



2026

First Quarter

M&A & CORPORATE FINANCE
OVERVIEW

Merger & Acquisition
Corporate Finance Advisory
Strategic Consulting

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Bringing Efficiency to Inefficient Markets

Executive Summary

US Middle Market M&A Activity



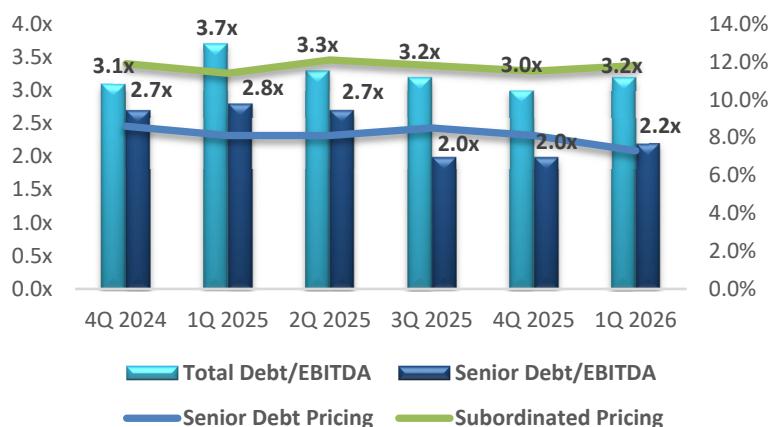
Did the Market Just Find Its Rhythm?

The U.S. middle-market M&A market entered 2026 on firmer footing. After a 2025 defined by an inverse relationship between deal volume and pricing, in which busier quarters delivered softer multiples and leaner quarters printed higher ones; the first quarter broke the pattern, with completed transactions and average multiples rising together for the first time in five quarters. A total of 80 transactions closed in 1Q at an average of 7.3x trailing twelve-month (TTM) adjusted EBITDA, up from 6.9x in 4Q 2025 and above the full-year 2025 average. The improvement reflected a meaningful shift in financing conditions more than a broad-based pickup in buyer appetite.

That financing benefit accrued disproportionately to platform transactions, lifting valuations at the top of the market while leaving smaller deals and add-ons comparatively flat. The lower middle market is increasingly pricing as two distinct cohorts: platforms able to access fresh debt at improved terms captured most of the valuation lift, while add-ons, typically funded through existing platform credit facilities, saw little change. Platform pricing rose to 7.6x from 7.2x in 2025, while add-ons eased to 6.5x from 6.9x, opening the widest platform-to-add-on spread in the recent series. Traditional buyouts also reclaimed share, climbing back to roughly 86% of activity as the leveraged recapitalizations and growth financings that had padded 2025 pricing receded.

Financing conditions remained disciplined throughout the quarter. Total leverage for platform buyouts increased modestly to approximately 3.5x EBITDA, compared with 3.3x in 3Q. Within those structures, senior debt typically represented around 2.8x EBITDA, while subordinated capital accounted for roughly 0.5x to 0.6x. Equity contributions from sponsors continued to represent about half of total capitalization. Borrowing costs, however, remained elevated: senior debt coupons averaged roughly 8.2%, while subordinated tranches generally priced between 11.8% and 12.1%, pushing overall financing costs; including fees and PIK components, toward approximately 14.5%.

US Middle Market Leverage Trends



Taken together, the quarter marked a constructive turn: lower financing costs and renewed lender appetite pulled both volume and valuations higher. Yet the story beneath the headline is one of widening dispersion between platforms and add-ons, larger and smaller transactions, and across sectors pointing to a market improving unevenly rather than uniformly as it moves deeper into 2026.

