Citizens®

FALL 2026

M&A Update

The Exit Math Just Got Harder

BY THE NUMBERS

$4T+

Global M&A deal value through Q3, on pace for a record year

41%

Share of global deal value from $5B+ megadeals

5,300

PE-backed companies acquired in 2019–2022, now in the harvest window



"For the market to fire on all cylinders, the PE exit machine needs to restart. The 2019–2022 vintage sitting in the harvest window was acquired in a much lower-rate environment, and sponsors have spent the past two years waiting for rates to return to their underwriting case. September's hike moved the goalposts further away."

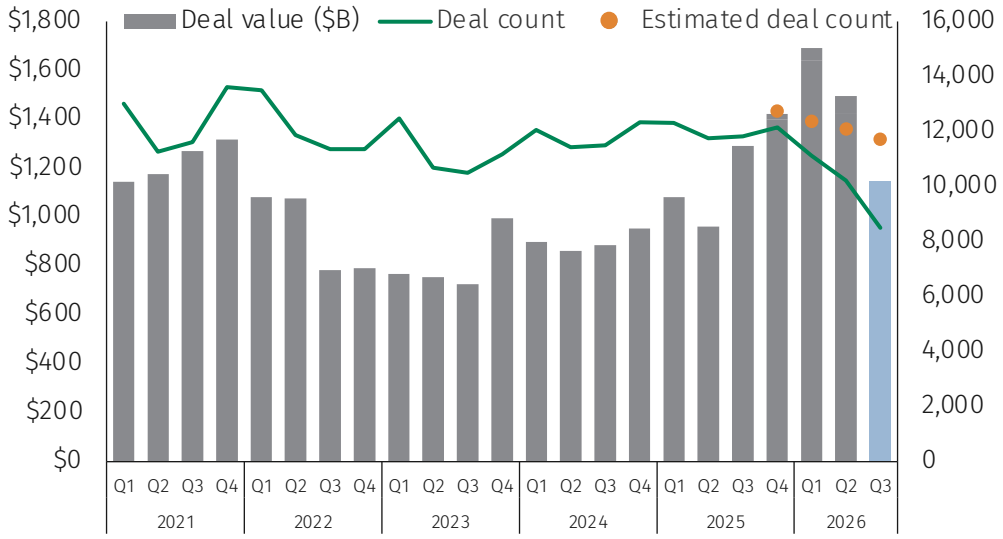
JASON WALLACE
Head of M&A Advisory

Source: PitchBook Q3 2026 Global M&A Report and Q3 2026 US PE Breakdown, as of September 30, 2026.

Strategic Buyers Are Driving Record Dollar Volumes

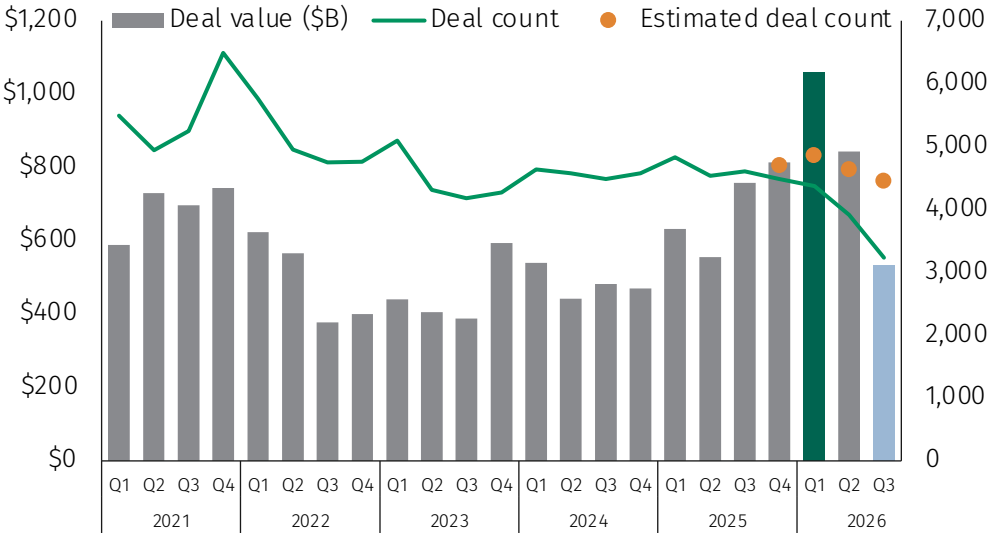
Dollar volumes continue to be very strong. Global M&A is on track for its biggest year on record, powered by a wave of large strategic deals. The number of transactions has held steady. What's changed is their size, with corporate buyers leading the biggest deals while sponsors largely sit them out.

