Mufson Howe Hunter

INVESTMENT BANKERS FOR GROWTH

Middle Market M&A Update

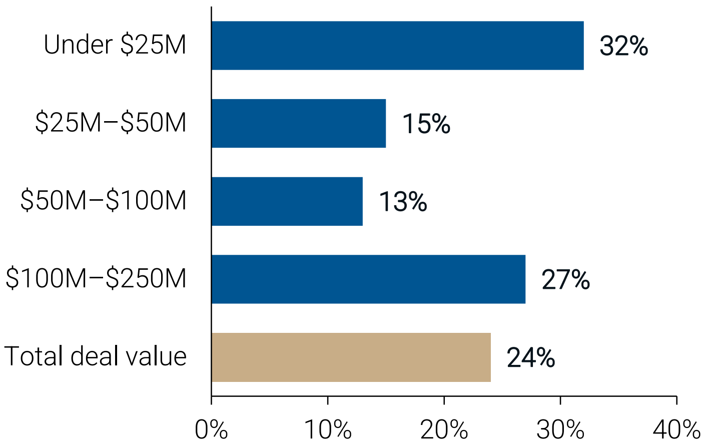
Q2 2026

Middle-Market M&A: First Half 2026 at a Glance

The M&A Marketplace has a plethora of active buyers and ample credit funding is available. If a business carries cyclical exposure, customer concentration, aggressive EBITDA add-backs, or tariff/regulatory risk, it can expect longer diligence, and a wider spread between the ask and the bid. Premium companies without the aforementioned risks are still receiving premium pricing.

Deal Volume: Down Across Every Size Range

YoY Decline in Announced Deals



Financing: Plenty of Capital, Far Fewer Checks

Direct-lending volume dropped roughly **55%, to $33.6 billion** — not a capital shortage, but discipline. Lenders are still funding companies with stable cash flow and strong fundamentals, but they're digging deeper on:

- Leverage levels
- Customer concentration
- Cyclicality
- EBITDA adjustments
- Capex requirements
- Downside scenarios

The revenue-quality matters: project-based → reoccurring → recurring. Each step up is worth multiple points

Valuation:

Middle-market multiples span roughly 4.5x to 10.0x+ EBITDA. The difference isn't the market — it's the business. Here's how buyers are sorting companies in the current market:

4.5x – 6.0x EBITDA
Higher-Risk Profiles

- Project-based, episodic revenue; every year starts at zero
- Heavy customer concentration
- Cyclical demand or tariff-exposed end markets
- Aggressive EBITDA add-backs buyers won't fully credit
- Owner-dependent operations, the business risk is the seller

6.0x – 8.0x EBITDA
Solid Fundamentals

- Reoccurring revenue — repeat customers return reliably
- Diversified customers — no single account could materially hurt the business if lost
- Consistent margins and clean financials supported by a QoE
- A capable and upcoming second layer of management

8.0x – 10.0x+ EBITDA
Premium Territory

- Recurring, contracted revenue
- Strong organic growth
- Low capex, strong cash conversion
- Limited customer concentration
- Defensible competitive position
- Runs and grows without the owner acting as executive management
- Tuck-in acquisition growth in a fragmented market

Bottom Line

First Half 2026 both dollar volume and deal counts are down but still active and highly selective: quality companies command strong valuations and financing; riskier profiles remain marketable but face lower multiples, longer diligence, conservative structures typically including earnouts and seller paper.

Buyers pay up for revenue consistency, low customer concentration, management depth, and well documented financials.

Michael Mufson,
Managing Director
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Source: MHH and PitchBook

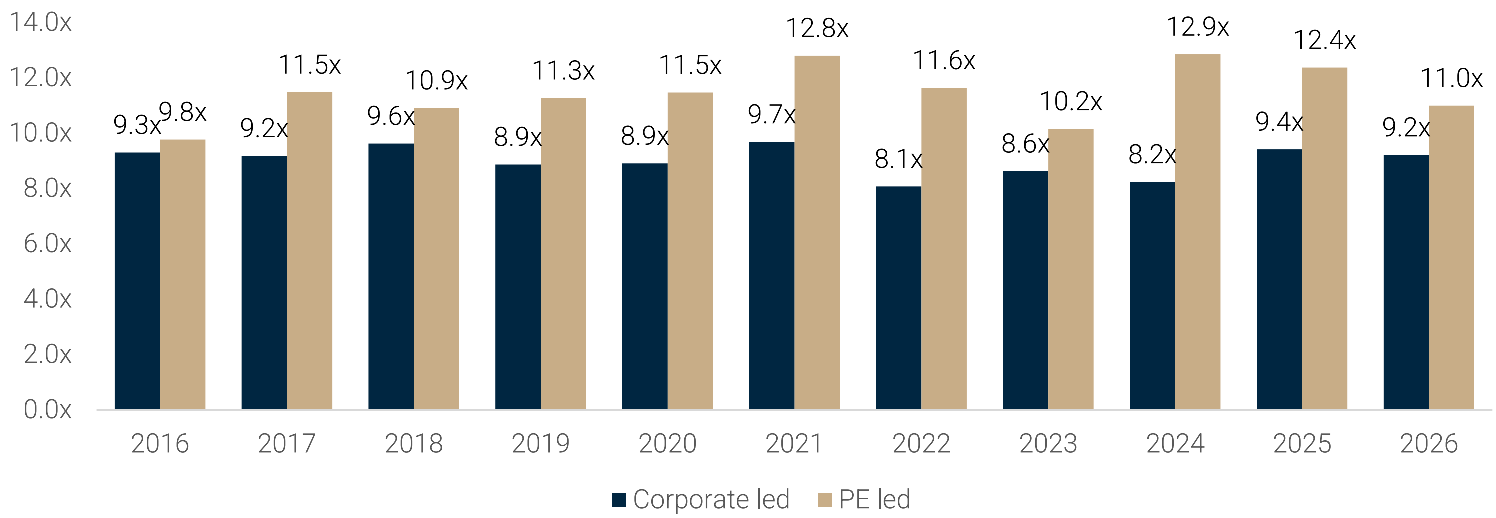
Middle Market M&A Update: Q2 2026

Size Range	Average EV/EBITDA of U.S. Announced M&A Transactions 2022	2023	2024	2025	LTM Q2 '26
$0-25mm	7.1x	6.2x	6.2x	6.9x	6.8x
$25-50mm	6.3x	7.6x	8.0x	7.8x	7.4x
$50-100mm	7.5x	8.6x	8.6x	8.0x	8.6x
$100-250mm	8.4x	8.3x	9.6x	8.5x	8.3x
$250-500mm	8.3x	8.7x	9.9x	9.5 x	9.4x
$500mm-$1B	10.4x	9.9x	10.0x	10.2x	9.7x