* Certain charts and data per GF Data May 2026 M&A Report™ and GF Data May 2026 Leverage Report™, an ACG Company, and Pitchbook US PE Middle Market Report – 1Q 2026

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

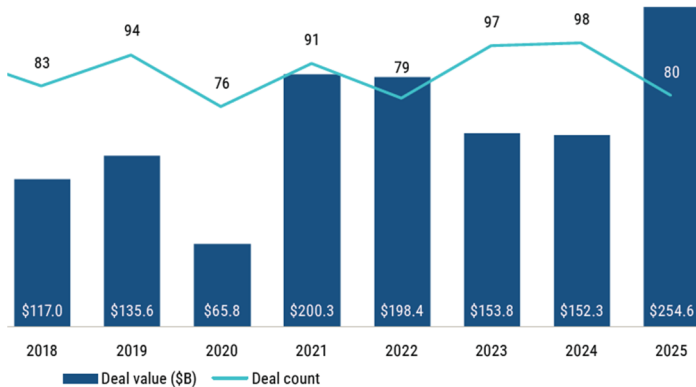
Digging In

Deal Activity:

Middle-Market Deals Rebound in 1Q 2026

The U.S. middle-market private equity sector opened 2026 with 80 completed deals in 1Q, in line with the 84 recorded in both 4Q and 2Q 2025 and well above the 62 logged a year earlier. More notable was the pairing: for the first time in five quarters, deal volume and average multiples rose together, breaking the inverse relationship that defined 2025. Traditional buyouts reclaimed share, climbing back to roughly 86% of activity as recaps and growth financings receded. With platform financing improving, control transactions are again driving price discovery, though the gains skewed toward larger platforms while smaller deals and add-ons lagged.

PE take-private deal activity



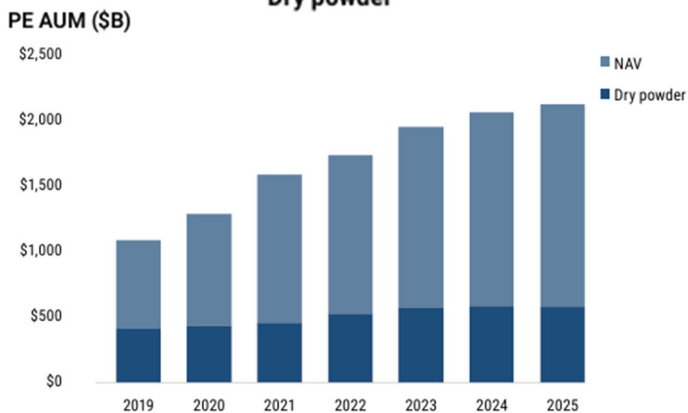
Source: PitchBook • Geography: North America and Europe • As of December 31, 2025

Fundraising Activity:

High Dry Powder Amid Caution

Fundraising conditions stayed tight to open 2026, extending the squeeze that defined 2025. Middle-market funds raised \$33.4 billion across 38 vehicles in 1Q, with capital concentrating among larger, brand-name managers as constrained distributions left LPs cautious. Even so, dry powder remains near record highs, underscoring both the depth of capital supply and the ongoing pressure to deploy into scaled, high-quality assets.

Dry powder

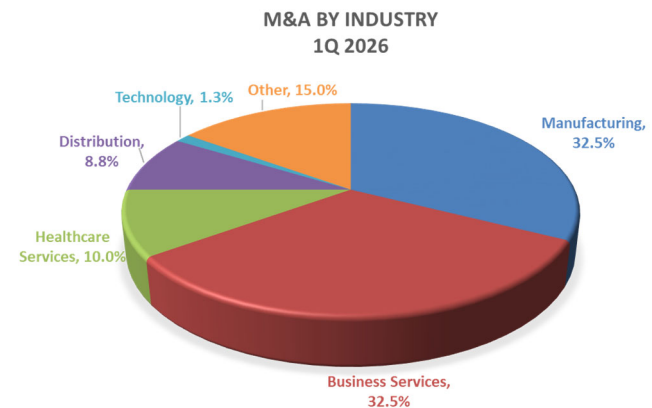


Source: PitchBook • Geography: US • As of September 30, 2025

Sectors:

Where 1Q 2026 Deals Are Concentrated

Manufacturing led the major categories in 1Q on a rebound in business-to-business activity, supported by its highest deal count in five quarters and a clear reversal of the 2025 narrative, when the sector sat under tariff and macro pressure. Business services the prior year's safe haven cooled for the first time in three years, with the softness concentrated at the small end, where deals are disproportionately add-ons funded through existing platform facilities. Healthcare retained its premium standing, while distribution slipped modestly.

