



2025

Second Quarter

M&A & CORPORATE FINANCE
OVERVIEW

Merger & Acquisition
Corporate Finance Advisory
Strategic Consulting

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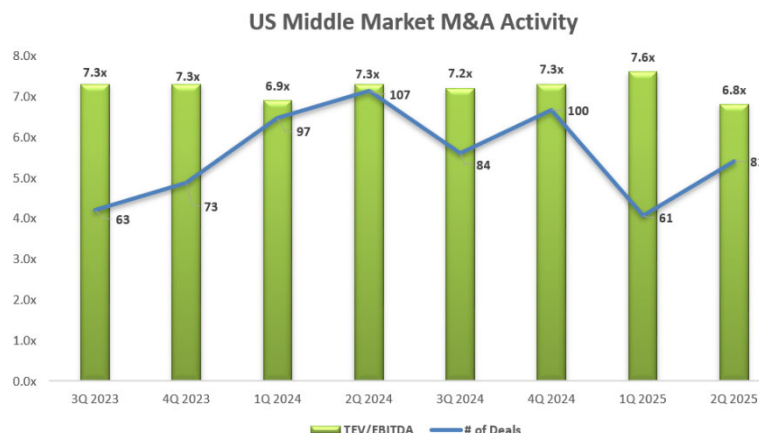
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Bringing Efficiency to Inefficient Markets

Executive Summary

Rebounding Deal Volume with Softening Valuations



As the second quarter of 2025 concluded, the M&A market demonstrated a rebound in deal volume, though pricing has softened. Middle-market deal volume increased by nearly 33% in Q2, with 81 completed deals, up from 61 in the first quarter. However, year-to-date activity remains 30% behind the first half of 2024.

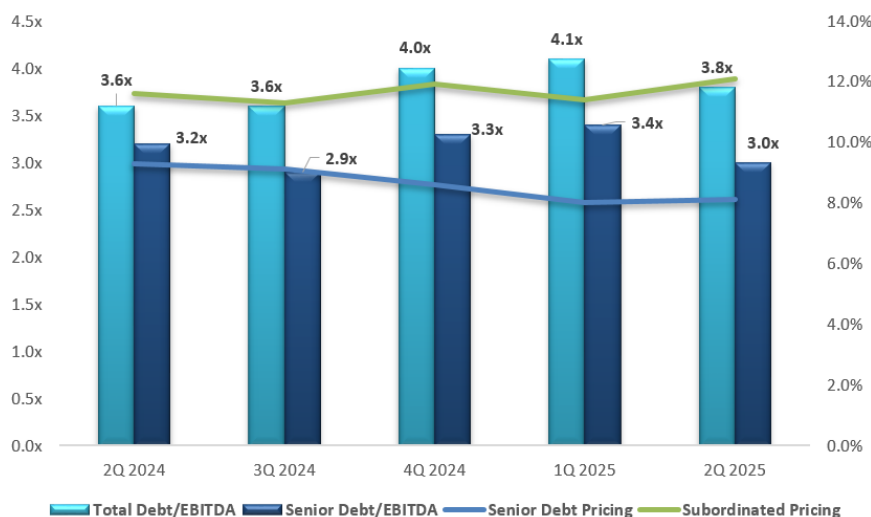
Average purchase price multiples fell to 6.8x TTM Adjusted EBITDA in the second quarter, a sharp decline from 7.6x in Q1, marking the largest quarter-over-quarter drop since early 2023. This decline was widespread, with every size band below \$250 million in Total Enterprise Value (TEV) experiencing a decrease.

The \$250 million to \$500 million TEV tier remained unchanged at 8.0x. Add-on transactions continue to play a crucial role, accounting for 40% of buyouts year-to-date and now averaging the same 7.2x multiple as platform deals.

Regarding financing, total debt utilization on platform deals remained relatively flat in Q2, averaging 3.1x EBITDA, a modest decline from 3.3x in Q1. The \$100 million to \$250 million TEV tier continues to lead with 3.7x total debt, despite declining from its Q1 peak of 4.6x. Senior debt coverage on platform deals declined materially to 2.0x, its lowest point in two years, driven by contractions in tiers under \$100 million. In contrast, the \$100 million to \$250 million tier saw a continued rise in senior debt to 3.9x.