Size Range	Total Transaction Value of U.S. Announced M&A Transactions 2022	2023	2024	2025	YTD Jun-26
Undisclosed	-	-	-	-	-
Trans Value > $1B	$803,022	$820,058	$800,648	$1,174,352	$381,347
$500mm–$1B	$80,639	$63,099	$71,766	$113,928	$18,837
$250–500mm	$60,177	$37,809	$47,308	$51,689	$12,301
Middle Market (<$250mm)	$81,570	$61,050	$59,683	$49,302	$17,957
Total Transaction Value	$1,025,409	$982,016	$979,405	$1,389,272	$354,446

Size Range	Total Transaction Count of U.S. Announced M&A Transactions 2022	2023	2024	2025	YTD Jun-26
Undisclosed	12,483	10,236	10,453	8,869	4,382
Trans Value > $1B	155	158	189	246	41
$500mm–$1B	115	87	98	153	27
$250–500mm	170	108	135	141	37
Middle Market (<$250mm)	1,918	1,424	1,300	1,417	369
Total Transaction Count	14,841	12,013	12,175	10,556	2,611

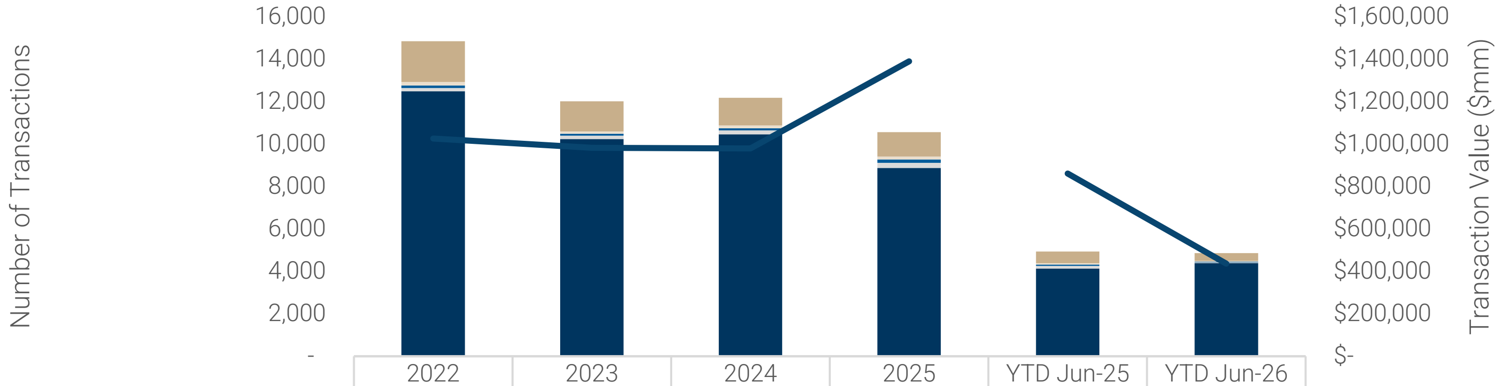
Median M&A EV/EBITDA multiple by type



(1)Source: Mufson Howe Hunter, FactSet, PitchBook

Broker dealer services provided through Mufson Howe Hunter & Partners LLC, Member SIPC/FINRA

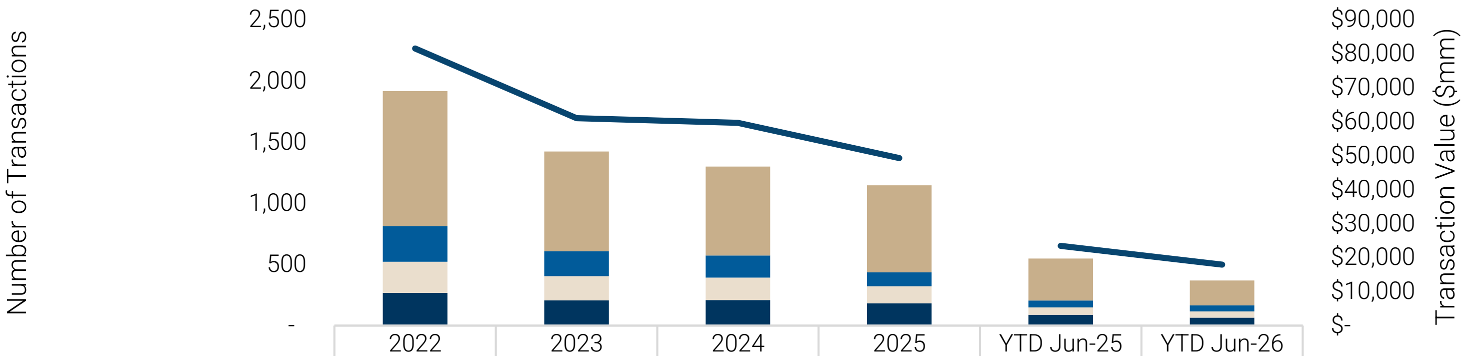
U.S. – All Reported M&A Activity by Year



	2022	2023	2024	2025	YTD Jun-25	YTD Jun-26
Middle Market	1,918	1,424	1,300	1,147	549	369
$250 - $500mm	170	108	135	141	69	37
$500mm - $1B	115	87	98	153	64	27
Trans Value > $1B	155	158	189	246	129	41
Undisclosed	12,483	10,236	10,453	8,869	4,126	4,382
Total Transaction Value	$1,025,409	$982,016	$979,405	$1,389,272	$860,975	$436,264

- YTD June-26 deal value for announced transactions declined from $861B to $436B, indicating a meaningful reduction in average deal size
- The value contraction is concentrated in larger segments, with $1B+ transactions falling from 129 to 41 transactions and $500mm–$1B deals declining from 64 to 27 year-over-year

