CREWE CAPITAL

Q3 2025
M&A Overview

NOVEMBER 2025

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Executive Summary

Q3 M&A increased materially, with global deal value totaling $1.38 trillion, representing a 35.1% increase YoY and 25.6% gain QoQ. In terms of both count and value, Q3 marks the strongest quarter since 2021. Contributing to the increase in aggregate deal value was a softening of large-cap antitrust scrutiny, leading to 15 $10+ billion transactions over the quarter — the highest quarterly count since Q4 2018. Overall, dealmaking conditions improved through Q3 as valuation spreads narrowed and credit markets stabilized. U.S. leveraged-loan issuance hit over $400 billion in Q3, the highest quarterly volume on record. Leveraged-loan spreads also tightened to approximately SOFR +366 bps, the lowest since 2007.

The Federal Reserve made its first policy adjustment of the year in Q3. After maintaining a 4.25%–4.50% target range through July, the Fed cut rates by 25 bps on September 17th, moving the range to 4.00%–4.25%. Looking ahead, policymakers must balance tariff-driven inflation pressures with signs of a softening labor market.

Through August, core PCE increased 2.9% YoY and headline PCE rose 2.7% YoY. On a monthly basis, PCE rose 0.3%. Producer prices showed early signs of upward pressure, with final goods PPI rising 0.1% month-over-month and 2.6% year-over-year, suggesting tariff-related costs could appear in consumer inflation later in the year.

The unemployment rate held at 4.3% in August, marking a post-2021 high. Payrolls increased by only 22,000 jobs, following downward revisions to both June and July. Preliminary benchmark revisions released in September showed that the U.S. economy produced approximately 911,000 fewer jobs from April 2024 to March 2025 than originally reported. Job openings remained soft in Q3, averaging near 7.2 million, below levels seen earlier in the year.

Equities delivered a strong quarter, continuing the recovery from April lows. The Nasdaq led the major indices, rising to an index level of 22,660 by the end of September, marking a 17.5% YTD return. The S&P 500 and DJIA trailed, gaining 13.9% and 9.5% respectively, at the end of Q3. Reflecting stronger market sentiment, volatility remained subdued relative to Q2. The VIX stayed below 26 throughout the quarter, well under the Q3 peak of 52.

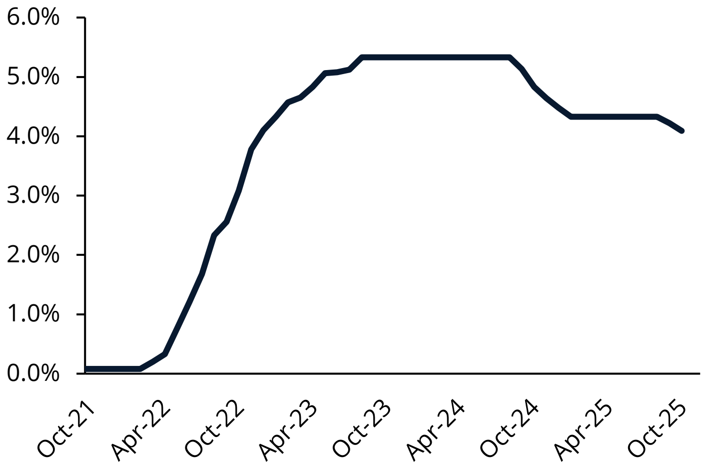
Although Q3 GDP figures remain pending due to federal reporting delays, real-time estimates point to a solid expansion with the Atlanta Fed's GDPNow model projecting 4.1% real GDP growth for Q3. The growth is partially driven by strong consumer spending and steady services output, along with significant investment from big tech hyperscalers.

Although macroeconomic headwinds remain, much of the uncertainty entering Q3 has begun to clear. Capital is becoming more available, dry powder is positioned to be deployed, and growing retail and institutional demand is helping sustain the public markets.

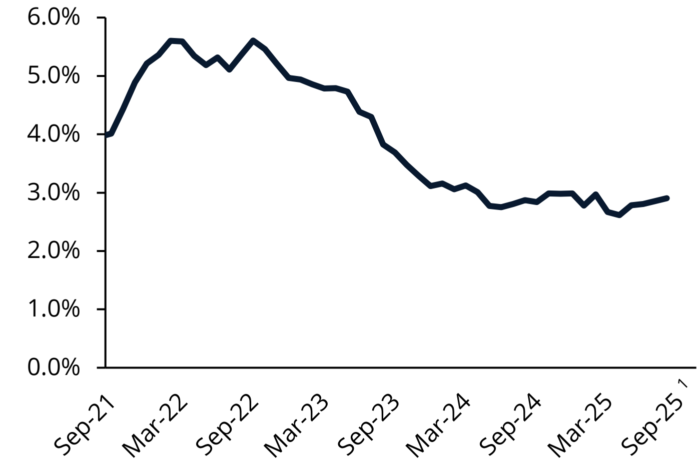
Source: PitchBook, NPR, FRED, BEA, Yahoo Finance, S&P Capital IQ

Economic Indicators

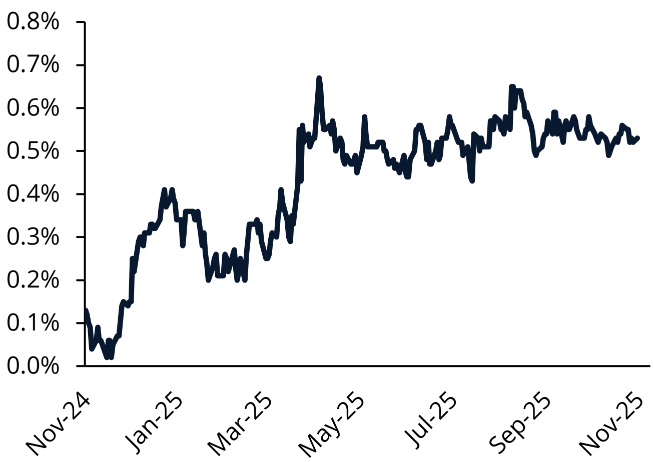
Federal Funds Effective Rate
(Percent, Quarterly)



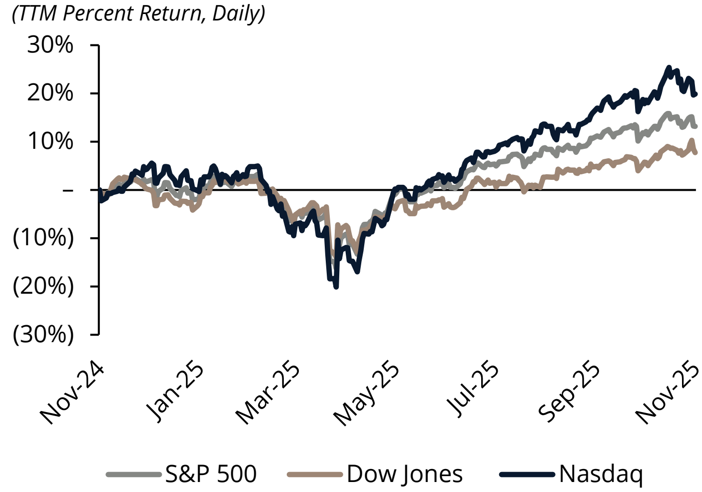
Core PCE
(YoY Percent Change, Monthly)