Senior debt pricing ticked up slightly to 8.1% from 8.0% in Q1. Meanwhile, subordinated debt pricing spiked to 12.1% in Q2, the highest since Q4 2023, suggesting providers are demanding higher returns due to persistent risk concerns. Equity contribution remains elevated at 57.3% year-to-date, with average subordinated debt usage climbing to 12.1%. In the \$10 million to \$25 million TEV tier, subordinated debt usage (25.7%) surpassed senior debt (23.1%) through the first half of 2025, a rare dynamic that highlights senior lenders' aversion to smaller, riskier deals.

US Middle Market Leverage Trends



* Certain charts and data per GF Data August 2025 M&A Report™ and GF Data August 2025 Leverage Report™, an ACG Company, and Pitchbook US PE Middle Market Report – 2Q 2025

** Pitchbook defines the Middle Market (MM) as deals having a TEV of \$25.0m - \$1.0bn; all other deals are > \$1.0bn

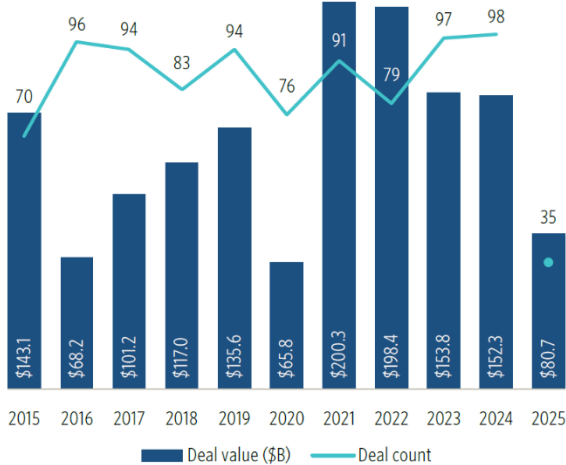
Digging In

Deal Activity:

Middle-Market Deals Are Flowing

The US private equity middle market closed the first half of 2025 on solid footing, outpacing the broader market which contracted sequentially. In Q2 2025, the deal value reached \$97.2 billion, a 4.9% gain quarter-over-quarter and an 18.1% rise year-over-year. The total number of deals closed or announced for the quarter was 978, representing a 6.1% growth QoQ and a 39.1% jump YoY.

PE take-private deal activity



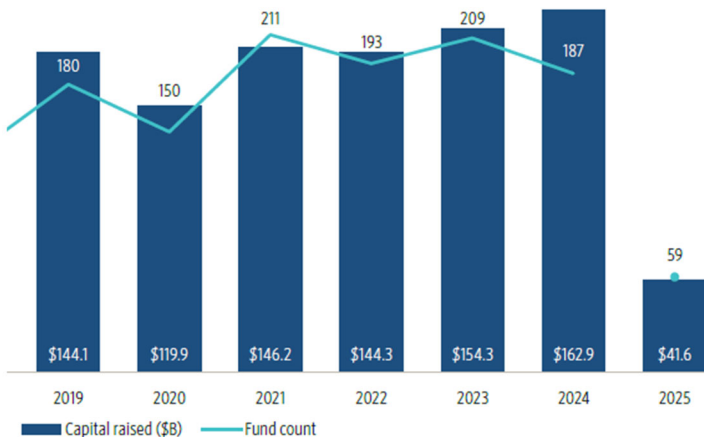
Source: PitchBook • Geography: North America and Europe • As of June 30, 2025

Fundraising Activity:

A More Selective Environment

Fundraising has become more challenging in the first half of 2025. Through the first half of the year, 59 middle-market funds closed with an aggregate of \$41.6 billion in commitments, which is a decline from the 67 funds and \$65 billion raised during the same period in 2024. This slowdown follows four consecutive record-setting years of inflows. The difficulties in capital formation are attributed to sluggish exit markets.