GLOBAL M&A ACTIVITY BY QUARTER



- **Record pace.** Global M&A has passed $4 trillion through Q3 and is on track for its first-ever $5 trillion year.
- **Bigger deals, not more deals.** Deal value is up more than 20% from last year, while the number of deals has held flat.
- **Megadeals are doing the heavy lifting.** Deals above $5 billion account for 41% of this year's value, up from 27% last year.

NORTH AMERICA M&A ACTIVITY BY QUARTER



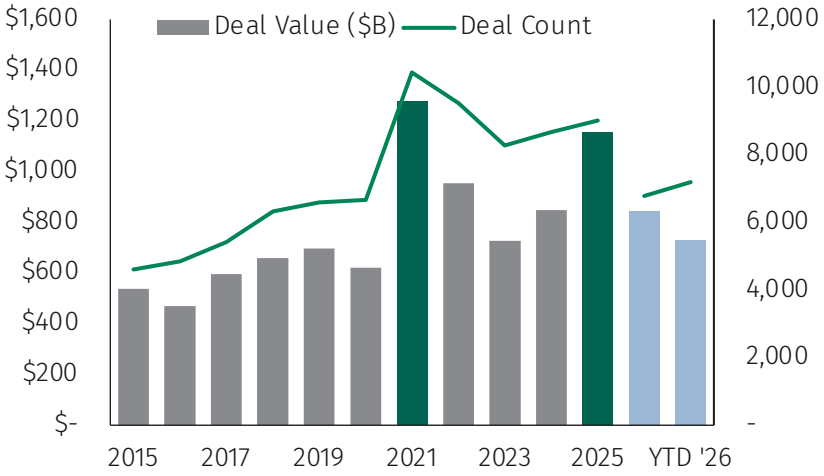
- **North America is keeping pace.** Deal value is up 25% through Q3, approaching last year's record $2.8 trillion.
- **Strategic buyers are leading.** The year's largest deals have gone almost exclusively to corporate acquirers.
- **Q3 cooled after a record first half.** Higher rates are weighing on financing, the same headwind holding PE back.

Source: PitchBook Q3 2026 Global M&A Report, as of September 30, 2026.

Private Equity Is Stuck in Neutral

While strategic buyers have powered the broader M&A market to record dollar volumes, private equity remains stuck in neutral. 2025 was PE's strongest year since 2021, but that momentum hasn't carried into 2026. Sponsors are still active and deal flow remains steady, but they're writing smaller checks and stepping back from new buyouts. Until the exit market loosens up, PE is likely to keep idling.

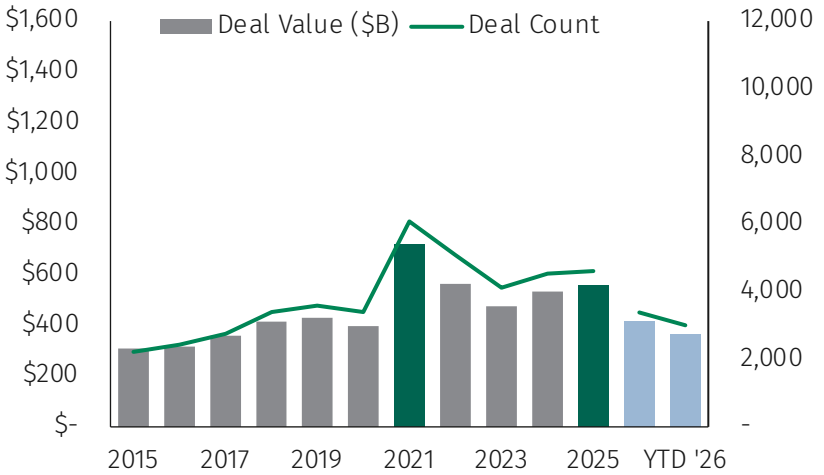
TOTAL U.S. PRIVATE EQUITY ACTIVITY



- 2025 was PE's strongest year since 2021, with deal value up 36% to $1.16T.
- Through Q3, deal value is down 14% year over year to $730B, even as deal count rose 6% (7,189 vs. 6,779).
- The slowdown is concentrated in buyouts, where deal count is down 20% year over year.