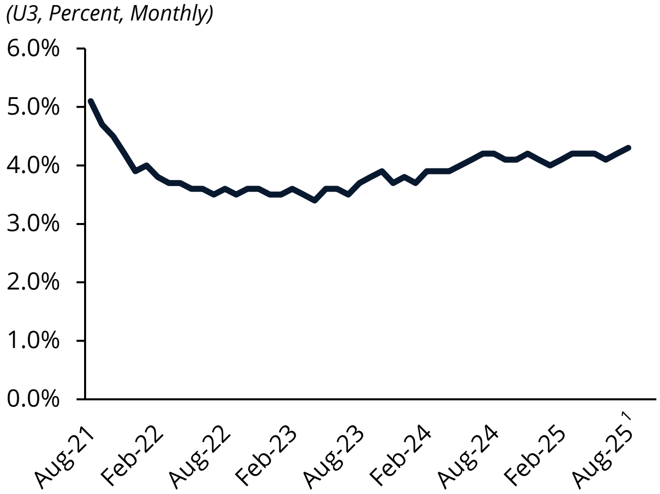
U.S. Treasury Yield Spread
(Percent, Daily)



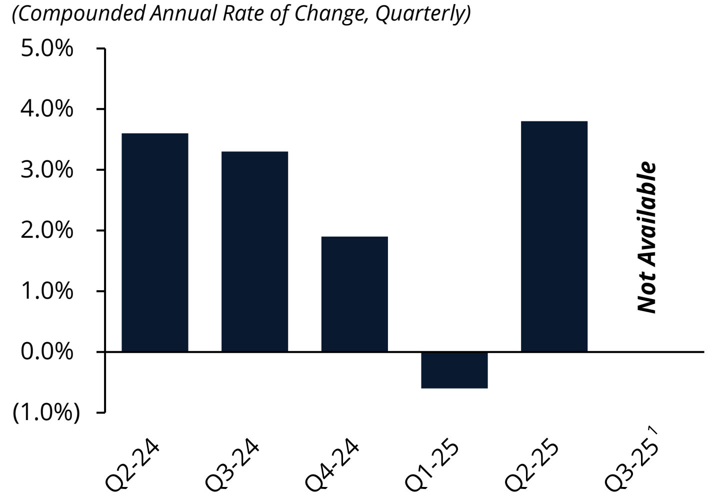
Major Stock Indices
(TTM Percent Return, Daily)



Unemployment
(U3, Percent, Monthly)



Real GDP
(Compounded Annual Rate of Change, Quarterly)

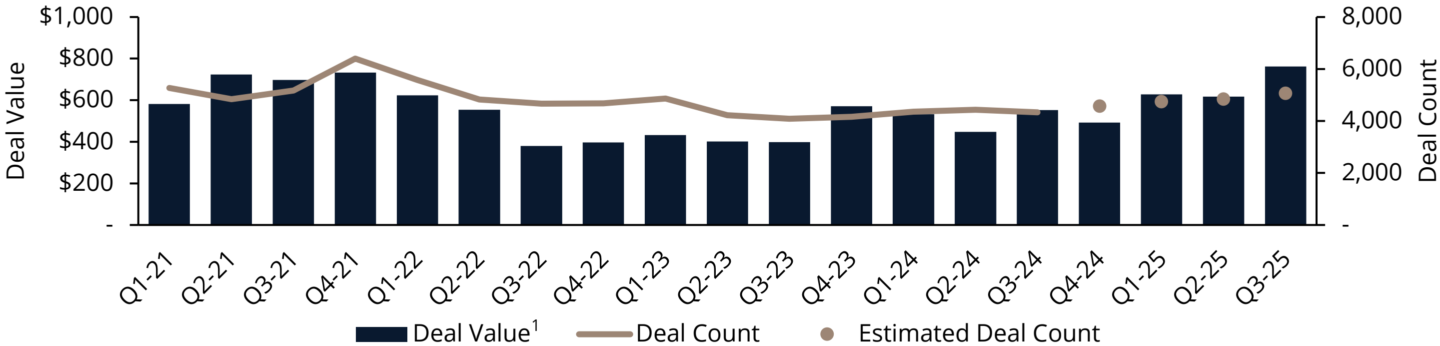


[1] Data after August is unavailable due to the federal government shutdown
Source: FRED

M&A Activity

North American M&A Deal Activity

(Deal Value $ in Billions, Deal Count in Actuals, Quarterly)



North American M&A activity continued to accelerate in Q3 2025. Deal count rose 5% QoQ, while aggregate deal value increased 23%. Q3 recorded 5,066 announced or completed deals totaling $762.2 billion, a multi-year high that surpassed the previous peak of $723.1 billion in Q4 2021. Globally, deal count reached its highest level since Q1 2022 at 12,916 total Q3 transactions, and with one quarter remaining, total 2025 M&A value is tracking just under full-year 2024 levels. On an annualized basis, 2025 is pacing toward $2.7 trillion in total North American M&A value, well above the recent five-year average of approximately $2.0 trillion. One key driver of Q3's strong M&A activity was the increasingly dovish rate environment. Lowering costs of capital have broadened the universe of financeable transactions and helped narrow bid-ask spreads.

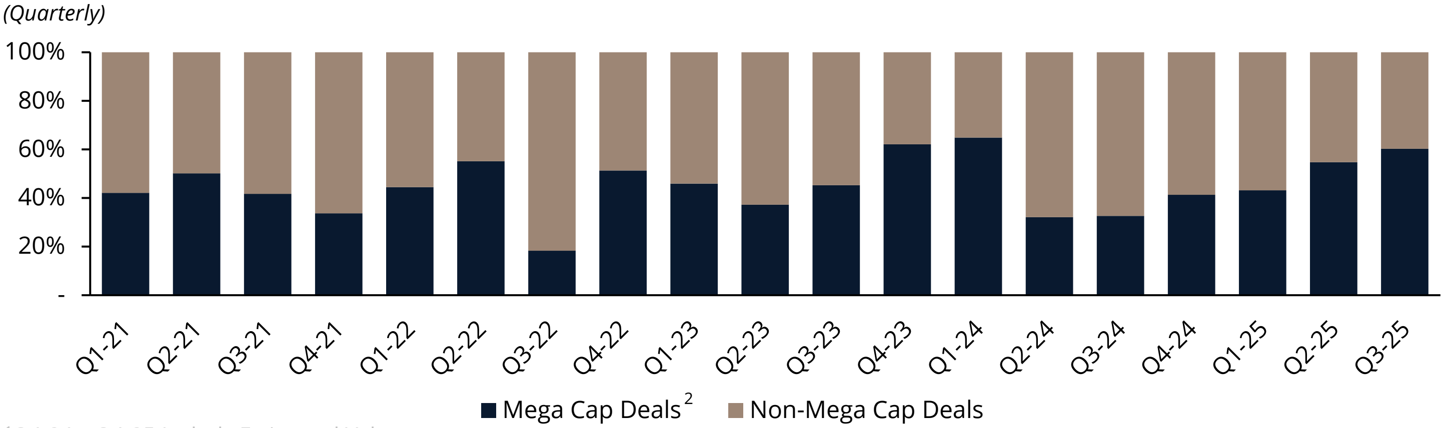
The largest transaction announced in Q3 was Union Pacific's proposed $89 billion acquisition of Norfolk Southern, which, if completed, would establish a major transcontinental rail network in the United States. The deal has received public backing from President Trump and aligns with a broader rise in large-cap transactions in 2025. Year-to-date, 25 deals valued at $5 billion or more have been announced, representing $402.1 billion in value.

