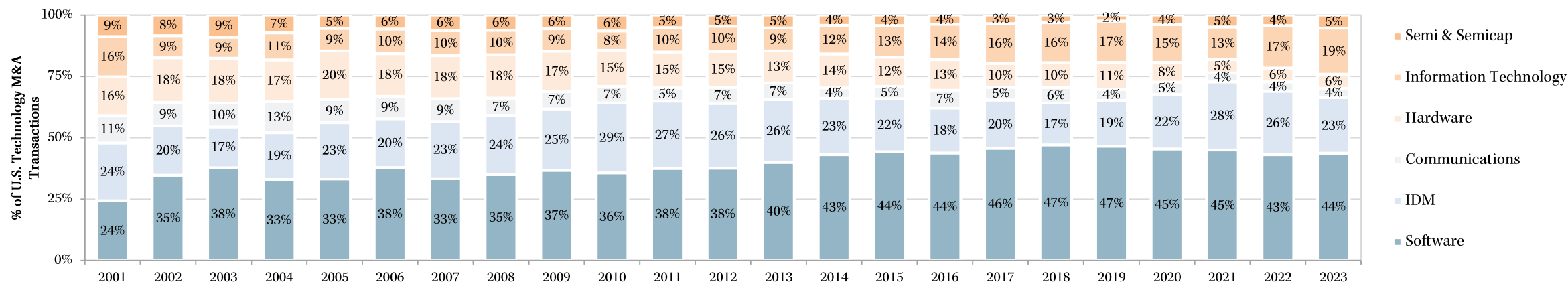


Quarterly U.S. M&A Technology Transactions

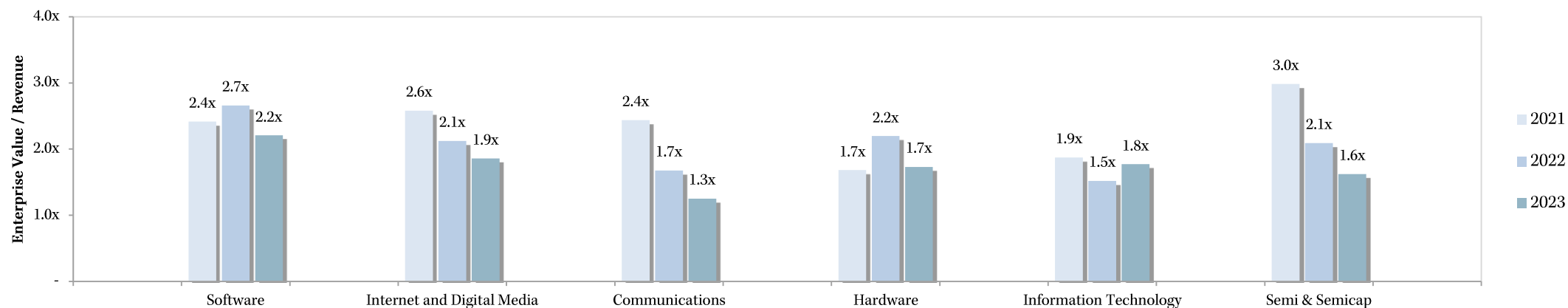


Notes:
Source: FactSet Research Systems through December 31, 2023

Annual U.S. Technology M&A Activity



Enterprise Value / Revenue M&A Multiples Paid in U.S. Technology Transactions ⁽¹⁾



Notes:

Source: FactSet Research Systems through December 31, 2023

(1) Only includes transactions with disclosed multiples, excluding outliers; includes pending transactions