U.S. Lower Middle Market Annual M&A Activity – Transactions Below $250m

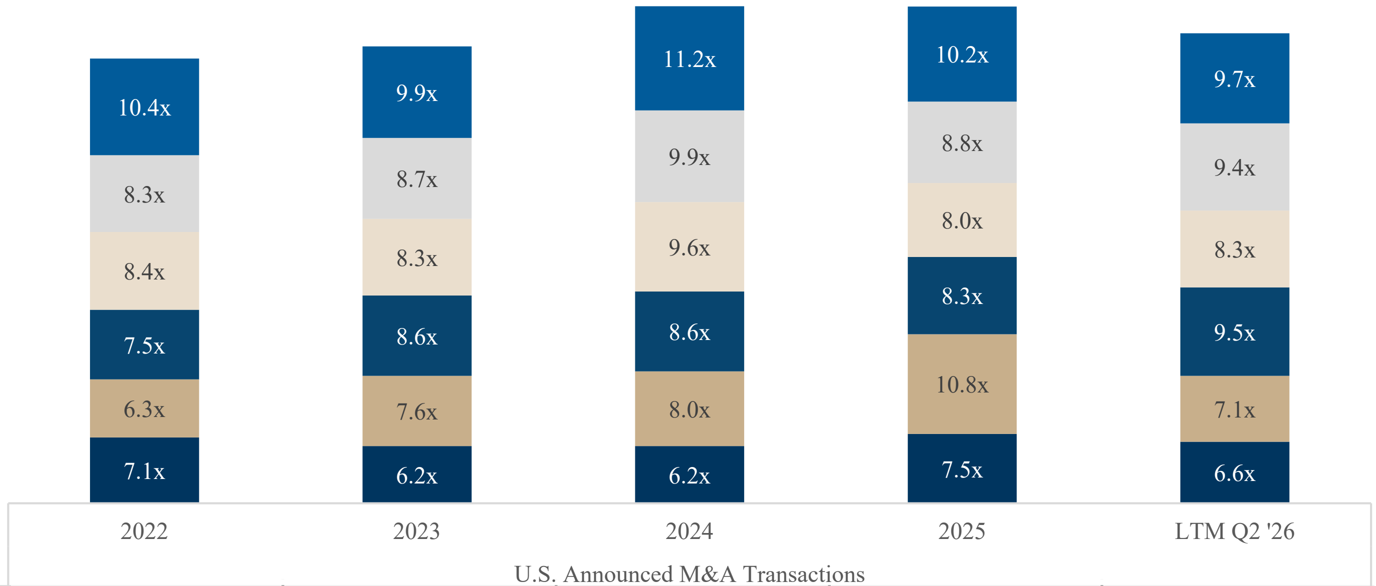


	2022	2023	2024	2025	YTD Jun-25	YTD Jun-26
$0 - 25mm	1,103	815	726	711	343	203
$25 - 50mm	293	205	181	114	57	49
$50 - 100mm	254	197	184	139	60	52
$100 - 250mm	268	207	209	183	89	65
Total Transaction Value	$81,570	$61,050	$59,683	$49,302	$23,498	$17,957

- YTD June 2026 deal activity softened versus the prior year, with deal count declining ~33% YoY and value down ~24%, reflecting subdued market sentiment amid ongoing geopolitical instability and a more cautious investment environment

Source: FactSet, Mufson Howe Hunter, As of 6/30/2026

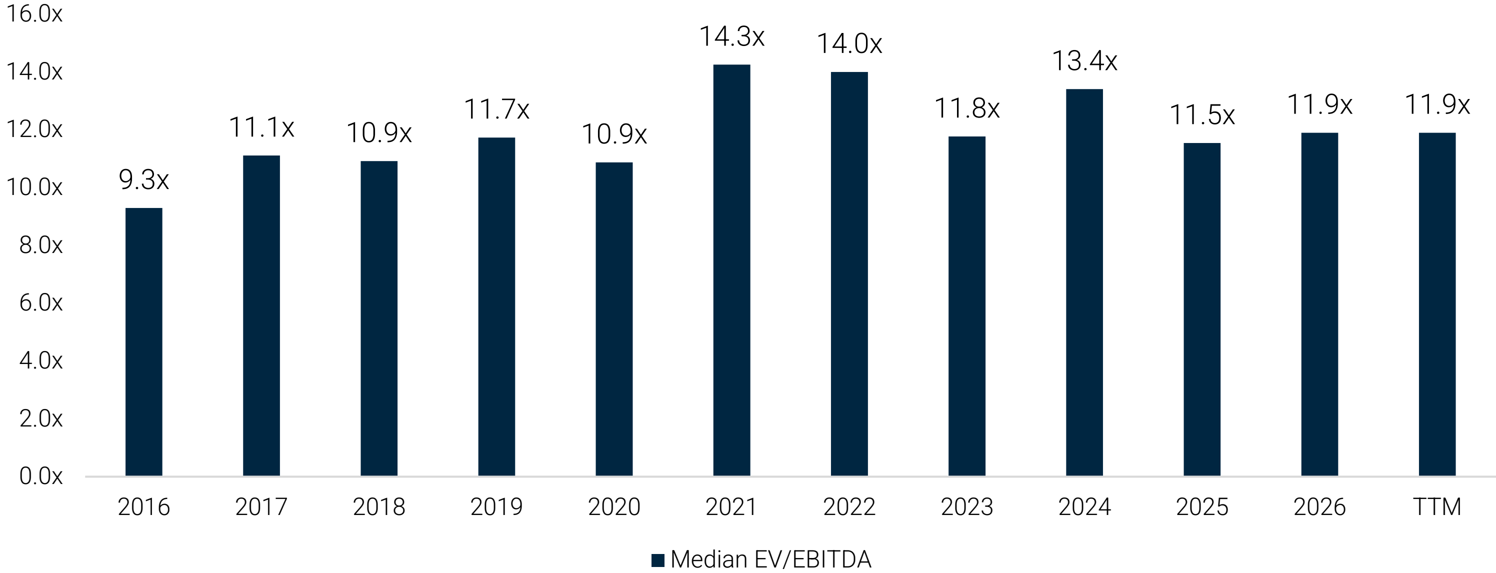
U.S. Middle Market M&A Valuation Multiples – Announced Transactions



Avg =	8.7x	8.1x	8.1x	8.6x	8.4x

- U.S. middle market M&A multiples remained broadly stable from 2022 through LTM Q2 '26, with deal size stratification persisting throughout, larger transactions ($500mm–$1B) commanding a consistent ~2–3x premium over sub-$25mm deals - and modest broad-based compression from the peaks signaling a measured market re-rating