The middle market is bumping along sideways. Deal flow has settled into a steady rhythm over the past two years, though 2026 is tracking slightly behind last year's pace. Sponsors remain committed to the segment, and middle-market deals continue to account for roughly half of all PE deal value. The demand is there; what's missing is the catalyst to move the market forward.

U.S. MIDDLE-MARKET PRIVATE EQUITY ACTIVITY



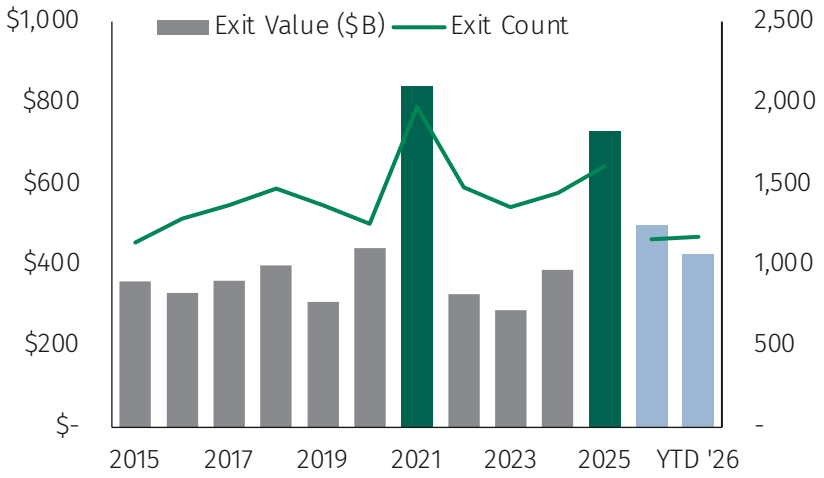
- Middle-market deal flow has moved sideways, holding steady for the past two years but still well below its 2021 peak.
- Activity is running slightly behind last year's pace, as sponsors take a more cautious approach to new deals.
- The middle market continues to account for about half of all PE deal value, showing sponsors remain committed to the segment.

Source: PitchBook Q3 2026 US PE Breakdown, as of September 30, 2026.

It's No Longer When the Exit Machine Restarts, but How

With rate relief off the table for the foreseeable future, sponsors face a choice: hold longer and let portfolio companies grow into their hoped-for valuations, or bring assets to market at prices closer to where buyers are today. The longer rates stay higher, the more that second path looks like the one that gets the market moving again.

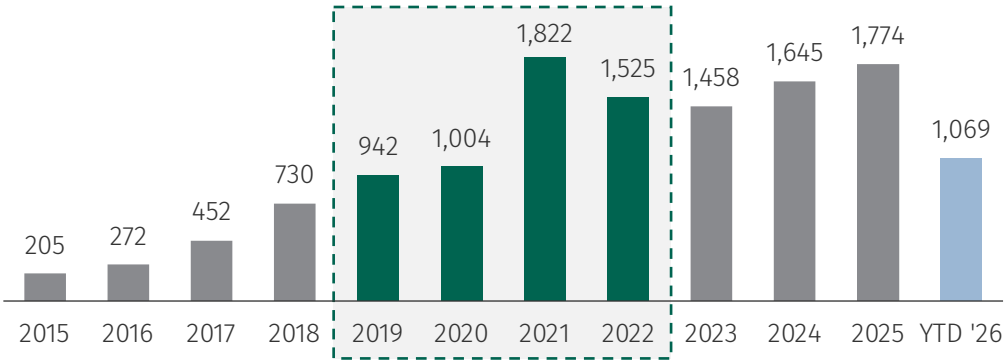
TOTAL U.S. PRIVATE EQUITY EXIT ACTIVITY



- **2025 was a strong year for exits,** with exit value reaching its highest level since 2021.
- **That momentum has cooled in 2026.** Exit value is down 14% from last year, while the number of exits has held roughly flat.
- **The exits getting done skew large.** A handful of mega-deals account for nearly three-quarters of this year's exit value, while the broader backlog remains stuck.