Cross-border M&A between North America and Europe showed a shift in activity in Q3. European acquirers deployed $22.6 billion into North American targets through Q3, reversing several years of net outflows. At the same time, North American buyers remained more active on a deal-count basis, announcing 952 acquisitions in Europe compared with 677 European deals acquiring targets in North America.

Overall, Q3 reflected a material increase in M&A activity in terms of both volume and count. Easing FTC pressure on large-cap deals paired with cheaper financing helped unlock dealmaking that had previously been on hold.

Mega-Cap Share of U.S. Deal Value

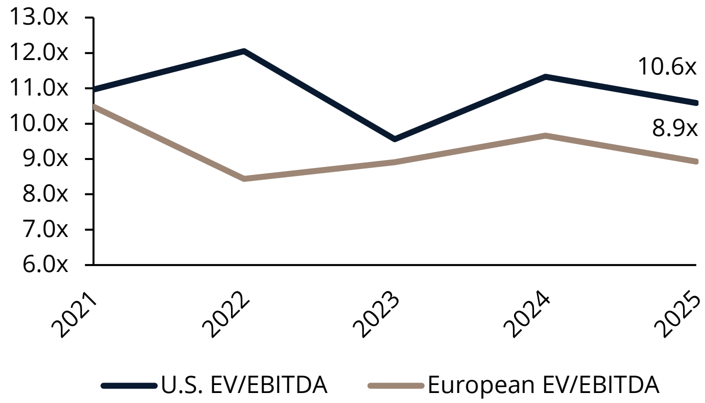
(Quarterly)



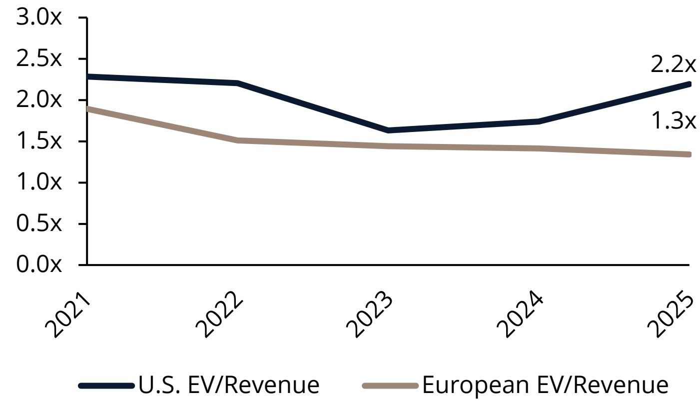
[1] Q4-24 – Q4-25 Include Estimated Values
[2] Defined as $5+ Billion Dollar Deals
Source: PitchBook, Reuters, Mergermarket

Multiples Overview

Median EV/EBITDA Multiples by Geography
(Yearly)



Median EV/Revenue Multiples by Geography
(Yearly)



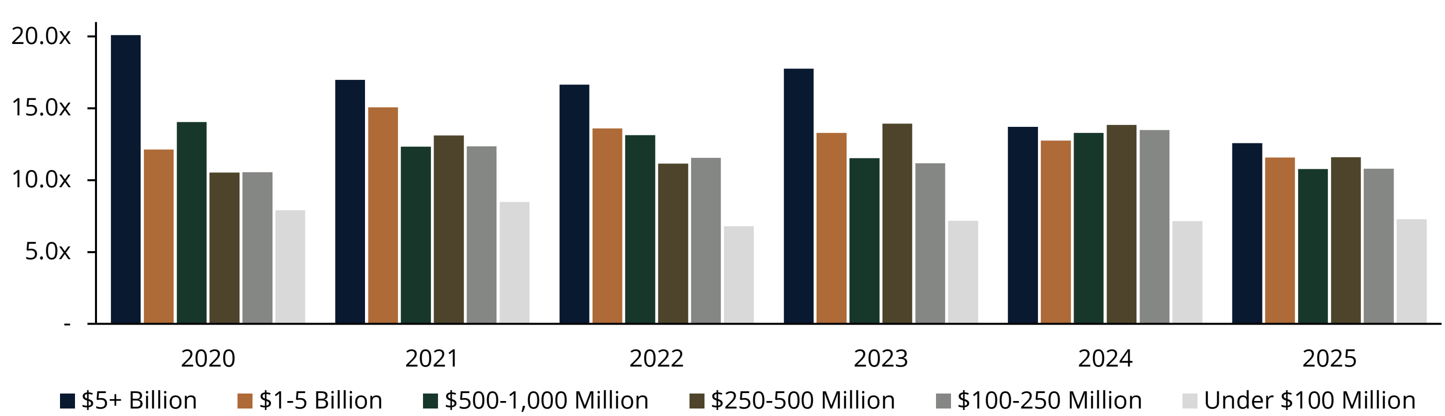
U.S. M&A valuation multiples diverged in Q3 2025, while public-market multiples continued to trend higher. The median EV/EBITDA multiple for U.S. M&A deals in 2025 declined to 10.6x from 11.3x in 2024. Conversely, EV/Revenue multiples rose to 2.2x from 1.7x, potentially signaling a shift in buyer appetite toward growth-oriented targets over margin-driven valuation frameworks. M&A valuations still trail peak 2021 levels where U.S. EV/EBITDA and EV/Revenue multiples traded at 11.0x and 2.3x, respectively.

In Q3, U.S. assets continued to command a premium over European counterparts. The EV/EBITDA gap held steady at a 15.7% premium for U.S. deals, while the EV/Revenue premium widened to 38.8%. A greater focus on high-growth U.S. assets and a reduction in emphasis placed on margin profile and free cash flow generation could help explain the trend.