U.S. Buyout EV/EBITDA Multiples

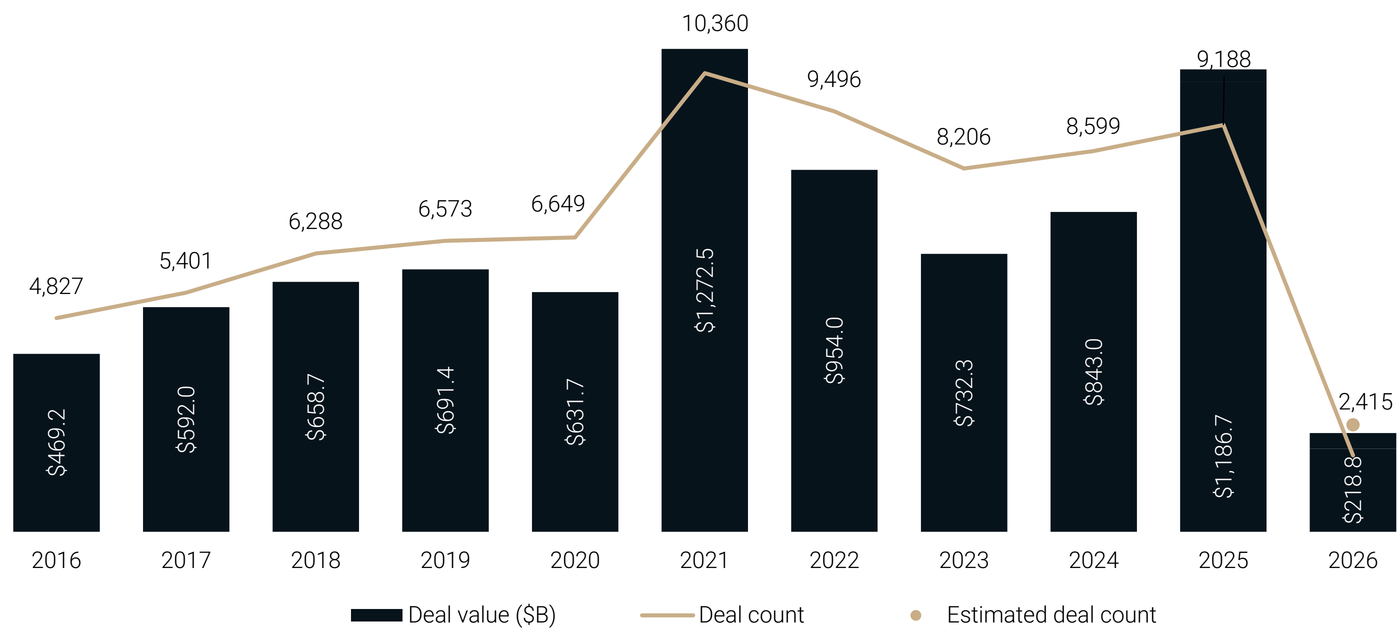


- Transaction multiples expanded during COVID-19 pandemic but subsequently shrunk in 2023-TTM 2026 period, although valuation multiples remain above pre-pandemic levels

* Average weighted by number of transactions., ** Values Represent Enterprise Value ranges., Source: FactSet, Pitchbook, Mufson Howe Hunter, As of 6/30/2026

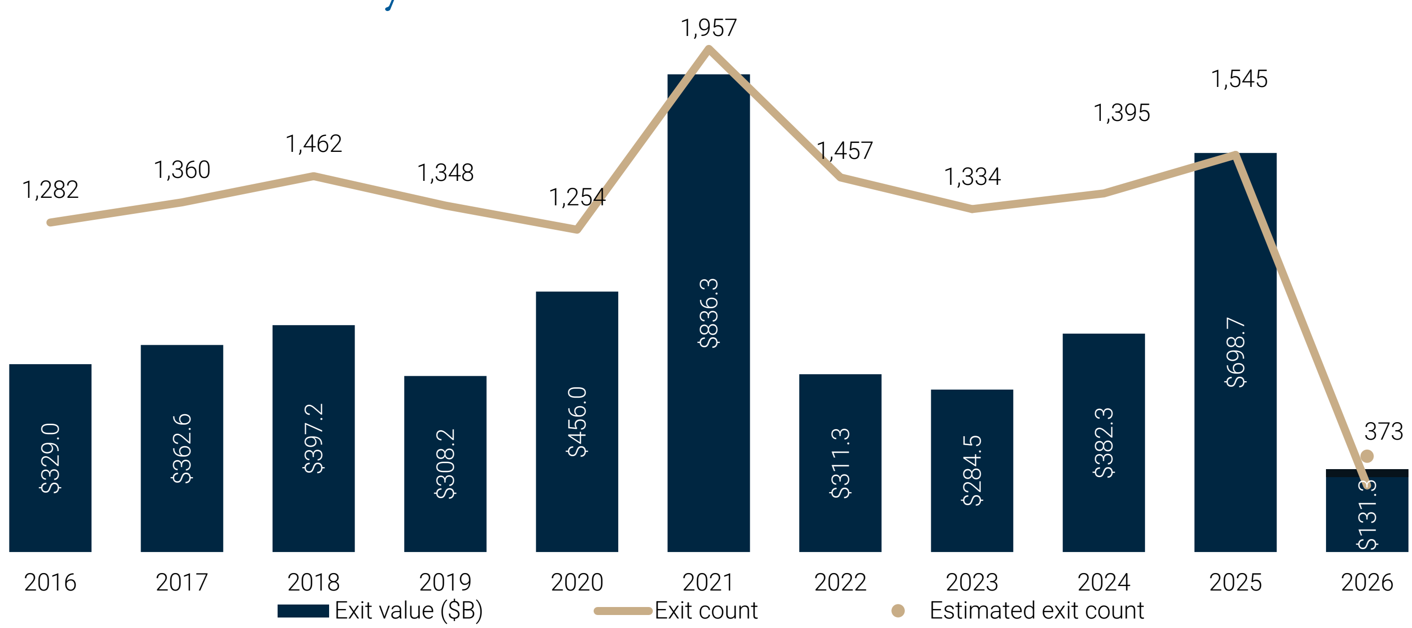
U.S. – All Reported M&A Activity by Year

U.S. PE Deal Activity



- 2026 YTD deal count of 2,415 and value of ~$218B indicate on an annualized basis that we will likely see both deal count and dollar volume below 2025 levels