PE middle-market fundraising activity



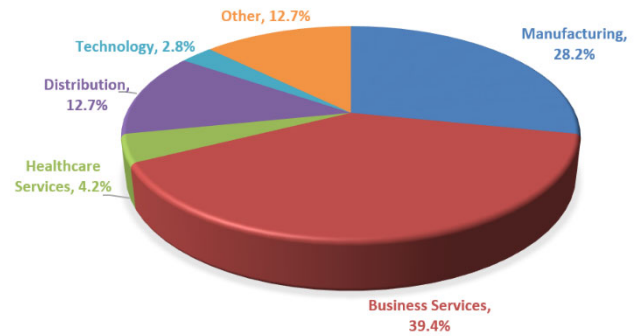
Source: PitchBook • Geography: US • As of June 30, 2025

Sectors:

The Train Keeps Moving

The average multiple for manufacturing deals declined slightly to 6.5x in 2Q 2025. The GF Data report did not provide specific breakdowns for B2B, branded consumer, or unbranded consumer segments for the quarter. While specific "Retail" data for 2Q 2025 was not available, the overall decline in manufacturing valuations suggests that discretionary-focused deals continue to face headwinds due to ongoing macroeconomic uncertainty.

M&A BY INDUSTRY 2Q 2025

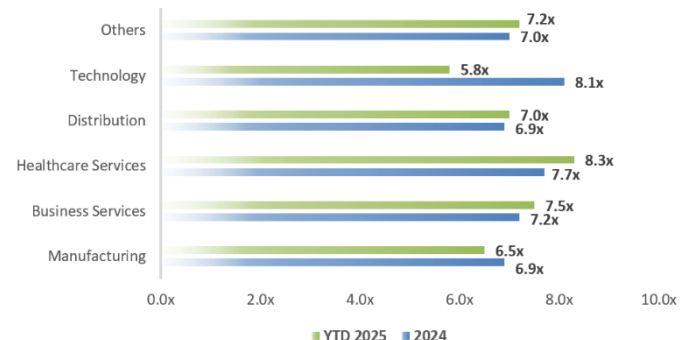


Sector Multiples:

Healthcare and Business Services Lead Valuations

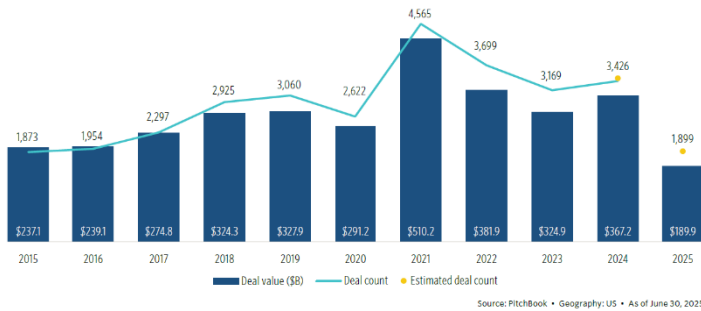
The second quarter saw a reordering of valuations across key industry sectors. Healthcare maintained its lead with an 8.3x multiple, closely followed by Business Services at 7.5x and Distribution at 7.0x. Manufacturing continued to lag behind, settling at 6.5x. This divergence highlights a persistent market segmentation, where well-capitalized buyers are prioritizing high-growth industries with strong asset quality, a trend that continues to signal improving, not just stabilizing, returns for the industry.