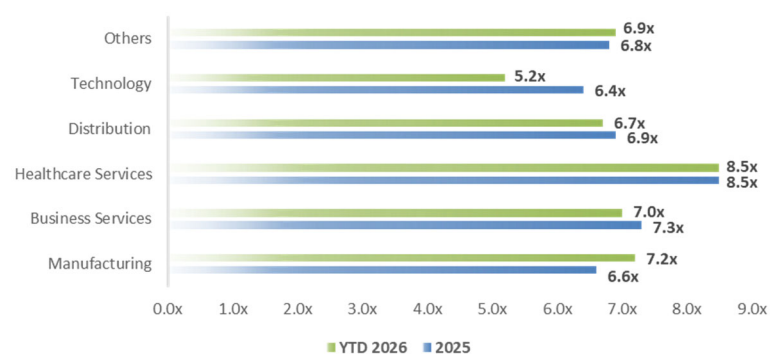


Sector Multiples:

Healthcare Outpaces Others

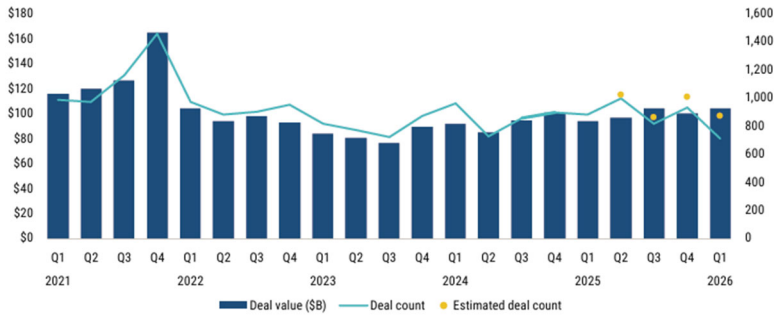
The first quarter reinforced clear segmentation across sectors, even as the 2025 ordering began to shift. Healthcare Services retained the top spot, commanding elevated multiples near 8.5x EBITDA and well above the other major categories. Manufacturing led the rebound, rising to 7.2x from 6.6x in 2025, while business services cooled to 7.0x from 7.3x its first material softening in three years and distribution eased modestly to 6.7x. The pattern reflects renewed buyer and lender willingness to support industrial credits, even as competition thinned at the smaller end of business services.

MULTIPLES BY INDUSTRY

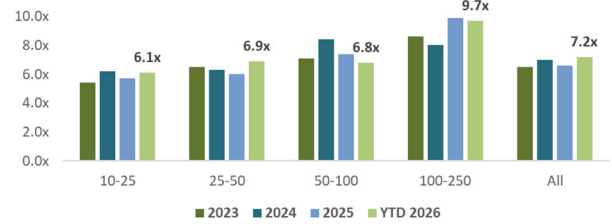


APPENDIX – HISTORICAL CHARTS

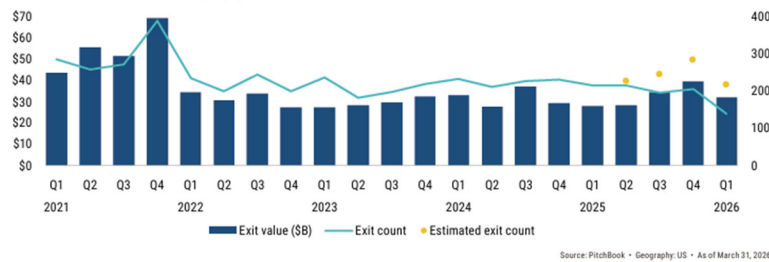
PE middle-market deal activity by quarter



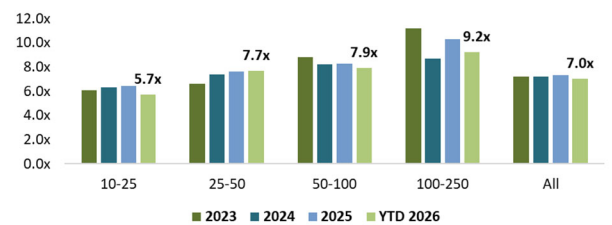
TEV/EBITDA - Manufacturing
by TEV range (2023 - YTD 2026)