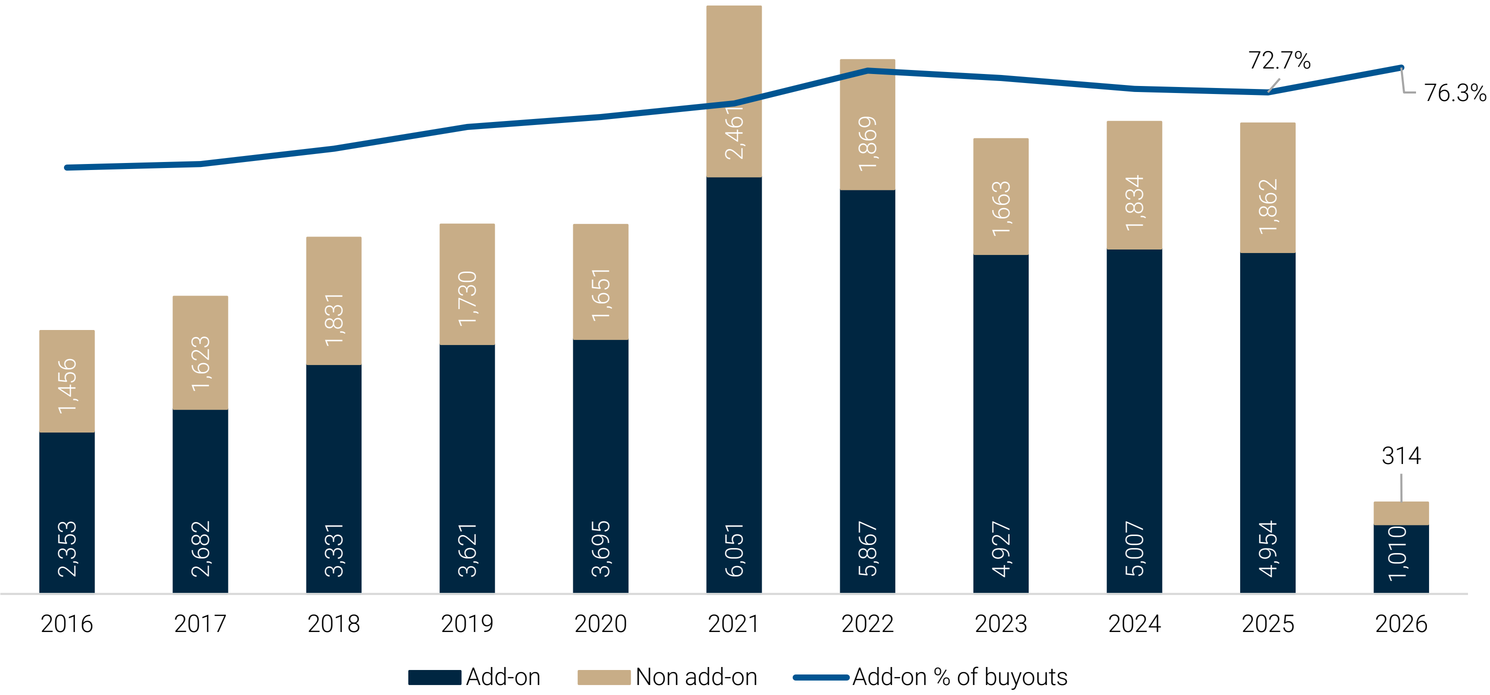
U.S. PE Exit Activity



- 2026 YTD exit count of 373 and value of ~$131B signals a YTD slowdown, consistent with the broader market deceleration, as macro and geopolitical uncertainty create market uncertainty

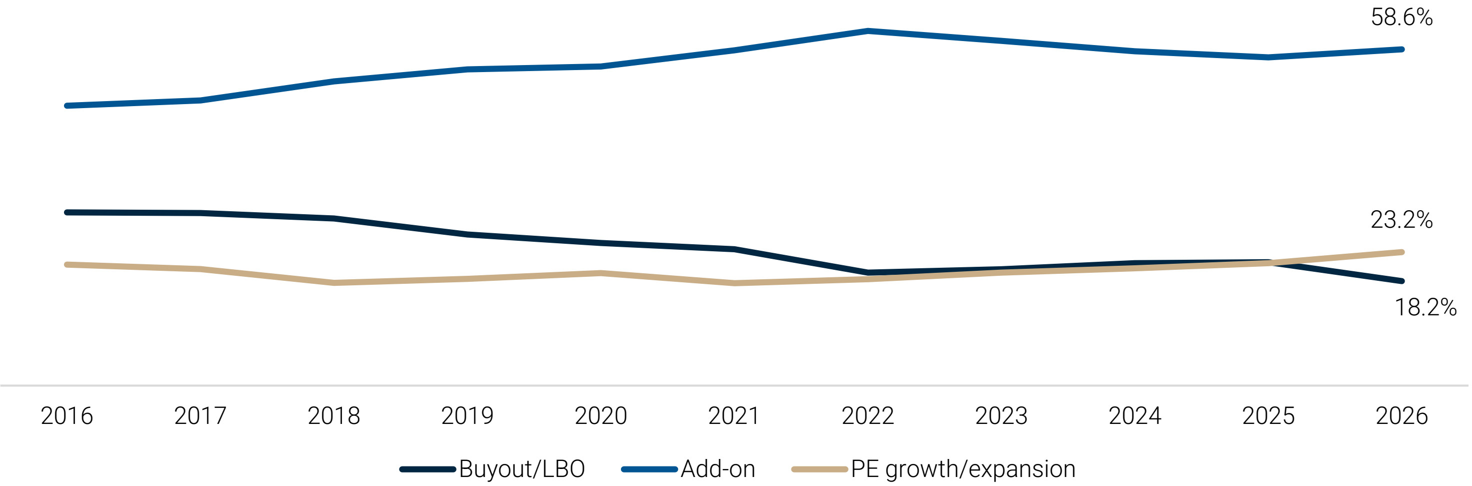
Source: PitchBook, Mufson Howe Hunter., As of 6/30/2026

PE Add-On Activity



- Add-ons now represent 76.3% of all buyouts in 2026 YTD - a record high, as sponsors increasingly favor bolt-on acquisitions to drive platform value creation given the uncertain macro environment