Since 2020, valuation multiples across M&A deal size buckets have gradually converged. Large-cap transactions, which historically commanded a significant premium, have trended downward, while smaller deal categories have edged higher. As a result, the gap between the highest and lowest size tiers has narrowed, potentially reflecting a general normalization in valuation levels across the market.

In summary, M&A multiples remain below 2021 peaks, supporting a more balanced pricing environment even as valuation concerns continue to influence market behavior. Q3 also clarified market priorities, as the widening of revenue-based multiples highlighted investors' renewed focus on growth and the transformative opportunities AI is creating across industries.

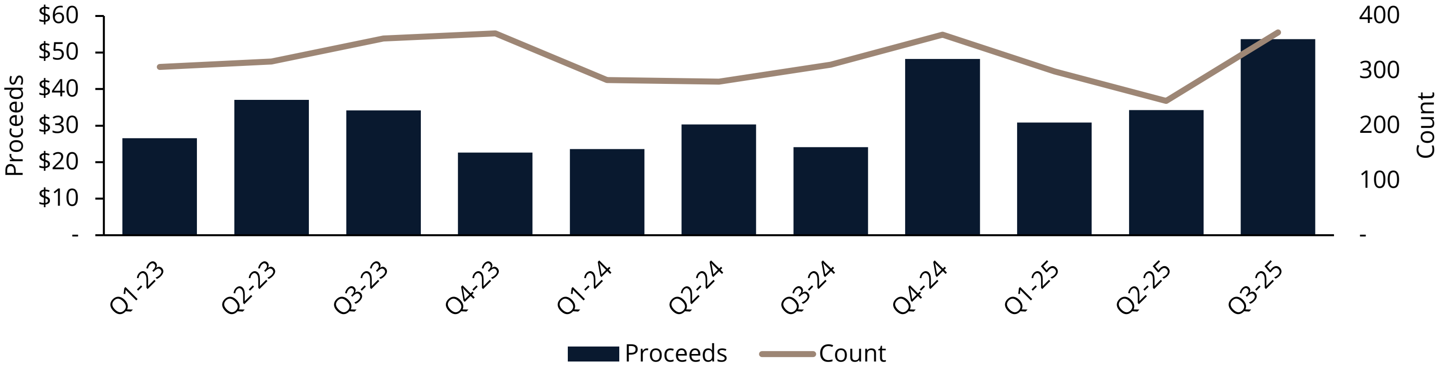
M&A EV/EBITDA Multiples by Size
(Median Multiples, Global, Yearly)



Source: PitchBook, S&P Capital IQ

IPO Activity

Global IPO Activity
(Proceeds $ in Billions, Volume in Actuals, Quarterly)



Global IPO activity increased in Q3, with 370 total IPOs raising $53.9 billion, an impressive 56.9% increase QoQ. The U.S. raised $24.5 billion in capital in Q3, growing 35.9% compared to the previous quarter. Globally, the average deal size was $145 million in Q3, which is 3.9% greater than Q2's average deal size of $139.7 million.

Private equity-backed IPOs surged, with the number of listings doubling and proceeds rising 68% in 2025. Average deal size rose over 40% YoY. The return of the IPO as a liquidity option for PE specifically is a major step that could help spur investment and counteract the stay-private-for-longer trend that has defined markets more recently.

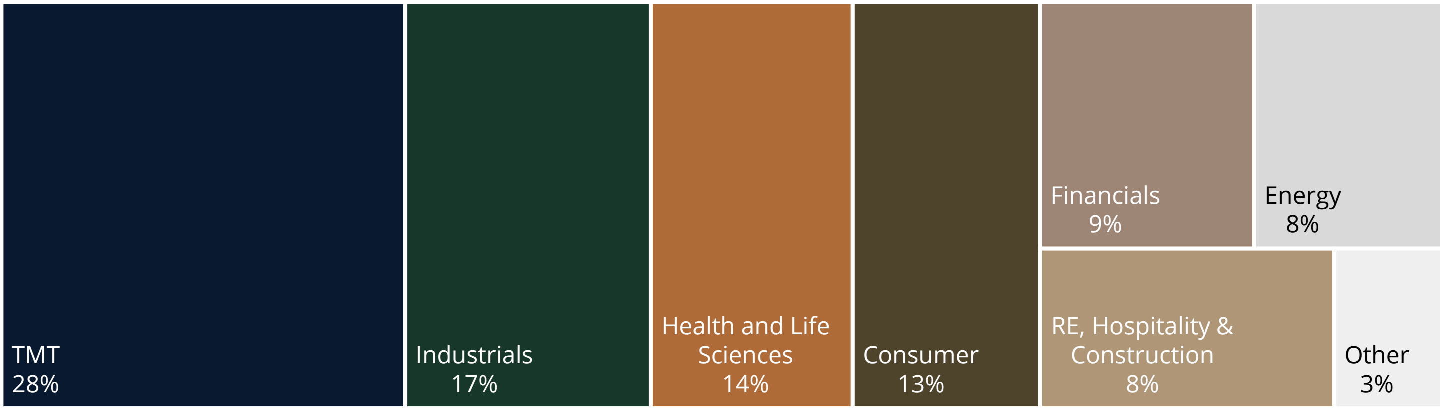
Klarna and Figma represented two of the largest IPOs in Q3 at $1.5 billion and $1.3 billion, respectively, underscoring the return of large-cap IPOs to public markets that in recent years have seen fewer major offerings.

SPACs performed well, supported in part by a more favorable regulatory backdrop. SPAC issuance reached its highest level since 2021, accounting for roughly 20% of all IPO proceeds at $18.7 billion year-to-date compared with $5.3 billion in 2024.

Looking ahead, public markets have clearly identified technology as the standout sector for upcoming IPOs, with TMT alone representing 28% of all candidates. Industrials follow at 17%. This distribution highlights continued retail and institutional appetite for the broad-based technology trade that has shaped recent market activity.

Taken together, these indicators point to a continued strengthening of the IPO market following its initial reopening in late 2024, supported by improving conditions and renewed investor interest.