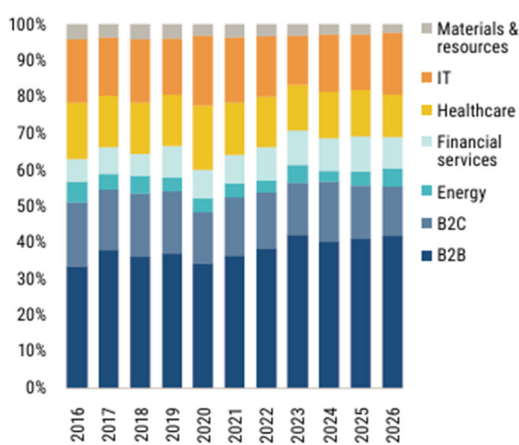
PE middle-market exit activity by quarter



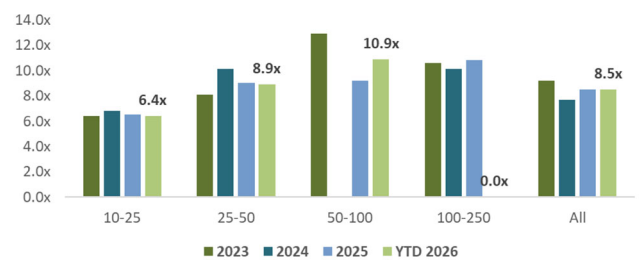
TEV/EBITDA - Business Services
by TEV range (2023 - YTD 2026)



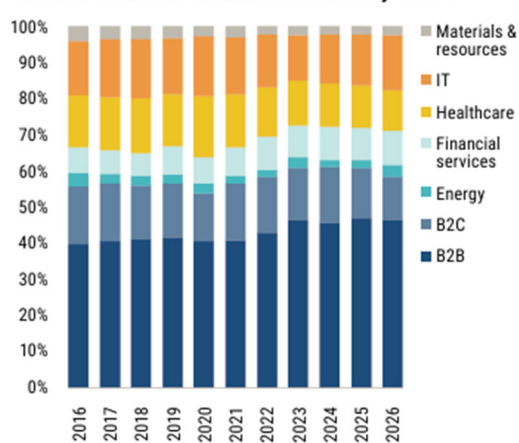
Share of PE middle-market deal value by sector



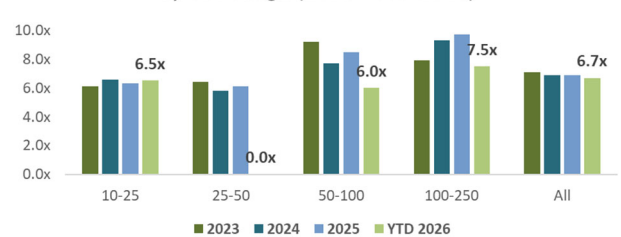
TEV/EBITDA - Healthcare Services
by TEV range (2023 - YTD 2026)



Share of PE middle-market deal count by sector



TEV/EBITDA - Distribution
by TEV range (2023 - YTD 2026)



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:

B2B Promotional Products Distributor <i>has been acquired through a</i> Management Buyout <i>The undersigned acted as the exclusive merger & acquisition advisor to the ownership of the B2B Promotional Products Distributor.</i>  Middle Market Investment Bankers January 2026 Securities transactions conducted through StillPoint Capital, LLC, Tampa, FL.	B2C Interior Flooring and Remodeling 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 B2C Interior Flooring and Remodeling Company.</i>  Middle Market Investment Bankers October 2025 Securities transactions conducted through StillPoint Capital, LLC, Tampa, FL.	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.

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

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Sources: Pitchbook – 1Q 2025 US PE Middle Market Report ; GF Data – May 2026 M&A Report [™], May 2026 Leverage Report [™]

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