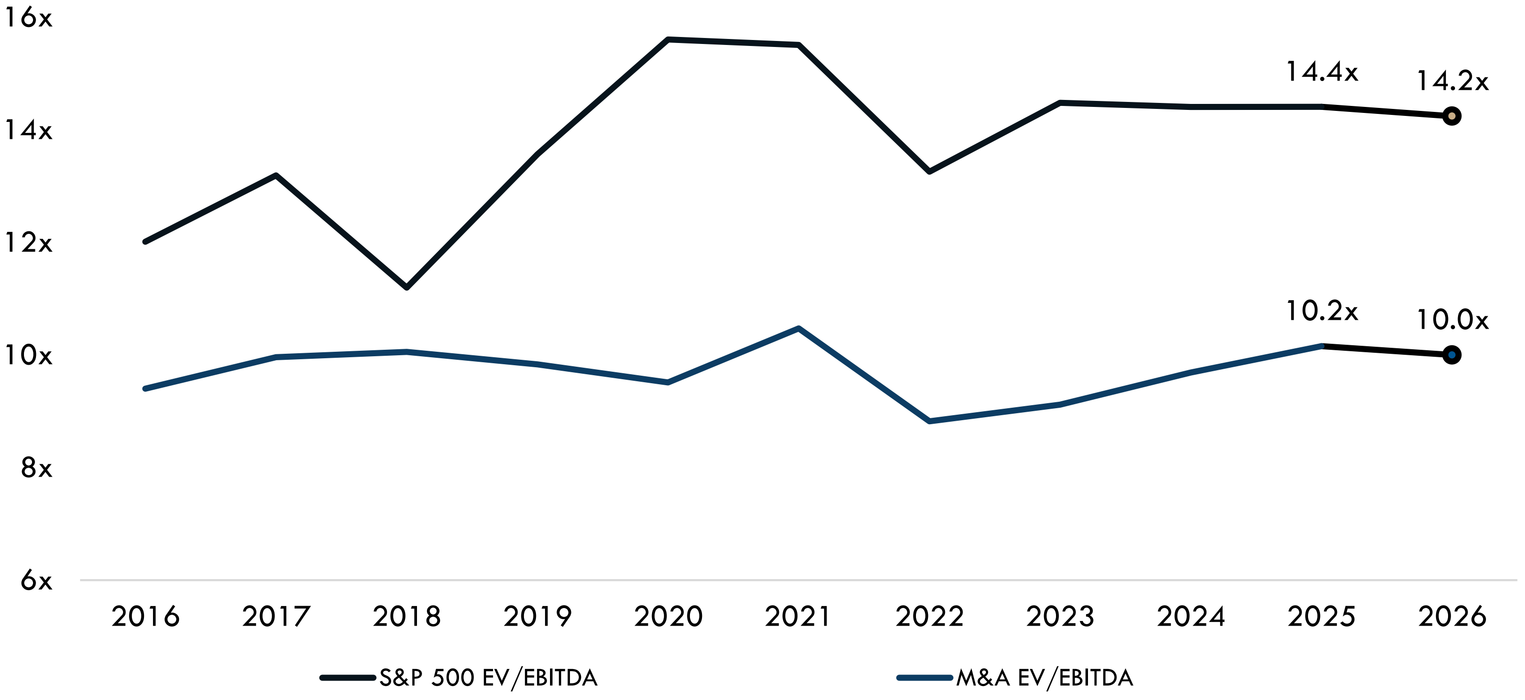
Platform LBO and Growth Equity Deals as a Share of all PE Deals



- Add-ons have expanded to 58.6% of all PE deals in 2026, while platform buyout/LBO share has compressed to 18.2%, reflecting sponsors' focus on add-on transactions.

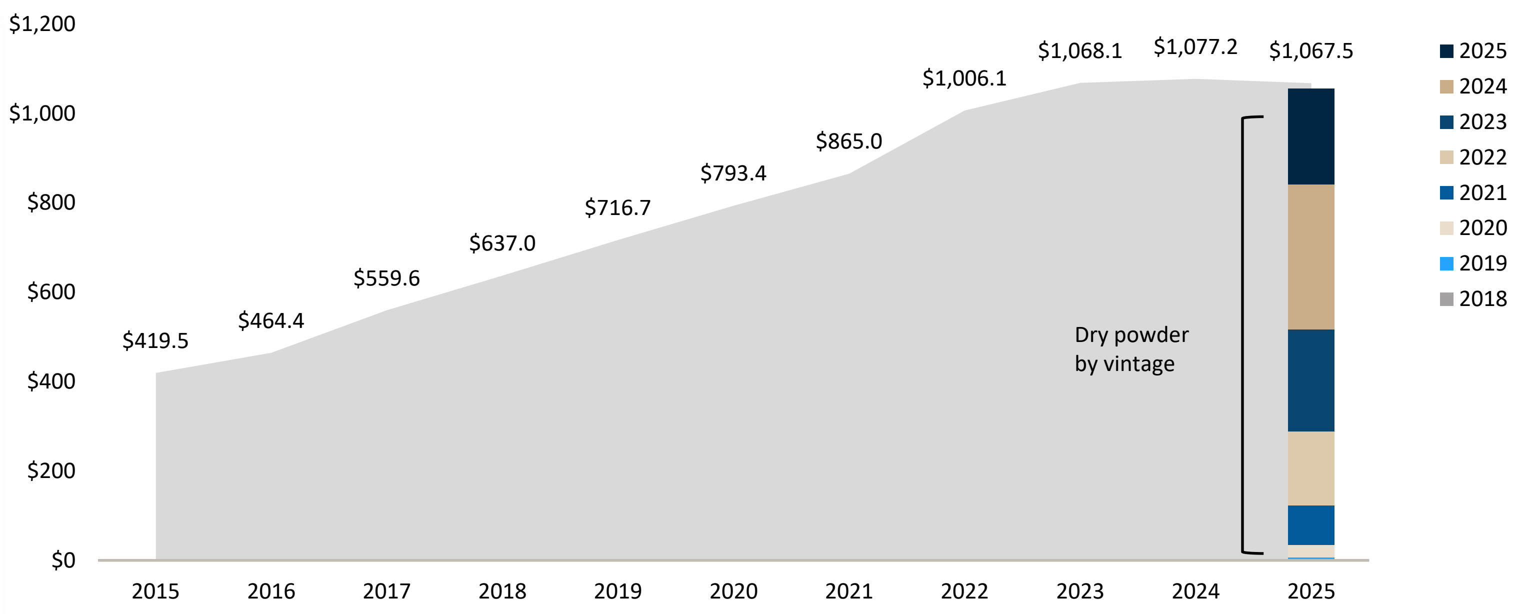
Source: PitchBook, Mufson Howe Hunter., As of 6/30/2026

S&P 500 versus M&A median EV/EBITDA multiple



- EV/EBITDA multiples have normalized to 10.0x and sponsors are over-equitizing transactions, funding deals with more equity than debt vs. typical 50%/50% debt to equity ratio

U.S. PE Dry Powder ($B)