Global IPO Pipeline Sector Distribution[1]
(Percentage, Q3 2025)

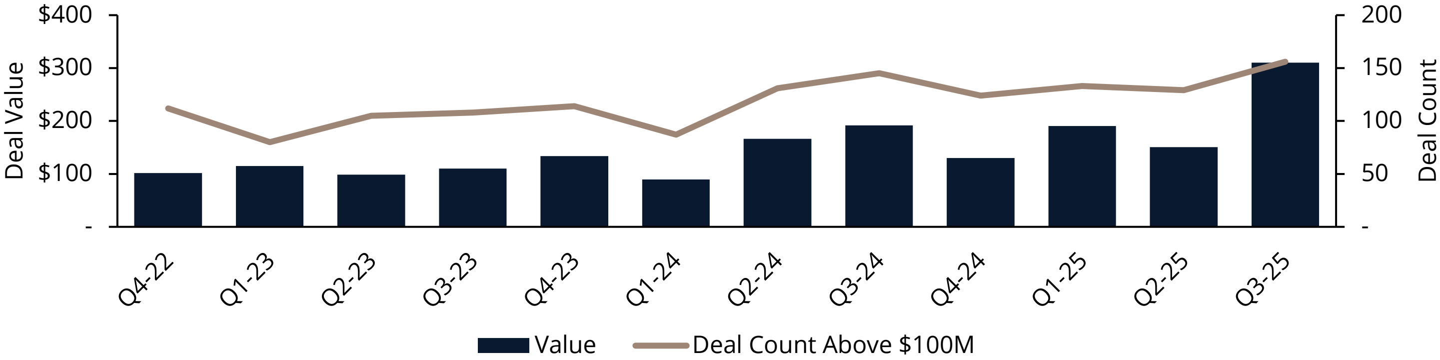


[1]IPO Pipeline defined as companies preparing or expected to go public.
Source: Dealogic, EY, PwC

Private Equity Trends

Global Private Equity Deal Activity

(Deal Value $ in Billions, Deal Count in Actuals)



Private equity deal activity accelerated in Q3 2025 as easing financial conditions lifted sentiment. Global PE deal value hit a record $310 billion with a notable 156 transactions above $100 million, which marks a multi-year high for deals of that scale.

The impressive deal value was driven in part by private equity's renewed appetite for large-cap transactions. In the third quarter, this was highlighted by Silver Lake, the Public Investment Fund, and Affinity Partners' announced $55 billion take-private of Electronic Arts — the largest leveraged buyout in history. Financing conditions also strengthened, with U.S. syndicated loan issuance reaching $404 billion in Q3, the highest quarterly total on record. These dynamics created one of the most accommodating financing backdrops private equity has seen since before the rate-hiking cycle.

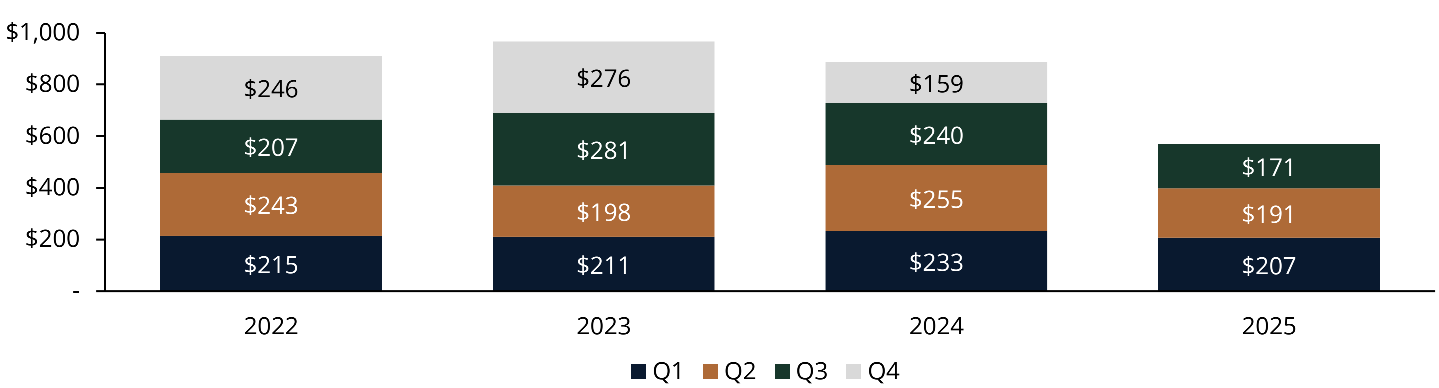
Allocations to healthcare and financial services more than doubled year to date, while technology deployment rose only 5%. Capital increasingly flowed to infrastructure, health, and other essential industries viewed as less exposed to geopolitical or tariff-driven volatility.

Exit activity gained momentum as well. Year-to-date exits reached $470 billion, up 40% from last year. PE-backed IPOs raised more than $18 billion in Q3, marking the strongest quarter in two years. As continuation vehicles and secondary offerings become more common liquidity options for private equity funds, the return to a more traditional IPO exit is a meaningful positive for the market.

Throughout the quarter, PE fundraising was subdued. With $171 billion raised in Q3, private equity fundraising is pacing toward a 10.5% QoQ decline. However, new U.S. retirement plan rules could eventually channel $500 to $600 billion into private markets, and 90% of GPs are exploring defined contribution products. With three-quarters of GPs in a recent survey expecting deal and exit activity to rise over the next six months, the industry enters year-end with building momentum and a more constructive risk posture.

Private Equity Fundraising

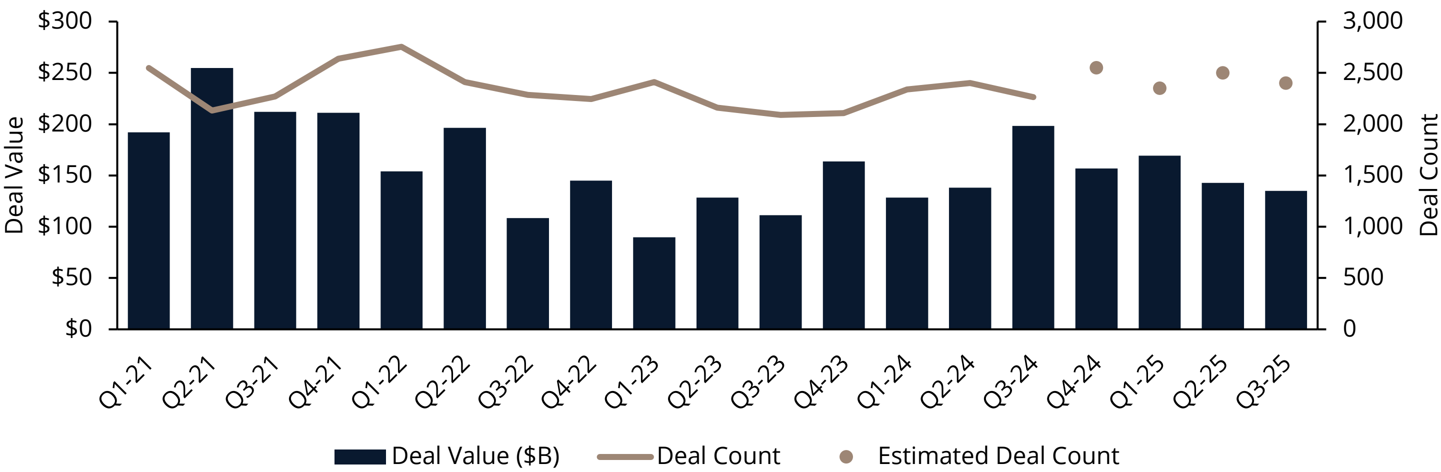
(Capital Raised $ in Billions)



