



2026

Second Quarter

M&A & CORPORATE FINANCE
OVERVIEW

Merger & Acquisition
Corporate Finance Advisory
Strategic Consulting

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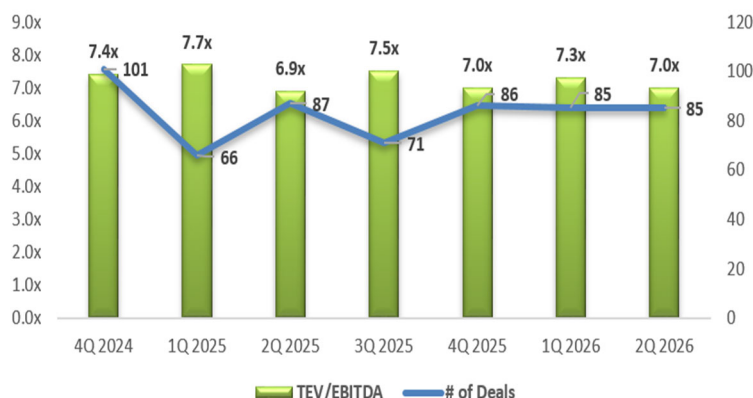
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Bringing Efficiency to Inefficient Markets

Executive Summary

The Rhythm Holds, but the Top of the Market Goes Quiet

US Middle Market M&A Activity

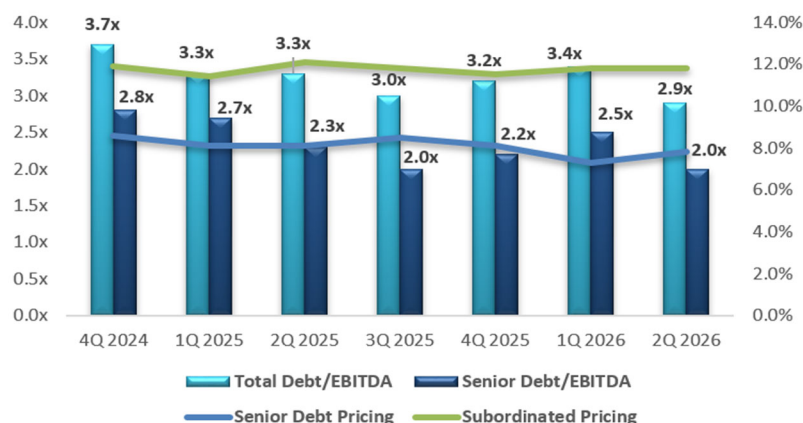


The U.S. middle-market M&A market found stable ground in the second quarter. Volume, the swing variable of the past two years, has now printed three consecutive quarters within a single deal of one another; a total of 85 transactions closed in 2Q, matching the first quarter and bringing first-half volume to 170 deals, a pace roughly 10% ahead of 2025. Pricing moved the other way, with the quarterly average declining to 7.0x trailing twelve-month (TTM) adjusted EBITDA from 7.3x in 1Q, leaving the first-half average at 7.1x, a tenth of a turn below each of the prior two full years. The decline was compositional rather than broad-based: no transactions closed in the \$250 million to \$500 million range, and activity concentrated in smaller deals while most size ranges held within a tenth or two of first-quarter levels.

The first quarter's platform premium proved irregular. With no large platform transactions closing to offset add-on strength at the smaller end, add-ons outpriced platforms by more than a full turn in the quarter, and the two groups closed the half even at 7.1x. The size premium for platform buyouts narrowed to 2.0x year to date from 2.6x through the first quarter, moving back below its 2.5x long-term average. Deal composition shifted as well: leveraged recapitalizations rose to 9.4% of completed transactions from 2.4% in the first quarter, while traditional buyouts eased to 84.7% of activity, consistent with the 2025 pattern of sponsors leaning on balance-sheet transactions where new platform financing was harder to justify.

Financing gave back part of the first quarter's step-up. Total leverage on platform buyouts compressed to approximately 2.9x EBITDA from 3.4x in 1Q, with senior debt at roughly 2.0x, leaving first-half platform leverage in line with full-year 2025. Junior capital took share from both senior debt and equity. Subordinated debt rose to roughly 12.7% of the platform capital stack, while sponsor equity held near 57% of total capitalization. Borrowing costs moved off their lows, with senior debt pricing rising to approximately 7.8% in the second quarter from 7.2%, while subordinated coupons held near 11.8% and all-in subordinated pricing, including fees and warrant economics, reached approximately 15.5%.

US Middle Market Leverage Trends



Taken together, the quarter read as consolidation rather than retreat. Volume has stabilized into a reliable base, while the softer headline multiple says more about what closed than about what buyers paid. The persistence of first-half pricing within a tenth of the prior two full years underscores the structural story, as committed capital and independent sponsors crowding the lower middle market continue to keep a floor under valuations even as the composition of activity shifts quarter to quarter.