MULTIPLES BY INDUSTRY

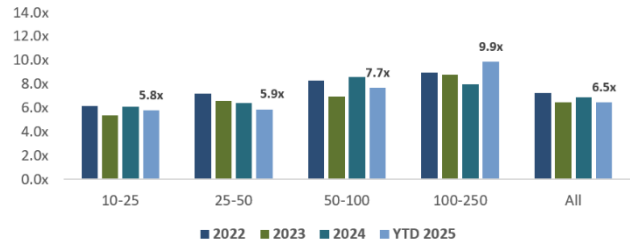


APPENDIX – HISTORICAL CHARTS

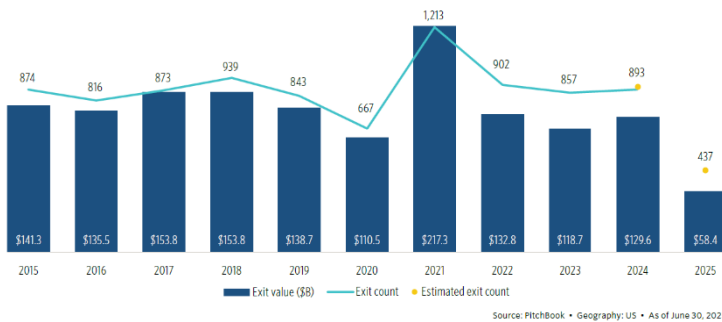
PE middle-market deal activity



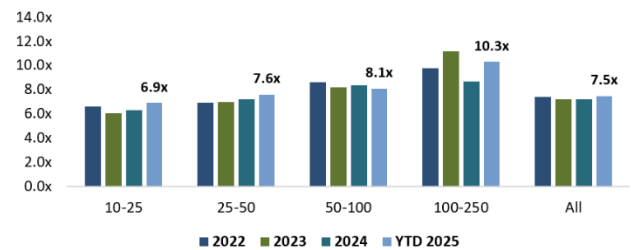
TEV/EBITDA - Manufacturing
by TEV range (2022 - 2Q2025)



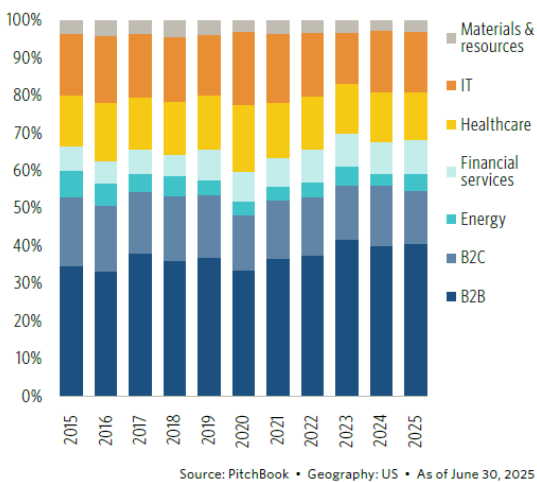
PE middle-market exit activity



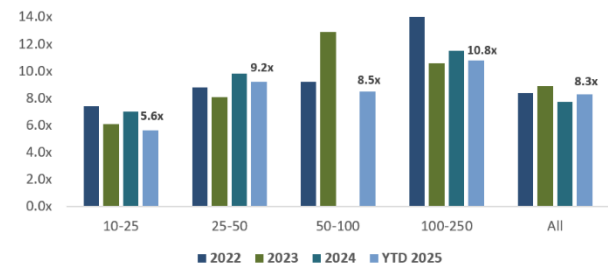
TEV/EBITDA - Business Services
by TEV range (2022 - 2Q2025)



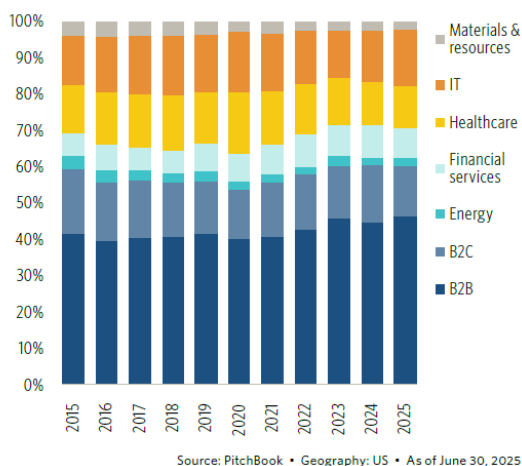
Share of PE middle-market deal value by sector