Source: PitchBook, EY, PwC

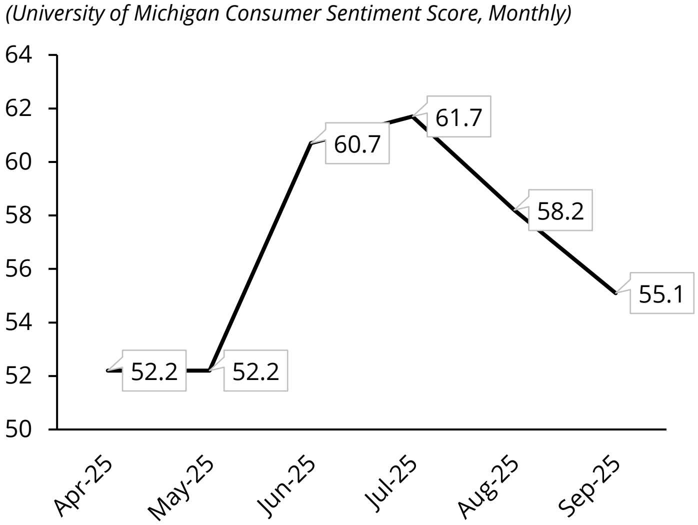
B2C Overview

Global B2C M&A Activity
(Deal Value $ in Billions, Deal Count in Actuals, Quarterly)



The Global B2C M&A sector posted steady results in Q3 2025, with 2,404 announced or closed deals totaling $158.9 billion. Activity eased modestly from Q2 but remained on track to surpass 2024 levels. The slight slowdown was consistent with a weaker consumer backdrop, as consumer sentiment fell from 61.7 in July to 55.1 in September amid inflation pressure, renewed tariff risk, and lagging wages for lower-income consumers. These factors constrained discretionary spending and limited pricing flexibility, presenting material headwinds to B2C companies. Additionally, in the quarter, performance across B2C sub-segments diverged sharply.

Consumer Sentiment
(University of Michigan Consumer Sentiment Score, Monthly)



Experience-based categories, including leisure, sports, and gaming, remained among the most resilient due to strong monetization and durable engagement. This strength was visible in larger transactions, such as the $4.7 billion acquisition of McLaren Racing and Intralot's $3.1 billion purchase of Bally's International Interactive, both reflecting continued investor confidence in high-engagement, globally scalable assets.

Media also saw meaningful consolidation as operators prioritized regional scale and content diversification, highlighted by Nexstar's $6.2 billion acquisition of TEGNA and Canal Plus acquiring MultiChoice Group for $2.0 billion.

Traditional consumer categories faced more pressure from cost volatility and uneven demand. This environment influenced several strategic moves, including Lowe's $8.8 billion acquisition of Foundation Building Materials and the $18.0 billion Keurig Dr Pepper and JDE Peet's ownership realignment, both of which reflected efforts to stabilize category exposure and reposition for potentially slower growth.

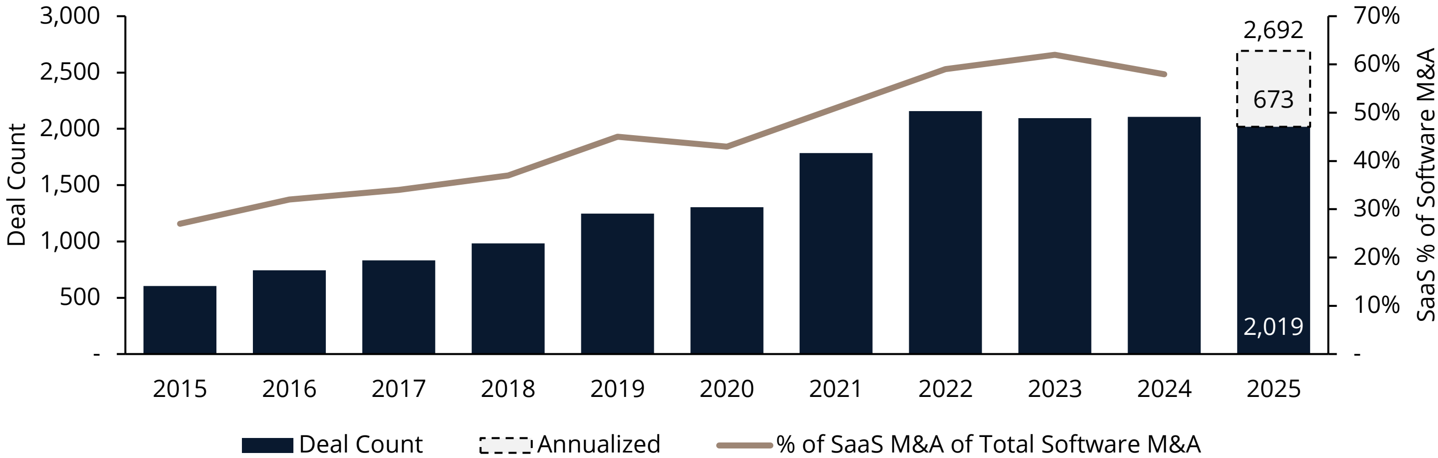
Overall, Q3 illustrated a disciplined M&A environment supported by selective but sustained buyer interest. Heading into year-end, tariff developments and interest rates will be key factors to watch.

Source: PitchBook, University of Michigan, KPMG

SaaS Overview

Global Software M&A Deal Count

(Deal Count in Actuals, Quarterly)



Global SaaS M&A activity reached record levels in Q3 2025 with 746 transactions, a 26% YoY increase and the strongest quarter on record. Year-to-date volume exceeded 2,000 deals, putting 2025 on pace for more than 2,500 transactions. The acceleration reflects the continued importance of SaaS in driving value for consumers and within enterprises.

Valuations remained stable in the quarter, with a median EV/TTM revenue multiple of 4.1x and an average of 5.4x, consistent with the 4–6x range seen in recent quarters. This quarter's highest-multiple transactions included CyberArk Software at 22x EV/Revenue, Nozomi Networks at 12.7x, and SlashNext at 10.0x EV/TTM revenue. These outlier deals highlight that top-tier SaaS companies continue to command premium valuations, with the strongest assets still demanding double-digit revenue multiples.