* Certain charts and data per GF Data August 2026 M&A Report™ and GF Data August 2026 Leverage Report™, an ACG Company, and Pitchbook US PE Middle Market Report – 2Q 2026

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

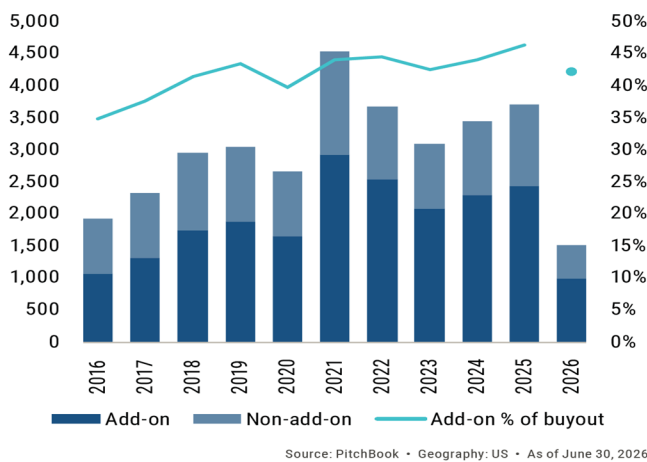
Digging In

Deal Activity:

Middle-Market Volume Steadies in 2Q 2026

The U.S. middle-market private equity sector reported 85 completed deals in 2Q, matching the first quarter and sitting one deal below the 86 recorded in 4Q 2025, the third consecutive quarter inside a single deal of one another. After two years in which quarterly counts swung from the mid-60s to above 100, the flattening of the line gives sponsors and lenders a stable activity base against which pricing moves can be read cleanly. Composition shifted toward balance-sheet transactions, with leveraged recaps rising to 9.4% of completed deals while traditional buyouts eased to 84.7%.

PE middle-market add-on deal count

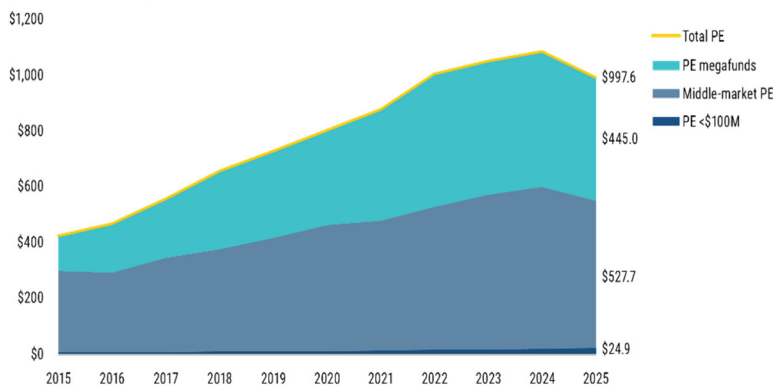


Fundraising Activity:

Dry Powder Stays Elevated

Fundraising held up as one of the segment's few bright spots through the first half, with middle-market funds raising \$69.1 billion across 71 vehicles, an annualized pace of roughly \$140 billion that would mark a modest double-digit increase over 2025. Total dry powder, however, is trending toward a third consecutive annual increase as capital concentrates among larger, experienced managers and constrained distributions keep LPs cautious.

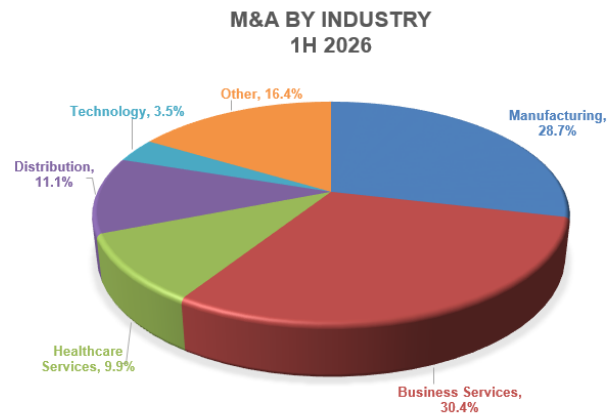
PE dry powder (\$B) by fund size



Sectors:

Which Sectors Housed 1H 2026 Deals

Business Services rebounded strongly from a muted first quarter, with a first-half deal count that more than doubled from 1Q and restored the sector's standing as the market's most consistent bid. Manufacturing remained healthy though slightly softer, its recovery now held through two quarters and looking like a business-to-business story with consumer volatility layered on top. Healthcare and Distribution both declined meaningfully against full-year 2025, and second-quarter activity overall concentrated in