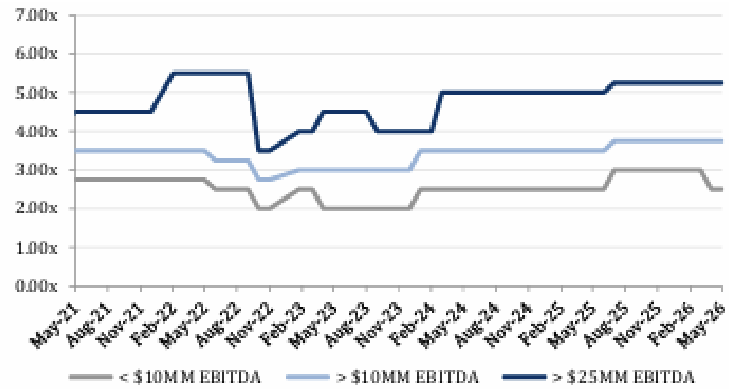


- Dry powder remains high despite sponsors being cautious around platform acquisitions and a slowdown in the return of capital due to relatively muted exit activity

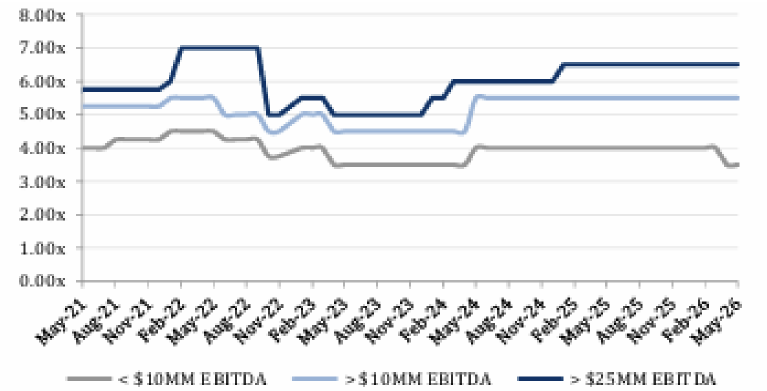
* BSL: Broadly-Syndicated Loan., Source: PitchBook, Mufson Howe Hunter., As of 6/30/2026

Leverage Market at a Glance | SPP Capital Partners | www.sppcapital.com

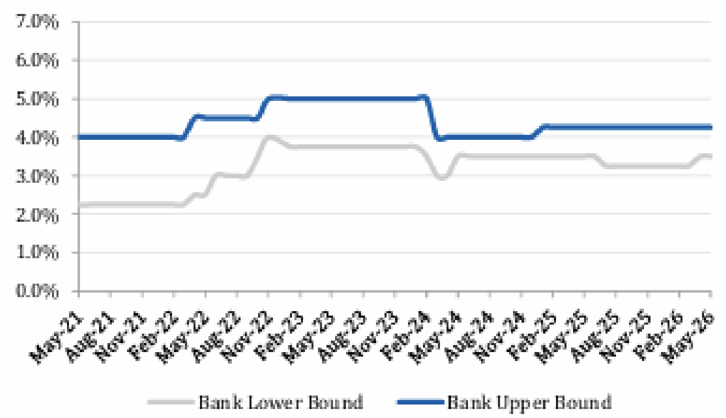
Historical Senior Debt Cash Flow Limit (x EBITDA)



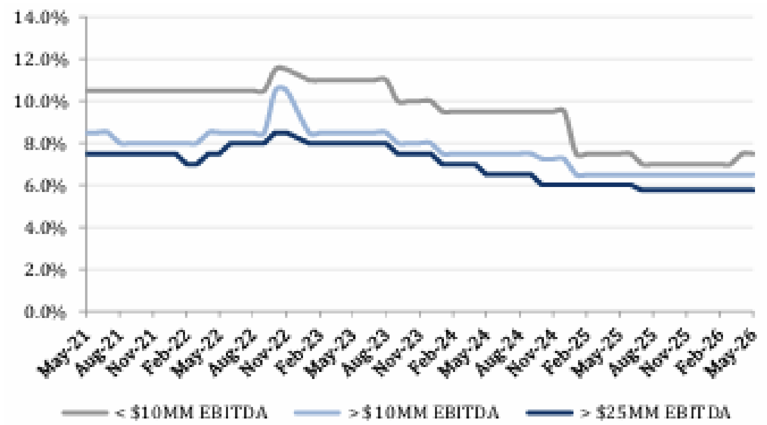
Historical Total Debt Limit (x EBITDA)



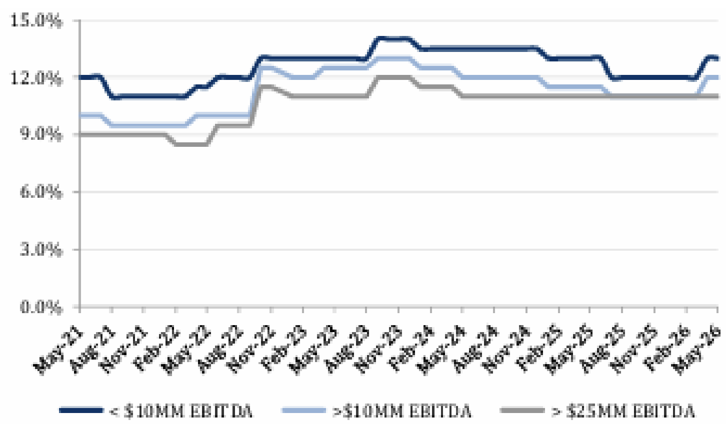
Historical Senior Cash Flow Pricing (Bank)



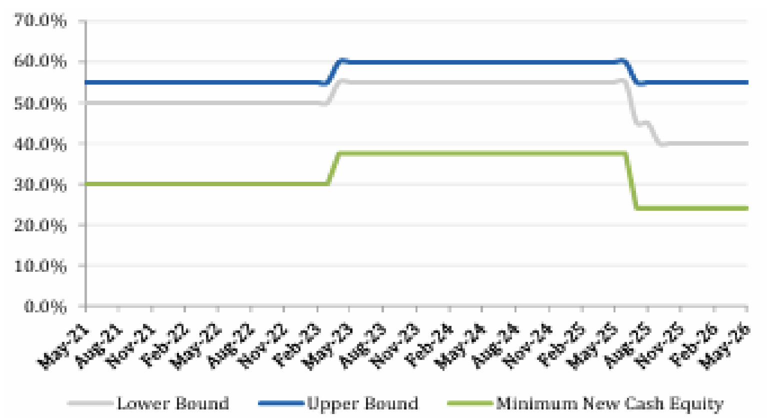
Historical Unitranche Pricing



Historical Subordinated Debt Pricing



Historical Minimum Equity Contribution



Source: SPP Capital Partners – "Capital Market Update June 2026"
SPP Capital Partners – Middle Market Investment Banking and Asset Management Home

Leverage Market at a Glance | SPP Capital Partners | www.sppcapital.com

Changes from Previous Month Noted in Red.