U.S. PRIVATE EQUITY INVENTORY BY YEAR OF ACQUISITION

Number of PE-Backed Companies



The 2019–2022 vintage alone accounts for 5,293 companies, nearly 40% of the more than 13,600 companies in sponsor portfolios, many now approaching or inside the typical holding window.

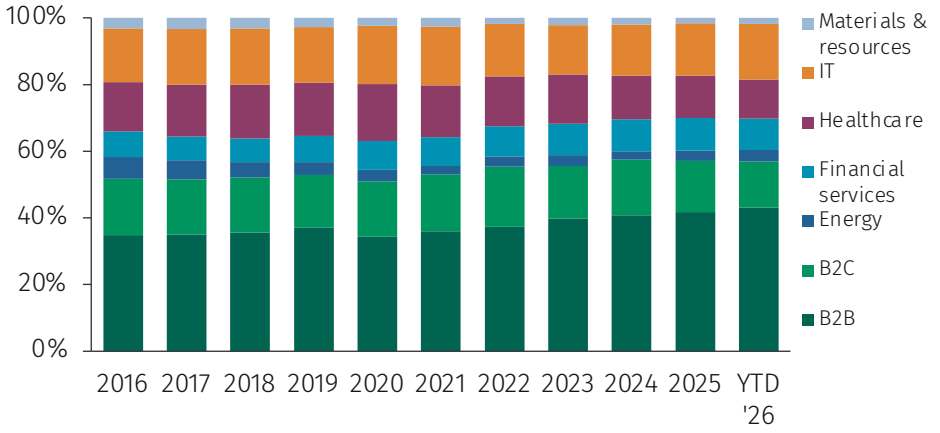
Source: PitchBook Q3 2026 US PE Breakdown, as of September 30, 2026.

SECTOR MOMENTUM

Where the Activity Is

Business services activity continues to be robust, with particular strength in essential services and professional services. Aerospace and defense has picked up, alongside transportation and logistics. The common thread is resilient, non-discretionary demand — the kind of business that underwrites cleanly in an uncertain rate environment.

U.S. PE DEAL COUNT BY SECTOR



- **Business services remains the backbone of PE dealmaking.** Year after year, B2B companies draw the most sponsor interest, and 2026 is no exception.
- **Energy has moved to center stage.** Driven by data center power demand, energy deal value in North America has already passed its 2025 total, with fewer but larger deals.
- **Technology is being repriced.** AI disruption has cut into tech deal values, even as sponsors keep doing smaller deals.
- **Healthcare continues to command a premium**, with the highest median multiple of any sector.

"When financing costs more, buyers get more selective about the cash flows they're willing to underwrite. That's pushed activity toward businesses with predictable, non-discretionary demand."

JASON WALLACE
Head of M&A Advisory

CITIZENS SECTOR FOCUS

AEROSPACE, DEFENSE & GOVERNMENT SERVICES	BUSINESS SERVICES	CONSUMER
FINANCIAL SERVICES	REAL ESTATE, GAMING, LODGING & LEISURE	HEALTHCARE
INDUSTRIALS	TECHNOLOGY & COMMUNICATIONS	TRANSPORTATION & LOGISTICS

Source: PitchBook Q3 2026 US PE Breakdown, as of September 30, 2026.

SPONSOR MOMENTUM

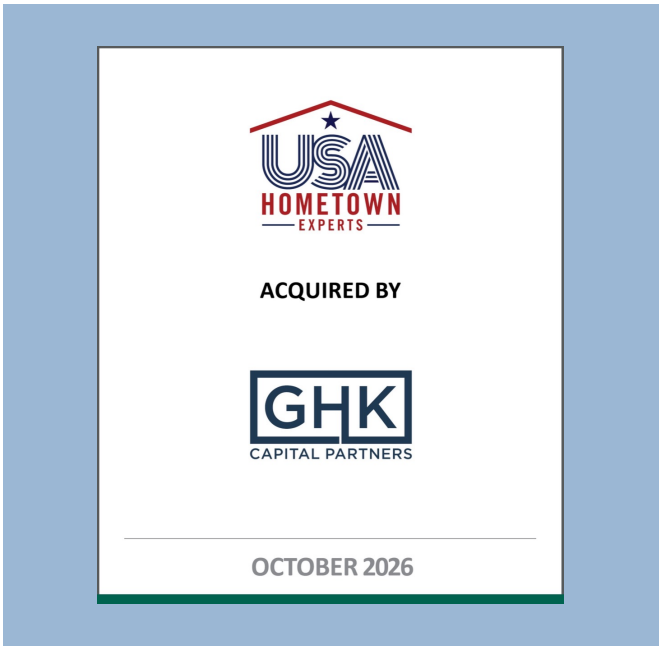
Citizens Is Investing in Sponsor Coverage

While broad sponsor activity has been constrained by the exit backlog, the picture is firm-specific. Citizens has added resources to focus on financial sponsors and convert those relationships into M&A assignments.