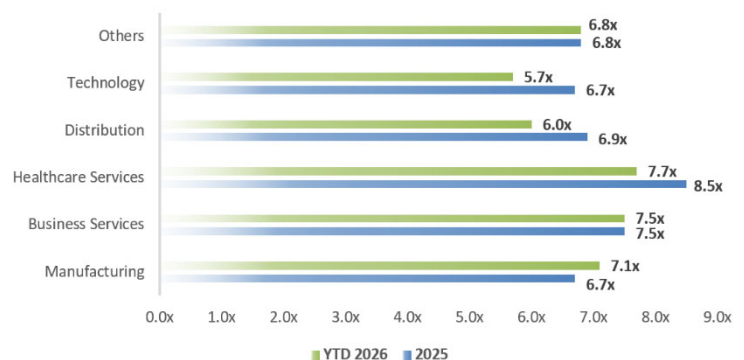
smaller transactions as the top of the market went quiet.

Sector Multiples:

Healthcare Stays Hot

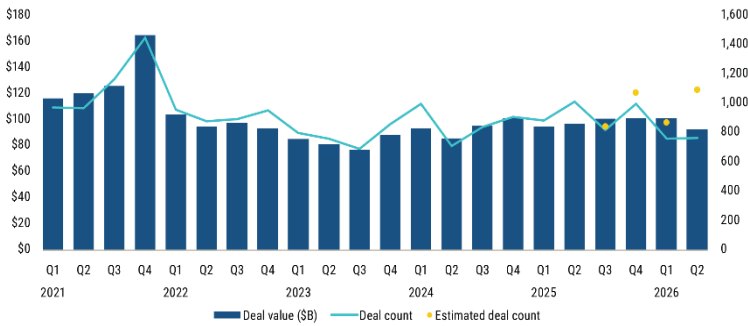
The second quarter softened the sector ordering without upending it. Healthcare Services retained the top spot at 7.7x EBITDA year to date, though down meaningfully from its 8.5x full-year 2025 average. Business Services rebounded to 7.5x, matching its 2025 level and reclaiming the consistency that made it the market's safe haven through last year, while manufacturing held at 7.1x, slightly softer than the first-quarter reporting but still well above its 6.7x 2025 average. Distribution eased to 6.0x from 6.9x, the largest decline among the major categories.

MULTIPLES BY INDUSTRY

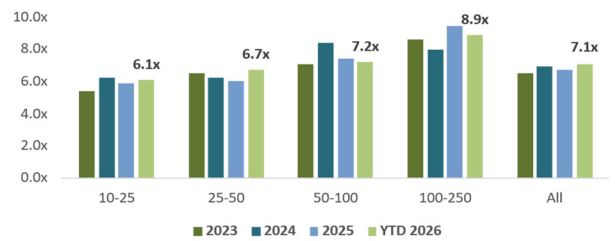


APPENDIX – HISTORICAL CHARTS

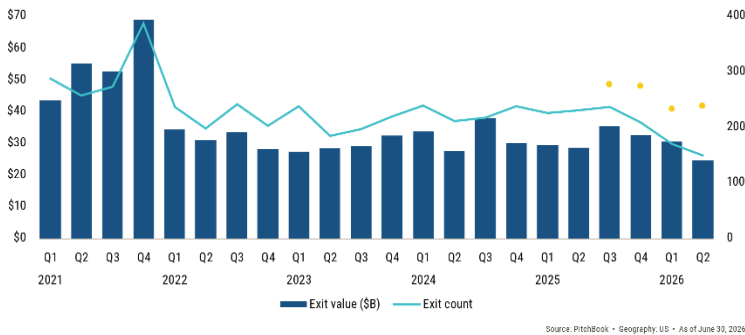
PE middle-market deal activity by quarter



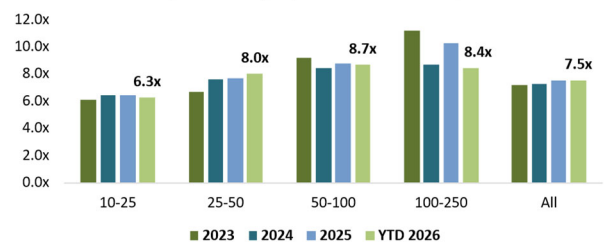
TEV/EBITDA - Manufacturing
by TEV range (2023 - YTD 2026)