	Leverage: Senior Debt/EBITDA		
	< $10MM EBITDA	> $10MM EBITDA	> $25MM EBITDA
June 2026	2.00x - 2.50x	2.25x - 3.75x	4.25x - 5.25x
May 2026	2.00x - 2.50x	2.25x - 3.75x	4.25x - 5.25x
June 2025	1.50x - 2.50x	2.00x - 3.50x	4.00x - 5.00x
Commentary:	*Senior Leverage Debt Multiples Consistent with Last Month*		

	Leverage: Total Debt/EBITDA		
	< $10MM EBITDA	> $10MM EBITDA	> $25MM EBITDA
June 2026	2.50x - 3.25x	4.00x - 5.50x	5.00x - 6.50x
May 2026	2.50x - 3.50x	4.00x - 5.50x	5.00x - 6.50x
June 2025	2.50x - 4.00x	4.00x - 5.50x	5.00x - 6.50x
Commentary:	*Heightened Scrutiny Respecting Sub-$10 million EBITDA Issuers - Aggregate Leverage Metrics Unchanged.*		

	Pricing: Senior Commercial Bank Cash Flow		
	< $10MM EBITDA	> $10MM EBITDA	> $25MM EBITDA
June 2026	S+ 3.50% - 4.25%	S+ 3.00% - 3.75%	S+ 2.75% - 3.50%
May 2026	S+ 3.50% - 4.25%	S+ 3.00% - 3.75%	S+ 2.75% - 3.50%
June 2025	S+ 3.50% - 4.25%	S+ 3.25% - 3.75%	S+ 3.00% - 3.50%
Commentary:	*No Changes to Report for Commercial Bank Spreads - Pricing Competitive, but not Overly Aggressive.*		

	Pricing: Senior Non-Bank/Unitranche		
	< $10MM EBITDA	> $10MM EBITDA	> $25MM EBITDA
June 2026	S+ 5.50% - 7.50%	S+ 5.00% - 6.50%	S+ 4.25% - 5.75%
May 2026	S+ 5.50% - 7.50%	S+ 5.00% - 6.50%	S+ 4.25% - 5.75%
June 2025	S+ 6.00% - 7.50%	S+ 5.00% - 6.50%	S+ 4.25% - 6.00%
Commentary:	*Non-Bank Pricing Stratified at Current Levels - Heightened Competition for Larger, "Cleaner" Stories*		

	Pricing: Junior Capital (Cash + PIK)		
	< $10MM EBITDA	> $10MM EBITDA	> $25MM EBITDA
June 2026	13.00% - 16.00%	12.00% - 14.00% (S+ 7.5%-8.5%)	11.00% - 12.00% (S+ 6.25%-7.5%)
May 2026	13.00% - 16.00%	12.00% - 14.00% (S+ 7.5%-8.5%)	11.00% - 12.00% (S+ 6.25%-7.5%)
June 2025	13.00% - 16.00%	11.50% - 13.00% (S+ 7.0%-8.5%)	11.00% - 12.50% (S+ 6.50%-8.0%)
Commentary:	*Mezzanine Pricing Identical to Last Month - "Risk On" for Lower Middle Market - "Risk Off" for Better Capitalized Deals.*		

Source: SPP Capital Partners – "Capital Market Update June 2026"
SPP Capital Partners – Middle Market Investment Banking and Asset Management Home

Senior Bankers

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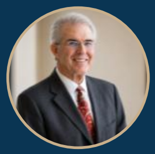

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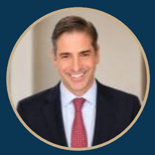

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Jim Yu
Director

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Mufson Howe Hunter & Co. M&A Activity

Select Recent Transactions

Interstate Auto Care, LLC d.b.a.

Valvoline™

has been acquired by

ICV PARTNERS

The undersigned served as exclusive financial advisor to the seller in this transaction

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VEROCEL
The Software Verification Company

has been acquired by

wisk

A wholly-owned subsidiary of

BOEING

The undersigned served as exclusive financial advisor to the seller in this transaction

Mufson Howe Hunter
INVESTMENT BANKERS FOR GROWTH

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eda
EDA CONTRACTORS
successful together.

has acquired

GLAZING CONCEPTS, LLC
ARCHITECTURAL GLASS & METAL

The undersigned served as exclusive financial advisor to the seller in this transaction

Mufson Howe Hunter
INVESTMENT BANKERS FOR GROWTH

STRAUB METAL

has been acquired by

NIM
NORFOLK IRON & METAL

The undersigned served as exclusive financial advisor to the seller in this transaction

Mufson Howe Hunter
INVESTMENT BANKERS FOR GROWTH

Mufson Howe Hunter is an independent investment bank for middle-market companies. We focus on selling businesses, recapitalizations, buy-outs, acquisitions and raising capital. Our senior bankers have extensive corporate finance experience and deep knowledge of the capital markets.

Firm Practice Areas

Mergers & Acquisitions

- Advise buyers and sellers (public and private companies)
- Sale of businesses, strategic acquisitions, recapitalizations, management buy-outs and industry build-ups
- Specific background in representing closely-held and family-owned business

Capital Raise

- Equity (Control and non-control)
- Mezzanine financing
- Senior and junior debt
- Typically raise debt & equity capital from commercial banks, finance companies, investment funds and private equity sponsors

Financial Advisory Services

- Analysis of business strategies and options
- Fairness opinions
- Complex valuations

Industry Coverage

Business Services

- B2B Distribution
- Defense & Government Services
- Infrastructure & Construction Services
- Market Research & Insights
- Outsourced Facility Maintenance
- Professional & Consulting Services

Contact: Michael Mufson & Joe Golden

Consumer & Retail

- Consumer Products & Services
- Direct-to-Consumer e-commerce
- Food Products & Services
- Home Furnishings & Architectural Finishing
- Hospitality Services
- Specialty Retail

Contact: Michael Mufson & Anthony Lopez-Ona

Manufacturing & Industrial Services

- Aerospace & Defense (including MRO)
- Automation & Test/Measurement
- Environmental & Infrastructure Services
- Industrial Products & MRO
- Value-Added Distribution

Contact: Michael Mufson & Joe Golden

Technology & Services

- Enterprise Software
- Internet
- Mobile
- Outsourcing Services
- Tech-Enabled Services

Contact: Brandon Eck

Mufson Howe Hunter

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Mufson Howe Hunter & Company LLC

Philadelphia, Washington, DC & Atlanta

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