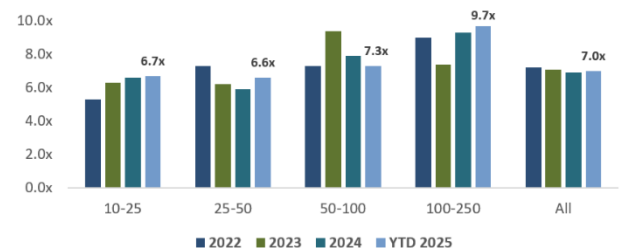
TEV/EBITDA - Healthcare Services
by TEV range (2022 - 2Q2025)



Share of PE middle-market deal count by sector



TEV/EBITDA - Distribution
by TEV range (2022 - 2Q2025)



About Strategic Advisors

Strategic Advisors is a middle market investment-banking firm that helps clients achieve financial and business goals by providing merger and acquisition advisory, corporate finance advisory and strategic consulting services. Along with many years of experience in advising middle market clients, our Managing Directors have experience investing in and managing portfolio companies. As a result, Strategic Advisors not only has expertise in advisory services but also firsthand knowledge of what stakeholders, investors, and lenders expect and desire.

When considering a sale of your business, the acquisition of a business, or the restructuring or recapitalization of your balance sheet, the best pathway for achieving your expectations is a well-run process that addresses all your business and personal goals. Strategic Advisors is accustomed to working with business owners to determine the best pathway to achieve their goals and objectives. Give us a call to discuss your possibilities.

Strategic Advisors works with clients across diverse industries. Selected recent transactions include:

Automotive Glass Repair and Installation Company <i>has been acquired by</i> Undisclosed Strategic Acquirer <i>The undersigned acted as the exclusive merger & acquisition advisor to the ownership of the Automotive Glass Repair and Installation Company.</i>  Middle Market Investment Bankers March 2025	 <i>has been acquired by</i>  PURIS <i>a portfolio company of</i> J.F. Lehman & Company <i>The undersigned acted as the exclusive merger & acquisition advisor to the ownership of Insight Pipe and IPC Services.</i>  Middle Market Investment Bankers February 2025 Securities transactions conducted through StillPoint Capital, LLC, Tampa, FL.	Mid-Atlantic Farm and Farmers Market <i>has been acquired through a</i> Management Buyout <i>The undersigned acted as the exclusive merger & acquisition advisor to the ownership of the Mid-Atlantic Farm and Farmers Market</i>  Middle Market Investment Bankers July 2024	 <i>has been acquired by</i>  <i>The undersigned acted as the exclusive merger & acquisition advisor to the ownership of Allegheny Plywood Company</i>  Middle Market Investment Bankers March 2024
Specialty Fastener Supplier <i>has been acquired by</i> Undisclosed Strategic Acquirer <i>The undersigned acted as the exclusive merger & acquisition advisor to the ownership of the Specialty Fastener Supplier.</i>  Middle Market Investment Bankers March 2024	A Commercial and Residential Restoration Service Provider <i>has been acquired by</i> An Investment Firm <i>The undersigned acted as the exclusive merger & acquisition advisor to the Owner of the Restoration Service Provider.</i>  Middle Market Investment Bankers January 2024* Securities transactions conducted through StillPoint Capital, LLC, Tampa, FL.	 <i>has merged with</i> ATI DISASTER RECOVERY SERVICES <i>along with</i> TSG CONSUMER <i>The undersigned acted as the exclusive merger & acquisition advisor to the owners of Kress Restoration.</i>  Middle Market Investment Bankers October 2023 ♦ Securities transactions conducted through StillPoint Capital, LLC, Tampa, FL.	 <i>has been acquired by</i>  <i>The undersigned acted as the exclusive merger & acquisition advisor to the owners of White Label Communications, LLC.</i>  Middle Market Investment Bankers October 2023 ♦ Securities transactions conducted through StillPoint Capital, LLC, Tampa, FL.

*Securities transactions conducted through StillPoint Capital, LLC, Tampa, FL.

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Sources: Pitchbook – 2Q 2025 US PE Middle Market Report ; GF Data – August 2025 M&A Report [™], August 2025 Leverage Report [™]

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