> "Citizens has expanded its headcount to bring more value to financial sponsors over the past year, bringing on senior bankers to deepen relationships with financial sponsors and broaden the firm's M&A mandate pipeline."
>
> **JASON WALLACE**
> Head of M&A Advisory

SELL-SIDE VDA A PORTFOLIO COMPANY OF KEYSTONE CAPITAL ACQUIRED BY WARREN EQUITY PARTNERS OCTOBER 2026	BUY-SIDE CVC CAPITAL PARTNERS INVESTED IN Unitex SEPTEMBER 2026	BUY-SIDE Audax Private Equity INVESTED IN integral A PORTFOLIO COMPANY OF IMPERIAL CAPITAL SEPTEMBER 2026	SELL-SIDE PERFORMANCE SPORTS SYSTEMS A PORTFOLIO COMPANY OF GENCAP AMERICA ACQUIRED BY Gerflor A PORTFOLIO COMPANY OF COBEPA AUGUST 2026	SELL-SIDE TAKODA Data Centers A PORTFOLIO COMPANY OF Apax ACQUIRED BY monte capital management AUGUST 2026
BUY-SIDE vesterra CAPITAL PARTNERS INVESTED IN PHFM A SUBSIDIARY OF POWERHOUSE A PORTFOLIO COMPANY OF Lincolnshire MANAGEMENT JULY 2026	BUY-SIDE LONGSHORE CAPITAL PARTNERS INVESTED IN prochant JULY 2026	SELL-SIDE Aligned Adaptive Data Centers A PORTFOLIO COMPANY OF MACQUARIE ACQUIRED BY AIP MGX BlackRock JULY 2026	SELL-SIDE ARMSTRONG TRANSPORT GROUP A PORTFOLIO COMPANY OF CAROUSEL CAPITAL ACQUIRED BY QUAD-C JUNE 2026	SELL-SIDE BIORIGIN Specialty Products A PORTFOLIO COMPANY OF WYNNCHURCH | CAPITAL SOLD ITS ST. CATHARINES TISSUE AND SPECIALTY PAPER MILL TO Marcal A PORTFOLIO COMPANY OF ATLAS | HOLDINGS MAY 2026
BUY-SIDE OAK HILL CAPITAL INVESTED IN GUILD GARAGE GROUP APRIL 2026	SELL-SIDE OrboGraph Intelligent Payment Automation A PORTFOLIO COMPANY OF THOMPSON STREET CAPITAL PARTNERS ACQUIRED BY kinective A PORTFOLIO COMPANY OF TA ASSOCIATES MARCH 2026	SELL-SIDE INSPIRE A PORTFOLIO COMPANY OF ROARK CAPITAL GROUP SOLD 78 SONIC DRIVE-IN RESTAURANTS TO KBP BRANDS FEBRUARY 2026	BUY-SIDE ALPINE ACQUIRED pacific surfacing A PORTFOLIO COMPANY OF CALDICOT CAPITAL FEBRUARY 2026	SELL-SIDE LYNC HEALTH PARTNERS A PORTFOLIO COMPANY OF MSOUTH EQUITY PARTNERS MAJORITY RECAPITALIZED BY United Surgical Partners International AN OPERATING SUBSIDIARY OF Tenet Health FEBRUARY 2026
SELL-SIDE CertaSite A PORTFOLIO COMPANY OF Riverside. ACQUIRED BY API GROUP FEBRUARY 2026	SELL-SIDE PACIFIC POWER GROUP A PORTFOLIO COMPANY OF MPE PARTNERS ACQUIRED BY Industrial Service Solutions A PORTFOLIO COMPANY OF WYNNCHURCH | CAPITAL FEBRUARY 2026	SELL-SIDE worldpay A PORTFOLIO COMPANY OF GTCR ACQUIRED BY globalpayments JANUARY 2026	BUY-SIDE TRUARC PARTNERS ACQUIRED SCHILL Grounds Management A PORTFOLIO COMPANY OF ARGONNE CAPITAL GROUP DECEMBER 2025	BUY-SIDE INTERLOCK EQUITY INVESTED IN VeloSource SEPTEMBER 2025