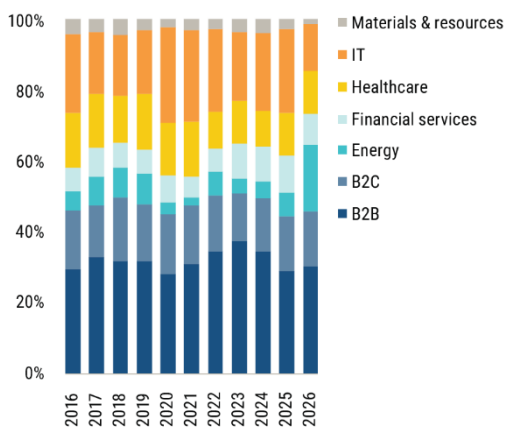
PE middle-market exit activity by quarter



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



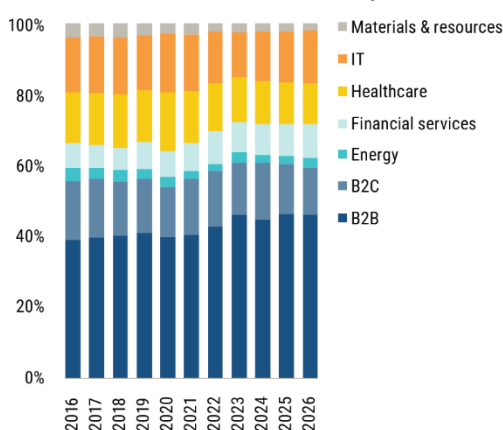
Share of PE middle-market deal value by sector



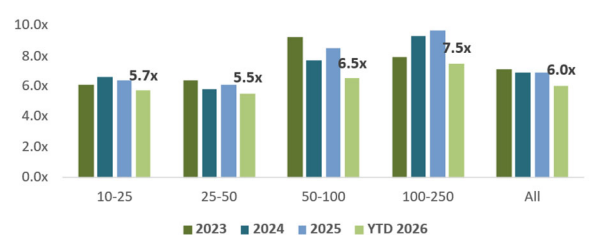
TEV/EBITDA - Healthcare Services
by TEV range (2023 - YTD 2026)



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:

 has been acquired by  The undersigned acted as the exclusive merger & acquisition advisor to the ownership of Cozy Inn Pet Resort & Spa.  May 2026 Securities transactions conducted through StillPoint Capital, LLC, Tampa, FL.	B2B Promotional Products Distributor has been acquired through a Management Buyout The undersigned acted as the exclusive merger & acquisition advisor to the ownership of the B2B Promotional Products Distributor.  January 2026 Securities transactions conducted through StillPoint Capital, LLC, Tampa, FL.	B2C Interior Flooring and Remodeling Company has been acquired by Undisclosed Strategic Acquirer The undersigned acted as the exclusive merger & acquisition advisor to the ownership of the B2C Interior Flooring and Remodeling Company.  October 2025 Securities transactions conducted through StillPoint Capital, LLC, Tampa, FL.	Automotive Glass Repair and Installation Company has been acquired by Undisclosed Strategic Acquirer The undersigned acted as the exclusive merger & acquisition advisor to the ownership of the Automotive Glass Repair and Installation Company.  March 2025
 has been acquired by  a portfolio company of  The undersigned acted as the exclusive merger & acquisition advisor to the ownership of Insight Pipe and IPC Services.  February 2025 Securities transactions conducted through StillPoint Capital, LLC, Tampa, FL.	Mid-Atlantic Farm and Farmers Market has been acquired through a Management Buyout The undersigned acted as the exclusive merger & acquisition advisor to the ownership of the Mid-Atlantic Farm and Farmers Market.  July 2024	 has been acquired by  The undersigned acted as the exclusive merger & acquisition advisor to the ownership of Allegheny Plywood Company.  March 2024	Specialty Fastener Supplier has been acquired by Undisclosed Strategic Acquirer The undersigned acted as the exclusive merger & acquisition advisor to the ownership of the Specialty Fastener Supplier.  March 2024*
A Commercial and Residential Restoration Service Provider has been acquired by An Investment Firm The undersigned acted as the exclusive merger & acquisition advisor to the Owner of the Restoration Service Provider.  January 2024* Securities transactions conducted through StillPoint Capital, LLC, Tampa, FL.	 has merged with  along with TSG CONSUMER The undersigned acted as the exclusive merger & acquisition advisor to the owners of Kress Restoration.  October 2023 Securities transactions conducted through StillPoint Capital, LLC, Tampa, FL.	 has been acquired by  The undersigned acted as the exclusive merger & acquisition advisor to the owners of White Label Communications, LLC.  October 2023 Securities transactions conducted through StillPoint Capital, LLC, Tampa, FL.	 has been acquired by  along with  The undersigned acted as the exclusive merger & acquisition advisor to the owner of Heibling & Associates, Inc.  May 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 2026 US PE Middle Market Report ; GF Data – August 2026 M&A Report [™], August 2026 Leverage Report [™]

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