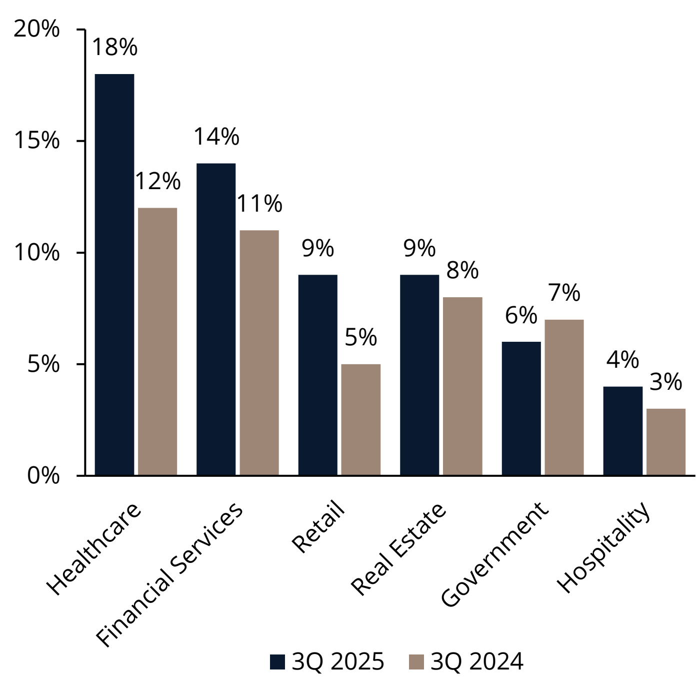
Private equity remained the leading acquirer in the sector, accounting for roughly 58% of SaaS transactions, while strategics in AI, data, and infrastructure maintained steady participation. Vertical SaaS represented 54% of total software M&A activity, led by healthcare, financial services, retail, and real estate, reflecting sustained demand for workflow-embedded, mission-critical platforms.

Public SaaS markets strengthened alongside private deal activity. The SEG SaaS Index rose nearly 10% from April lows, with upper-quartile names trading at 8.4x EV/TTM revenue, about 60% above the median of 5.3x. EBITDA margins improved to 8.8%, gross margins held at 73%, and Rule of 40 companies traded at premiums above 12x.

Overall, Q3 marked a period of sizeable growth across the SaaS ecosystem, defined by record transaction volume, stable valuations, and expanding confidence in AI-enabled SaaS implementations heading into 2026.

Top Strategic Acquirer Verticals

(% of Vertical Deals)

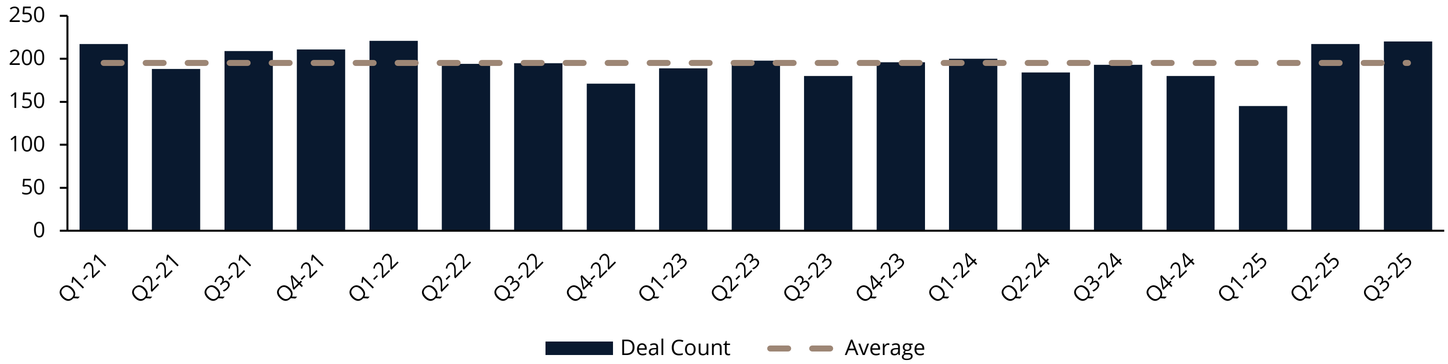


Source: Software Equity Group, Translink Corporate Finance, SaaS Capital, ServiceNow

Industrials Overview

Global Industrial M&A Deal Count

(Deal Count in Actuals, Quarterly)



Deal activity in the industrial services sector strengthened through Q3 2025, with 220 completed transactions, up 1.4% from 217 in Q2 and 14.0% higher than the 193 deals recorded in Q3 2024. This marks the second-highest quarterly volume in five years, driven by improving financing conditions and renewed lender appetite. On an annualized basis, 2025 deal volume is projected to reach 776 transactions, a 2.5% increase from 2024. While macro headwinds and tariff uncertainty remain, the industrial M&A market continues to demonstrate resilience and stabilization across core subsectors.

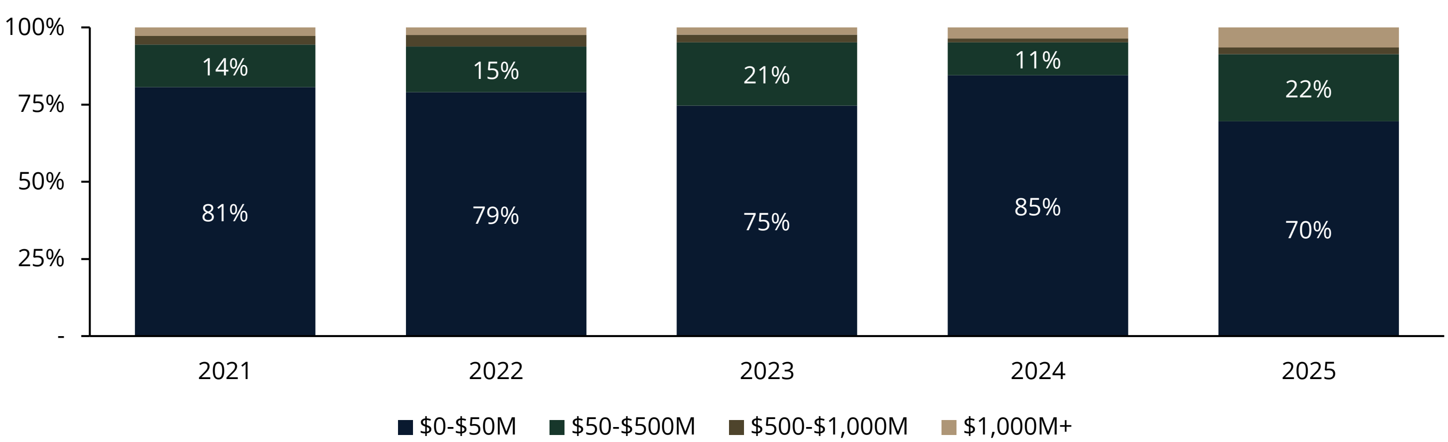
Waste, Cleaning, and Environmental Services led sector activity with 93 deals, followed by Infrastructure Support Services with 57, and MEP Maintenance & Facilities Services at 52. All other industrial services subsegments combined for 18 transactions.

The mix of transaction sizes continued shifting toward larger deals in 2025. The middle-market represented 21.7% of activity, up from 10.7% in 2024, while the upper-middle and large-cap segments grew to a combined 8.7%. The lower-middle market decreased to 69.6% from 84.5% the prior year, reflecting greater availability of financing for larger platforms and add-on consolidations.

Looking ahead to Q4 and 2026, industrial M&A activity is expected to remain healthy amid gradually easing financing costs and steady demand from strategic and financial acquirers. With North America and Europe leading deal flow and valuations rebounding, the industrial services landscape enters 2026 on firmer footing, supported by capital availability, resilient demand, and structural tailwinds from reshoring and infrastructure renewal.