Citizens Serves as Financial Advisor to USA Hometown Experts on its Sale to GHK Capital Partners



DEAL HIGHLIGHTS

- USA Hometown delivers HVAC, plumbing, electrical, generator, overhead door and other essential services to residential and commercial customers.
- GHK's investment will support expansion into new markets, additional trades for customers and capital for inorganic growth in a fragmented industry.

Matrix Capital Markets Group, a Division of Citizens, Advises Foster Fuels, Inc. on Its Sale to Colonial Group, Inc.



DEAL HIGHLIGHTS

- Foster Fuels is a diversified distributor of refined fuels, propane and lubricants as well as a provider of mission critical fueling solutions, serving residential, commercial, industrial and government customers throughout the United States.
- Matrix provided merger and acquisition advisory services to Foster, which included valuation advisory, marketing the business through a confidential, structured sale process and negotiation of the transaction.

Citizens Serves as Exclusive Financial Advisor to ClearDefense Pest Control on its Sale to Coalesce Capital



DEAL HIGHLIGHTS

- Coalesce Capital, a private equity firm focused on technology-enabled services companies, acquired ClearDefense.
- ClearDefense's founders and management team will retain a meaningful ownership stake and continue to lead the company.
- ClearDefense operates 27 locations across 16 states and provides general pest, mosquito and termite control services.

Citizens Advises Krewe Anesthesia on its Sale to CHG Healthcare



DEAL HIGHLIGHTS

- CHG Healthcare acquired Krewe Anesthesia, a CRNA-focused staffing firm founded in 2022.
- Krewe Anesthesia offers clients a complete anesthesia solution, from single-role locum placements to ongoing managed services.
- CHG's national scale positions Krewe to grow CRNA placements, deepen technology investment and serve more health systems.

Citizens Advises Jason Mitchell Group on its Sale to Keller Williams



DEAL HIGHLIGHTS

- The Jason Mitchell Group, recognized as one of the fastest-growing real estate brokerages and ranked the #1 Real Estate Team in the U.S., operates in 37 states with more than 1,200 affiliated agents and generated nearly $5.9 billion in sales volume across more than 12,300 transaction sides in 2025.
- The acquisition brings to Keller Williams a proven, highly scalable business that processes consumer leads through relationships with major mortgage lenders and other real estate platforms, including Rocket Mortgage, Mr. Cooper, Redfin, Zillow, New American Funding and Veterans United.

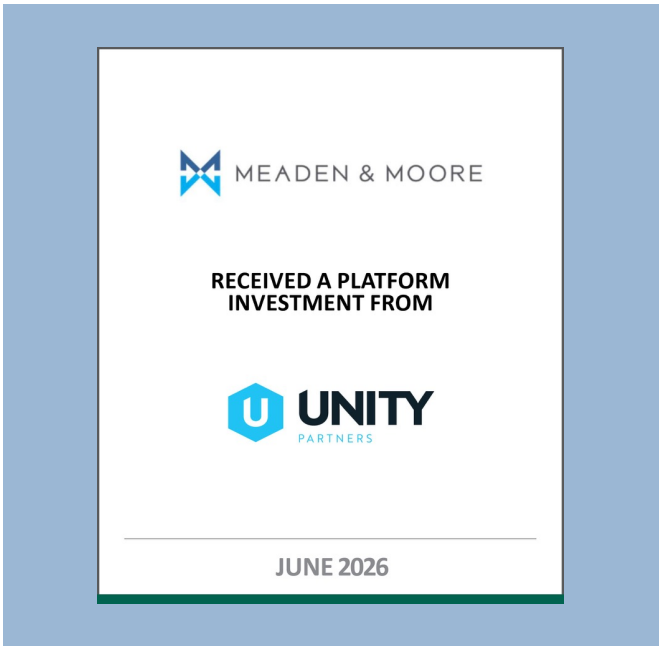
Citizens Advises Ondas on its $876 Million Acquisition of DZYNE Technologies



DEAL HIGHLIGHTS

- Ondas acquired DZYNE Technologies, a portfolio company of Highlander Partners, for $875.8 million.
- DZYNE brings a highly sophisticated platform with deep relationships across the U.S. defense ecosystem and allied nations to Ondas.
- The acquisition positions Ondas as a next-generation autonomous defense platform able to meet the complex, rapidly evolving requirements of modern security.

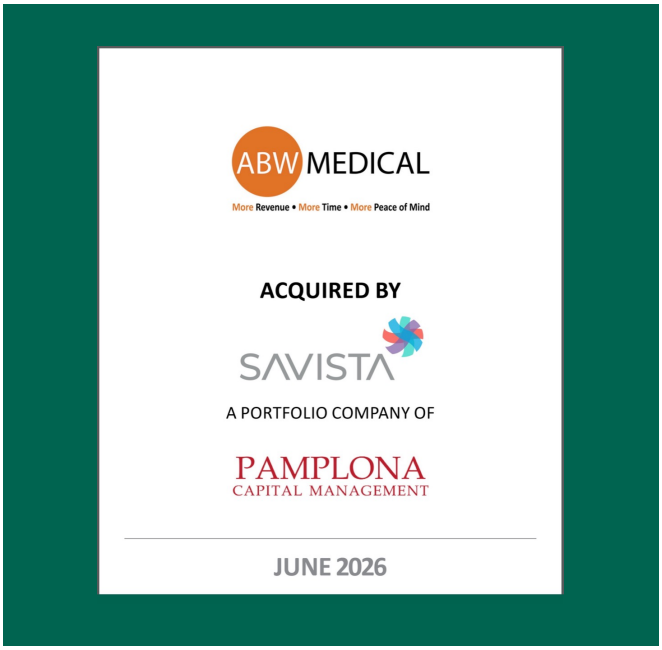
Citizens Advises Meaden & Moore on a Platform Investment by Unity Partners



DEAL HIGHLIGHTS

- Meaden & Moore, headquartered in Cleveland, Ohio, is a leading national accounting firm with more than 200 professionals and 15 offices across the U.S. and U.K.
- This investment from Unity Partners will support Meaden & Moore's next phase of growth by providing capital and strategic resources to expand across key markets, enhance technology capabilities and continue building its differentiated service offerings.

Citizens Advises ABW Medical on its Sale to Savista, a Pamplona Capital Management Portfolio Company



DEAL HIGHLIGHTS

- Savista, a Pamplona Capital Management portfolio company, acquired ABW Medical.
- ABW Medical is an ambulatory revenue cycle management company serving community health centers, medical groups, rural health providers and other organizations in the non-acute healthcare market.
- ABW Medical provides specialized expertise and tailored solutions designed to help healthcare organizations improve financial performance.



LOOKING AHEAD

We're not expecting a flood of activity. We're expecting a steady release, from sponsors who conclude that time is no longer on their side.

In our Spring 2026 M&A Update, we described an attractive setup for 2026 clouded by geopolitical uncertainty. Six months later, that outlook still holds, but with one important change: the rate path. September's increase was the first hike since 2023, and the Fed's own projections point to the possibility of another before year-end. For sponsors holding assets bought in the lower-rate environment of 2019 to 2022, the hope that rates would return to their underwriting case has faded.

That changes the question for 2027. It's no longer when the sponsor exit machine restarts, but how. Sponsors can extend hold periods and let portfolio companies grow into their valuations, or they can bring assets to market at prices closer to where buyers are today. We expect to see more of the latter as 2027 progresses. Not a flood, but a steady release of assets from sponsors who conclude that time is no longer working in their favor.
We believe that's a constructive development for the middle market. When sellers meet buyers where they are, processes move, deal count recovers and capital starts to flow back to LPs. That is a healthier market than the standoff we've been in.

We expect the sector pattern to hold. Businesses with recurring, non-discretionary demand continue to draw the most competitive processes, alongside sectors and businesses that are capitalizing on the AI infrastructure capital supercycle. We see no reason for that to change while financing costs remain elevated.

While the path looks different than it did in the spring, Citizens remains optimistic for the rest of 2026 and into 2027.

Source: Refinitiv LPC and Citizens

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