Deal Volume by Transaction Size

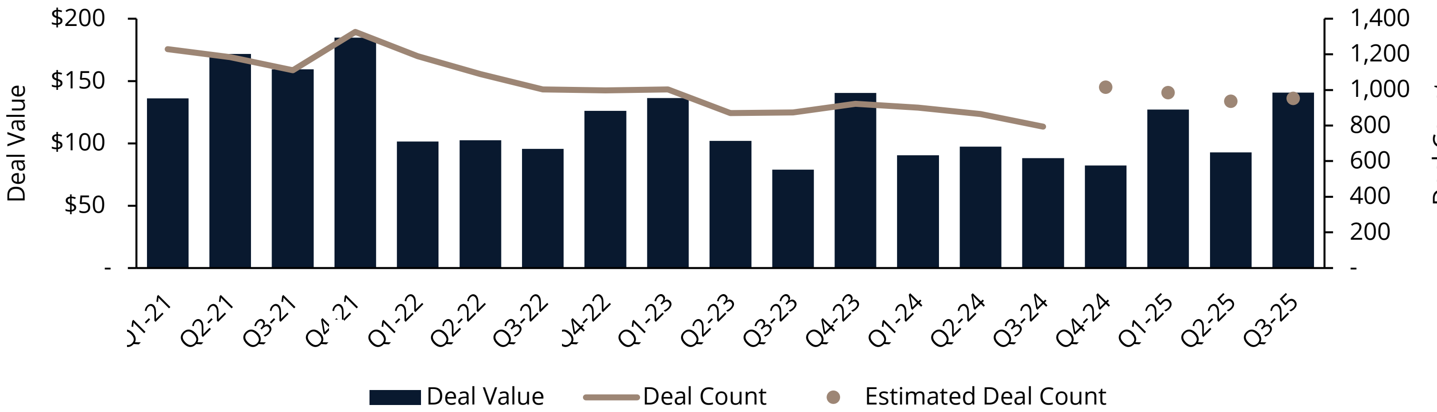
(Percentage of Volume, Yearly)



Source: PitchBook, R.L. Hulett, Dinan

Healthcare Overview

Global Healthcare M&A Deal Value & Count
(Deal Value $ in Billions, Deal Count in Actuals, Quarterly)



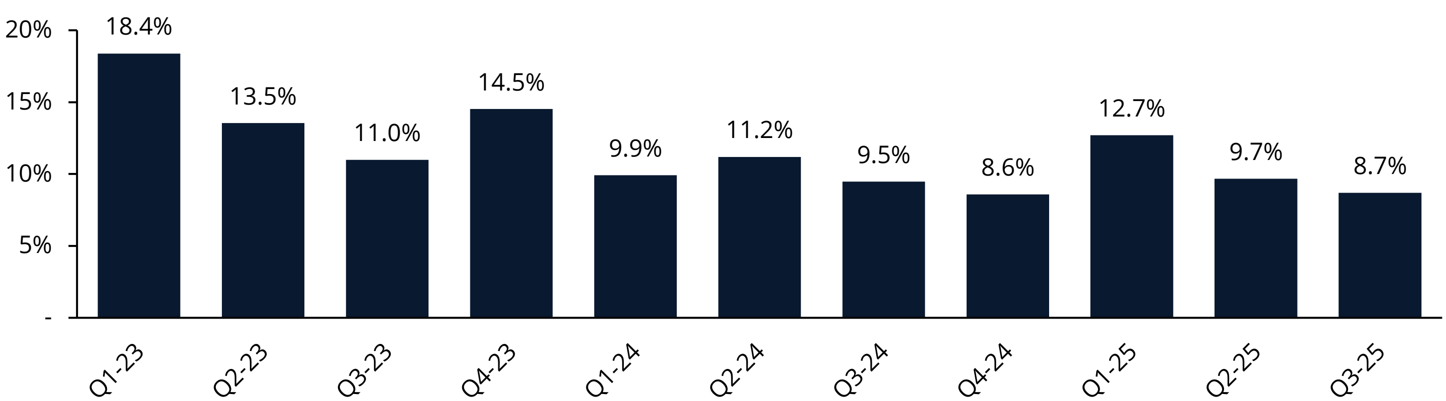
Healthcare M&A rebounded in Q3, with transaction value climbing 43.3% QoQ to $140.7 billion, reversing the sharp decline from Q2. The recovery was fueled by several large transactions across pharma, diagnostics, and healthcare technology, signaling renewed confidence in the sector. Despite this rebound in value, total deal count as a percentage of global M&A remained near decade lows, accounting for just 8.7%.

While healthcare M&A had a strong Q3, regulatory policy and tariff exposure weighed on activity, with healthcare compliance costs rising 8.0% YoY and average financing spreads widening 35-50 bps for cross-boarder acquirers, alongside expanded FTC and DOJ merger-review requirements that extended diligence timelines.

Within healthcare, biopharma activity showed clear signs of renewed momentum. Deal values surged 164.5% YoY even as deal counts fell 8.7%, underscoring the scale of the rebound compared to earlier quarters. Meanwhile, healthcare technology M&A remained steady, with deal values rising 9.6% YoY. The sector continued to benefit from demand for automation and digital care platforms that improve operational efficiency and patient outcomes.

Valuations remained contained, with EV/EBITDA multiples at 12.0x and EV/Revenue multiples at 2.5x, both below their 2021 peaks. Despite near-term policy pressure and elevated cost inflation, the quarter's performance suggests a gradual stabilization in healthcare M&A. As biopharma activity strengthens and healthcare tech maintains momentum, the sector appears well-positioned for continued recovery into Q4.

Healthcare Share of Global M&A Deal Value
(Deal Value, Quarterly)



Source: PitchBook, Bailey & Company, PwC, ECG

Select Current Deals

PROJECTS SUITS
Debt Collection Law Firm
SELL-SIDE ADVISORY

PROJECT SHINE
Rapidly Growing Operator of Express Car Washes
PRIVATE CAPITAL RAISE

PROJECT TSUNAMI
Regionally Leading General Contractor
SELL-SIDE ADVISORY

PROJECT GATOR
Traffic Control Services Provider
SELL-SIDE ADVISORY

PROJECT SAM
Targeted Ecommerce Affiliate Platform
SELL-SIDE ADVISORY

PROJECT EMBER
Fast Casual Restaurant Chain
SELL-SIDE ADVISORY

PROJECT GIFTWRAP
Consumer Ecommerce Platform for Seasonal and Holiday Products
SELL-SIDE ADVISORY

PROJECT IRONMAN
Scrap Metal Recycler
SELL-SIDE ADVISORY

PROJECT SILVERBACK
Specialized Behavioral Healthcare Provider
SELL-SIDE ADVISORY

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